

**Southland District Council
Annual Report
2015/2016**

Contents

Overview	1	Financial information	94
Message from the Mayor	2	Accounting policies	95
Message from the Chief Executive	3	Financial statements	106
What is an Annual Report?	6	Notes to the financial statements (for the year ended 30 June 2016)	112
Council's Strategic Direction	7		
Executive Summary	8	Other Information	160
Summary activity report	12	About the Council	161
Financial overview	13	Glossary	166
Financial prudence benchmarks	16		
Shared Services Annual Report statement	21		
Opportunities for Māori to contribute to decision-making	23	ISSN 1178-5209 (Online), ISSN 1171-4387 (Print)	
Statement of compliance and responsibility	25		
Audit Report	26		
Council Activity Groups	29		
Community services	30		
District leadership	41		
Emergency management	49		
Regulatory services	53		
Roads and footpaths	61		
Solid waste	66		
Stormwater	70		
Wastewater	74		
Water supply	79		
Council Controlled Organisations	87		
Milford Community Trust	87		
Southland Museum and Art Gallery Trust	91		

Overview

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

Message from the Mayor

It has been a massive year for Southland District Council.

A big thank you to all the people who took the time to make submissions on the many projects and policies Council has been working on in the past 12 months. It's important that we're all on the same page when we're having a conversation about the District's future, and your input is really important to us.

There are a lot of people here at Council focused on making Southland a better place to live and work. Whether they're staff, councillors, members of community boards or community development area subcommittees, they're all working together with a positive outlook and their eyes on the big picture.

Council spent a lot of time in the District this year, listening to your thoughts and ideas about Southland's future. Our Community Conversations meetings were a great success, giving communities the opportunity to engage with Council in a setting where people were able to speak freely. Southlanders are a passionate lot when it comes to talking about their communities, and we had some very productive discussion.

There has been some great work done to advance Southland in the past 12 months.

A prime example of this is the Southland Regional Development Strategy. Nine teams involving more than 95 people freely gave their time to be involved in hatching a plan to bring 10,000 more people to Southland by 2025, make Southland a better place to do business and boost our economy.

To achieve those aims we have to focus on better housing and more employment. One of the key initiatives being looked at is aquaculture. Southland is in a great position to develop this industry. We have a wonderful resource on our own doorstep, with 2,877km of coastline.

I was lucky enough to see first-hand how aquaculture contributes massively to the economies of Norway and Iceland, and I believe our clean, cold waters offer the same opportunity here in Southland.

Faced with so much economic and social change in our communities, now's the right time to have a positive attitude about what can be achieved here. Where there are examples of success stories, no matter where in the world they are, we should follow their lead.

As I move around the many and varied communities in Southland, it's heartening to see what communities are doing to improve their lives and their towns. Most of this work is done by volunteers, who willingly give their time, talents and energy for the benefit of their neighbours.

I'd like to personally congratulate and thank everyone who puts their hand up to do what needs to be done. That's the spirit Southland was built on and it's what we'll need more of as we face the future together.

Let's look forward to another positive year, working together for a better Southland.



Gary Tong, JP
MAYOR

Message from the Chief Executive

Looking to the Future and Change

Welcome to Southland District Council's 2015/2016 Annual Report.

It comes at a time of unprecedented change during which Council's role is shifting from service provider to community leader. As part of this leadership role we have started what will be an ongoing process of engaging our communities in a District-wide discussion about our collective future.

Some of the change we face is economic, some of it social and some legislative, but the net effect is that Council is re-evaluating its traditional role as we and the communities we serve face a future in which one certainty is more change.

Council has embraced the challenges and is fully committed to working alongside our communities to determine what services are needed and how they are best procured in the future.

In the past year we have appointed three Community Partnership Leaders. Their job is to create a high level of connection between communities and Council, aligning key stakeholders, and leading discussions about how we can help our communities to work more collaboratively on projects of shared interest.

There is much speculation about what the proposed changes in the Local Government Act Amendment Bill will mean for rural local authorities such as Southland District Council. The bill gives the Local Government Commission more power to initiate change in the way services are delivered. For example, it could result in separate companies providing roading and water services on a region-wide basis.

While change is not necessarily a bad thing, the absence of certainty about the future can be unsettling. Such discussion only reinforces the need for Council to prepare itself and its communities for whatever lies over the horizon.

What we do know about that future is that:

- We will need to do more for less from the resources that are available to Council and in the community.
- We need to work collaboratively with our communities and the agencies that work in them to ensure they get maximum value from the scarce resources available.
- We will need to do some things differently and must work with our communities to find new solutions and new ways of doing things.

To achieve this will require a high level of engagement and Council has started the process with the Community Conversations series of public meetings held throughout the District in May and June.

While there was some lively debate, particularly in relation to the Haast Hollyford Highway, the feedback we received at the meetings was very good. Council was challenged on issues such as Te Anau wastewater and the Around the Mountains Cycle Trail. There was really good engagement on demographic change and how Council might best deliver services in the future to keep rates affordable.

It was heartening to see the level of understanding within communities about the strategic challenges affecting the District and the need for there to be change if we are to meet these challenges together.

Southland Regional Development Strategy

Nine action teams of prominent Southlanders, iwi and business leaders moved quickly in 2016 to address the challenge of Southland's shrinking population.

The Southland Regional Development Strategy, known as SoRDS, was initiated by the Mayoral Forum last year, with the aim of having 10,000 more people living in Southland by 2025.

The action teams were assembled in December and asked to develop ideas that will, among other things, attract new industries, make Southland communities more inclusive, promote more vibrant urban centres, generate tourism and make Southland an easier place to do business.

Each team comprised members with knowledge and skills specific to their team's brief, and there was a high level of engagement with the wider Southland community through workshops and focus groups as they worked quickly to develop initiatives that were achievable in a relatively short timeframe.

The teams reported their ideas back to the SoRDS Governance Team chaired by Tom Campbell at the end of July. Their initiatives are now being consolidated into one action plan which will become the framework of the strategy group's efforts to boost population, and enhance and diversify Southland's economy.

It will take courage and a collective willingness by Southland's four councils to accept change if the overall objectives of SoRDS are to come to fruition. As community leaders each of the councils has a major stake in the success of the strategy, and will have to support its objectives in a practical way.

Southland District Council is already working with its communities to prepare for whatever lies ahead.

Around the Mountains Cycle Trail

An independent review by professional services firm Deloitte has highlighted deficiencies in the way Council has managed the Around the Mountains Cycle Trail project.

As a result, Council is making a number of changes which will incorporate the Deloitte's report findings, to improve our organisational processes.

Council commissioned the independent review after the cost of the project rose from \$8 million to a projected \$14 million. The increase is the result of a combination of factors, including:

- Poor budgeting and project management practices.
- Funding from grants being lower than expected.
- Higher than expected construction costs associated with building some parts of the Trail.
- Protracted litigation associated with obtaining resource consents.
- Delays with progressing the project.

Infrastructure

Taking care of the \$1.4 billion of infrastructure that we manage on behalf of our communities is an important part of the work that Council does as an organisation. This year we spent some \$17 million on capital projects, which was significantly below budget as a result of the delays in progressing the major projects which we had expected to be progressed this year. This included the Te Anau Wastewater upgrade, Catlins seal extension and Curio Bay Wastewater project.

In relation to the Te Anau Wastewater project Council has a resource consent to discharge treated wastewater on the Kepler Block of land near Te Anau Airport Manapouri. This has been appealed to the Environment Court by Fiordland Sewerage Options. Council set up a project committee to explore all options and engaged Pattle Delamore Partners to conduct a peer review. Meanwhile, Council and FSO are in mediation, which has been put on hold while further investigation work is carried out.

Work is scheduled to begin in 2017 on the Catlins road seal extension. The unsealed section of the popular coastal tourist road from Haldane to Curio Bay will be sealed, including the Waipapa Point lighthouse access road and the Slope Point road up to the first carpark. The cost to council is \$3.29 million, with NZ Transport Agency paying the remainder of the total estimated \$7.15 million cost. Initial work is being carried out and the tenders should be called in November.

Construction of the Curio Bay wastewater system upgrade will begin in the spring of 2016. It's the first step in a wider development of the Curio Bay reserve area which includes a new heritage centre, campground facilities, a carpark and toilets. Once completed, ongoing operating costs will be shared between Council, the Department of Conservation and South Catlins Charitable Trust.

During the year Southland District Council won the Local Government New Zealand Chorus Excellence Award for Best Practice in Infrastructure management. The Changing Direction: The Way Forward for Southland Roads project was named national winner at the Local Government NZ conference dinner in Dunedin in July. It is great recognition for Council and the collaborative work we do with Fonterra through the Eyes and Ears and RoadRoid programmes. The award recognises Council's innovative, cost-effective way of monitoring the health of the District's 5,000km of roads, and provides us with the information we need to make the best use of available resources for the greatest benefit of road users and residents.

Lifting our Performance

All organisations need to reflect on the work they do and how they do it. Southland District Council is no exception.

It makes sense for us to measure the way we do business and the resources available to us against the expectations of our customers. As a result of that, the Council organisation has been through a lot of change this year, all of it designed to make us fit for the future.

Among the improvements we made to our organisational processes and systems, one of the most important changes was a strengthening of the way in which we engage with our communities and customers.

The changes we have made in these areas are representative of Council's fundamental shift from being largely a service provider to also being a community leader, working collaboratively alongside a range of people and organisations to ensure we get the best results and the best value for the people of the District.

We recommend that you read this Annual Report as it gives you a detailed view of the work done by Southland District Council on behalf of our residents and ratepayers. I would like to thank councillors, community board members, CDA committee members and staff for their commitment towards “working together for a better Southland” and in particular note the hard work by all elected members during the past three years. To those who are stepping down, thank you for your dedication to our District.

A handwritten signature in black ink, appearing to read 'SJR', with a long horizontal flourish extending to the right.

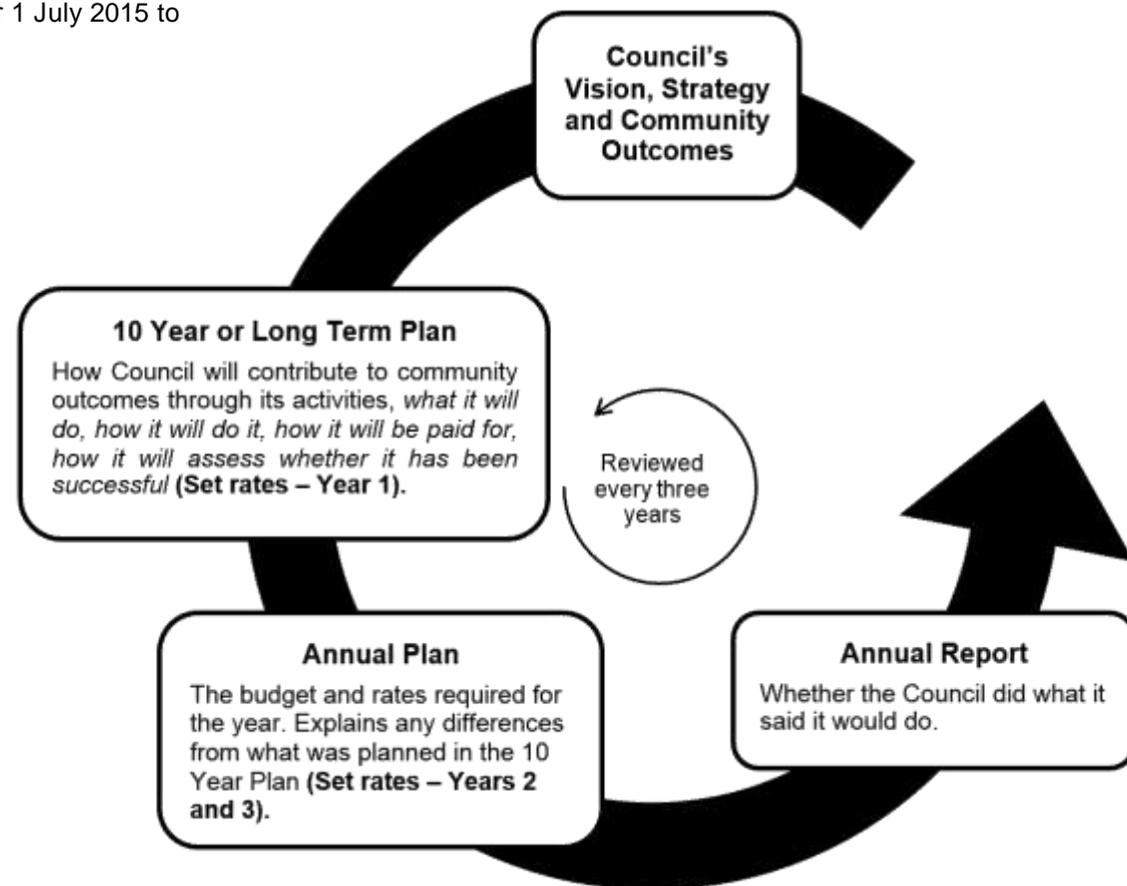
Steve Ruru
CHIEF EXECUTIVE

What is an Annual Report?

This Annual Report tells you how well we did against what we said we were going to do in the first year of the 10 Year Plan 2015-2025, 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 position and comply with generally accepted accounting practice. Additionally, 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 2015 to 30 June 2016.



Council's Strategic Direction

The following table sets out Council's strategic framework. It outlines Council's approach to planning and the strategies and proposals that are set out in the 10 Year plan. The principle that guides Council in everything it does is "People First".

VISION : To have thriving, healthy Southland communities

MISSION : Working together for a better Southland

COMMUNITY OUTCOMES

Supporting our Communities

We want Southland's communities to be desirable places to grow up, work, run a business, live, raise a family, retire and enjoy a safe and satisfying life.

Making the most of our Resources

We will strive to be good custodians of the environment to ensure that people living here now and in the future can grow and prosper while retaining the natural beauty of Southland.

Being an Effective Council

We will endeavour to be prudent, innovative and be an enabler for our communities.

Council's role in delivering on its outcomes

- Help communities to help themselves, providing them with support, resources and mentoring
- Encourage our residents and ratepayers to have pride in their communities
- Deliver our own services and activities in ways which help create desirable communities
- Encourage appropriate employment and economic opportunities which sustain these communities
- Advocate on behalf of our communities
- Celebrate our communities' successes
- Consider community capacity and promote equity across the District
- Help the District adapt to the changes in our community demographics to ensure the young, elderly or culturally diverse members of our society are catered for.

- Ensure that we make the best use of our water and our land, particularly as productive agricultural land
- Deliver our own services and activities in a sustainable manner
- Ensure that our policies and plans help retain the value of our natural environment
- Support initiatives which reduce impacts on the environment.

- Listen to our communities, empower them and be responsive to their needs
- Work together with others to achieve our community goals
- Proactively lead our communities
- Ensure that infrastructure and services are provided and maintained consistent with community needs and provide value for money in a sustainable manner
- Ensure that decisions are based on good information and advice
- Focus on what is important (must have versus nice to have)
- Look for opportunities to increase value of our services
- Be an employer and Council of choice.

COUNCIL'S ACTIVITIES : Community services, regulatory services, emergency management, district leadership, solid waste, roads and footpaths, water supply, wastewater and stormwater

Executive Summary

Southland District's roading network

Council has introduced RoadRoid, a mobile phone application used to measure the roughness of roads, particularly gravel roads, and consequently the levels of service Council provides. This information is also being used to assess maintenance needs and help to develop programmes. In November and December 2015, a full drive over the district's gravel road network was undertaken and more than 90 per cent of roads were found to be in good or satisfactory condition.

In June, NZ Transport Agency (NZTA) completed an investment audit of the Southland District Council roading network. The objective was to provide assurance that the NZTA investment in SDC's Land Transport Programme is being well managed and delivering value for money. Council is still to receive a formal report on the findings. However, initial feedback is that NZTA approves of how Council is managing the roading network, both technically and financially.

As part of Council's ongoing roading programme, 145km of sealed road resurfacing was completed. Council also placed about 64,000m³ of gravel on unsealed roads during 2015/2016 financial year. The favourable bitumen price enabled Council to complete 103% of planned rehabilitation and resealing of our roads at a cost significantly less than budgeted.

Sealing the last section of the Catlins Road

The alternate tourist route along the Catlins from Haldane through to Curio Bay is partially gravel and has a high number of crashes, particularly involving tourists. Council has previously agreed, as stated in the 10 Year Plan 2015 - 2025, to seal the road, primarily for safety reasons but also to encourage economic growth. This will make key tourist attractions more accessible and ensure visitors have a safe and consistent experience on the tourist route.

Upon further investigation of this project, on-site geotechnical testing and analysis was undertaken and it was determined that further design features and gravel material were required. This has resulted in an additional \$2 million project cost, making the estimated total project cost \$6 million.

It was proposed in the 2016/2017 Annual Plan consultation document to include an extra section of road leading to the popular tourist attraction Waipapa Point lighthouse. The access road to the lighthouse is currently gravelled and it is planned to seal this road up to the Department of Conservation carpark. The cost to seal this section is estimated at \$1.15 million, and the section from Haldane to Curio Bay will cost an estimated \$6 million. Sealing both sections of the road together is a more cost-effective option.

NZTA has approved the business case along with funding to seal both sections. Survey and design work is being carried out with the aim of having some construction work done in 2016/17 and 2017/18. It will be done over two years to minimise disruptions to road users.

Legislation changes

Local Government Act 2002 Amendment Bill (No 2) 2016

The main aim of this Bill is to amend the Local Government Act 2002 to provide for a broader range of functions to be transferred between local authorities, joint governance arrangements for areas of common or shared interest, and greater use of joint council-controlled organisations (CCOs) (including water services CCOs and transport CCOs) for providing services.

Resource Management changes

The Government has indicated that it is committed to ensuring the Resource Management Act (RMA) provides greater certainty for communities to plan for, and meet, their area's needs in a way that reduces costs and delays. RMA reform is focused on taking away much of the uncertainty, time and cost from the RMA and creating a system that enables growth while ensuring important environmental standards are maintained. The Select Committee is due to report back to Parliament on the submissions received in November 2016.

The Building (Earthquake-prone Buildings) Amendment Bill

The Building (Earthquake-prone Buildings) Amendment Bill contains major changes to the current system for identifying and remediating earthquake-prone buildings under the Building Act 2004. The Act will come into force on the earlier of either a date set by Order-in-Council, or a date that is no more than two years from enactment.

The new framework for managing earthquake-prone buildings aims to better identify and target buildings according to risk.

Organisation review

In October and November 2015, an organisational review was undertaken with the purpose of ensuring that Council has the right positions to meet our strategic goals and make us fit for the future. The aim was to have a structure that enables Council to engage more with its communities, to provide high-quality customer service and to ensure it fulfils the leadership role it has in the future of Southland. The key to this was a creation of three community partnership leaders who have a focus on the future of those communities and the creation of a new group, customer support.

Southland's Infrastructure

Southland District covers 30,198km², with more than 28 communities and townships. Council manages 12 community water supply schemes servicing 6,900 connections, 17 wastewater schemes servicing 8,200 properties and 26 stormwater schemes, as well as 5,000km of roads. Council has to balance the extent of the infrastructure with its small population of 29,613 (2013 Census), which is predicted to grow to 37,021 in 2043.

Council has been aware that more investigation is needed into the condition and assessment of the performance of its entire infrastructure. Managing this infrastructure relies heavily on asset management systems, data and analysis.

The Council has to be smarter about the way it manages renewal of assets. Sound decisions must be made about whether to renew some assets at all, given community need and affordability, levels of service, and if so, within what timeframes.

Council is planning to push out asset renewals as much as possible, using better information on the asset's condition and performance. This information will enable Council to make more informed decisions about the costs and benefits of replacing an asset now or later. A decision to defer replacement of an asset does mean that there could be more reactive maintenance required as the asset gets older.

The 80-20 principle Council has adopted for prioritising work on the roading network is consistent with this approach.

Depreciation

During 2015/2016 Council began to phase in funding of depreciation for the infrastructure assets of roading, water, wastewater, Council buildings, information technology, wheellie bins, public toilets and solid waste activities. In the past Council has funded asset renewals through either reserves or internal loans.

Funding of depreciation relating to these infrastructure assets is being phased in over 10 years to ensure that the rate increase is moderated. In 2015/2016, 10 percent of the depreciation for these assets was funded.

Around the Mountains Cycle Trail

Stage one of the Around the Mountains Cycle Trail (Kingston to Mossburn) was completed and the opening was held in November 2014.

Council had previously made the decision to begin construction of stage two (Mossburn to Walter Peak). Twenty-three kilometres of this section west of Mossburn has already been completed. However, a portion of the trail is still subject to an Environment Court hearing.

Council cannot make an informed decision about the completion of the trail until the Deloitte's report and the Environment Court decision is released and any relevant appeal periods have expired. If consent is issued, it may contain conditions that would impact on the construction methodology and construction and operational costs. Consequently, these constraints will affect when and how the trail can be built and potentially the overall cost. Assuming the trail goes ahead, the likely completion date will not be until late in 2018.

The trail is forecast to cost more than \$14 million, \$6 million more than originally budgeted. In December 2015, Councillors agreed to undertake an independent review of the way in which Council has managed the Around the Mountains Cycle Trail project and Deloitte was appointed to conduct the review. The report was released publicly on the 19th August 2016.

Venture Southland

The Venture Southland Agreement 2014-2017 details the joint committee arrangement between the owner Councils. SDC establishes its annual priorities and specific projects for Venture Southland by way of a Letter of Expectation. Key Council highlights for 2015/2016 from Venture Southland included the facilitation and analysis related to cruise ship visitation in Southland (specifically Stewart Island and Milford Sound); facilitating the project development of the Curio Bay Tumu Toka vision, including the planning for the Natural Heritage Centre development, camp ground upgrade, and DOC and SDC-planned infrastructure upgrades; sourcing successful community funding allocations for the Winton Memorial Hall; supporting through Destination Fiordland the following events: the Big 3 Hunting and Fishing Competition, Fiordland Fishing Competition and Milford Mountain Classic Cycle Race; and a review and further development of the community planning approach to link with the Southland Regional Development Strategy.

Te Anau Wastewater Discharge Project

As stated in the 10 Year Plan 2015 - 2025, consents for discharge to land and air were granted for the Te Anau Wastewater Treatment and Disposal Project but three appeals were made to the Environment Court. The consent is for the discharge of treated wastewater to land immediately north of the Te Anau Airport Manapouri (Kepler Block).

Due to the strong opposition received for the Kepler Block option, an independent report was commissioned to review the planned wastewater scheme and to investigate alternative options. The review indicates that the consented proposal does not contain any fundamental technical flaws. However, it also states there are potential alternative treatments worthy of further investigation.

Council will continue to defend the appeals lodged against the resource consent granted for the Kepler wastewater project while also continuing to investigate any viable alternatives. Any supporting work on the finalised solution will be deferred until either a mediated agreement can be reached, or the appeal proceeds to a court hearing.

Court-appointed mediation was undertaken between Council and appellants in June 2016. The main agreed outcome of the mediation was that Council would undertake a comparative review of the costs and benefits of centre pivot irrigation and sub-surface drip irrigation. This review will be undertaken through August and September 2016, with mediation scheduled to resume in October 2016.

Curio Bay Project

Council is working with the Department of Conservation and the South Catlins Charitable Trust to create a sustainable long-term wastewater treatment system for the Curio Bay Reserve, along with a visitor centre. This work is part of a wider project to help improve the overall visitor experience at the reserve. The plan is to install a wastewater treatment plant which will service the reserve. The plant is identical to one operated by the Department of Conservation at its Papatowai campsite further up the Catlins coast. Contracts for the upgrade work on the Council reserve were awarded in June 2016, with work expected to begin in September. The treatment plant should be largely completed by December 2016.

District Plan update

Council received nine appeals on the Proposed District Plan and discussion with the appellants has resulted in four of these being resolved. Mediation will be held to discuss the remaining appeals. Those parts of the plan that are not subject to appeal are now effectively operative, and supersede the provisions of the previous District Plan.

Council has notified two variations to the Proposed District Plan to include the Eweburn Zone created through a private plan change, establish new Rural Settlement Areas to make it easier for houses to be built in rural townships, and to make some amendments to the plan to address matters that have arisen since the Proposed District Plan has been implemented. Submissions on the variations have been received and hearings held. Decisions on those variations are likely to be released in the second half of 2016.

Southland Regional Development Strategy

The Southland Regional Development Strategy was initiated by the Mayoral Forum and launched in October 2015. The strategy has a clear and simple goal: to attract 10,000 more people to Southland by 2025.

In the past year nine teams, involving more than 95 leaders from the public and private sectors, have been working hard to develop action plans that will help to attract more people to Southland. The action teams are focusing on challenges that include looking at how we can grow existing businesses, attract new industries, build vibrant urban centres and make it easier to do business in Southland. Another team is looking at the development of a destination brand strategy so that we can promote the region as a great place to work, live and visit.

The action plans will be approved by the Governance Group, chaired by Tom Campbell, before being presented to the Mayoral Forum and the four Southland Councils for formal endorsement this year.

Rural Fire

A national review was undertaken by the independent Fire Review Panel to ensure that all fire services are fit for purpose for the next 10 to 15 years. The outcome of this review will cause significant changes for Southern Rural Fire. In the first of many changes to be made, Minister of Internal Affairs Peter Dunne, has announced the name of the new integrated fire service that will come into existence on 1 July 2017. It is to be called Fire and Emergency New Zealand (FENZ). The organisation is also to receive government funding over the next four years to cover the cost of making the transition from 40 organisations (38 rural fire authorities), the National Rural Fire Authority and the New Zealand Fire Service – into a single unified entity.

Summary activity report

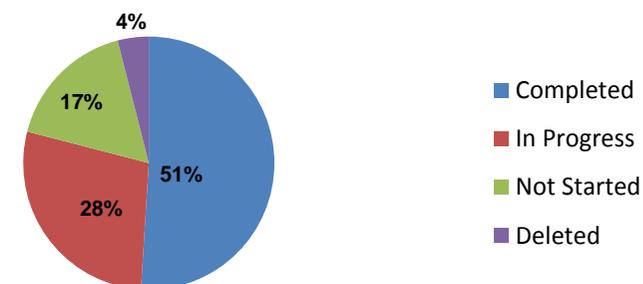
The graphs and table opposite and below provide a snapshot of the status of the projects and achievements of performance targets as at 30 June 2016 for the 2015/2016 financial year. Council's 26 activities are broken down into 9 activity groups.

There were 111 performance targets of which 84 were measured.

27 performance targets were not measured because:

- 18 are measured as part of the 3 yearly resident survey which is being conducted next year (2016/2017).
- 2 are measured via biennial surveys scheduled next year (2016/2017).
- 7 were unable to be measured for various reasons listed in the activity section.

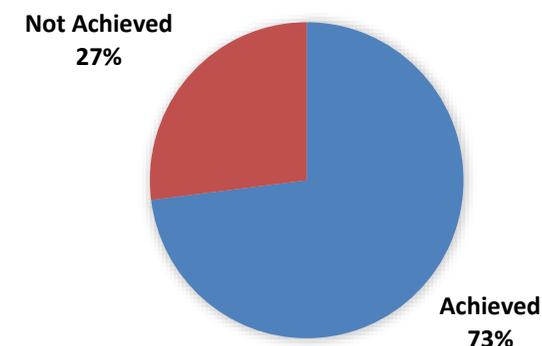
Projects



Of the 151 projects in the 2015/2016 financial year, overall, 77 were completed by the end of the year, 6 projects were deleted, 43 projects were still in progress, and 25 projects were not started.

Activity Group	Performance Targets			Total
	Achieved	Not Achieved	Not Measured	
Community Services	11	6	8	25
District Leadership	10	2	5	17
Emergency Management	1	1	-	2
Regulatory Services	6	7	5	18
Roads and Footpaths	5	1	-	6
Solid Waste	3	-	4	7
Stormwater	4	1	5	10
Sewerage	9	2	-	11
Water Supply	12	3	-	15
TOTAL	61	23	27	111

Performance Targets



In terms of performance targets, 61 were achieved, 23 were not achieved.*
*Excluding the not measured performance targets.

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 Council, Stewart Island Electricity Supply Authority and Council's share in Venture Southland. The table shows the financial year-end results, as at 30 June 2016 and includes comparisons from the previous financial year and the budget as outlined in the 2015-2025 10 Year Plan.

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

Full details of Council's accounting policies can be found on page 95.

The financial report has been prepared in accordance with New Zealand Generally Accepted Accounting Practise (NZ GAAP). These financial statements have been prepared in accordance with Tier 1 Public Benefit Entity ("PBE") accounting standards.

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

Definitions

- **NET SURPLUS**
What income Council has left after operational costs are paid.
- **EQUITY**
Net assets owned by ratepayers.
- **NET ASSETS**
What Council owns less what it owes at the end of the year.
- **CASHFLOW**
How Council generated and used cash during the year.

Financial Summary			
Actual 2014/2015 (\$000)		Actual 2015/2016 (\$000)	Budget LTP 2015/2016 (\$000)
	COMPREHENSIVE REVENUE AND EXPENSE		
66,484	Revenue Earned (incl Asset Development)	67,193	69,626
(62,358)	Less Total Expenditure	(65,757)	(67,107)
(20)	Less Finance Costs	(20)	(20)
4,106	Net Surplus/(Deficit) after Tax	1,416	2,499
327	Movement in Fair Value Reserve	1,272	-
(8,736)	Movement in Asset Revaluation Reserve	415	21,091
(4,303)	Comprehensive Revenue and Expense	3,103	23,590
	CHANGES IN EQUITY		
1,390,342	Equity at Start of Year	1,386,039	1,442,535
(4,303)	Total Comprehensive Income	3,103	23,590
1,386,039	Equity at the End of the Year	1,389,142	1,466,125
	FINANCIAL POSITION		
1,386,039	Total Equity	1,389,142	1,466,125
21,886	Current Assets	24,180	15,238
1,375,896	Non-Current Assets	1,375,972	1,463,071
1,397,782	Total Assets	1,400,152	1,478,309
11,573	Current Liabilities	10,838	12,018
170	Non-Current Liabilities	172	166
11,743	Total Liabilities	11,010	12,184
1,386,039	Net Assets (Assets less Liabilities)	1,389,142	1,466,125
	CASH FLOWS		
22,296	Operating Cashflow	23,206	24,469
(24,200)	Investing Cashflow	(27,144)	(34,056)
(15)	Financing Cashflow	(6)	(23)
(1,919)	Net Cashflow Increase/(Decrease)	(3,943)	(9,610)
11,577	Opening Cash Balance	9,658	16,129
9,658	Closing Cash Balance	5,715	6,519

In summary

Overall from a financial perspective 2015/2016 year was a satisfactory year for Council. Although revenue was impacted by a lower level of NZTA subsidy, Council completed more than the planned level of reseal and rehabilitation works at a significantly lower cost (predominantly due to favourable bitumen prices). An increase in forestry harvesting income assisted in offsetting the impact of the reduced NZTA subsidy. Expenditure was also under budget for the year, primarily depreciation. Depreciation was impacted by the lower than budgeted revaluations of Council infrastructure assets. Revaluations are predominantly driven by the market conditions of which low bitumen prices have significantly impacted on the roading asset valuation. Overall resulting in Council's net surplus before tax being \$1.1 million less than budgeted.

Council continues to maintain a strong financial position with \$1.4 billion in assets and minimal liabilities. At balance date Council has no external debt. The only significant variance from budget on the statement of financial position is property, plant and equipment which is as a result of the infrastructure asset revaluations as well as the deferral/delay of a number of capital projects.

More specific explanation of financial statement variances from budget can be found at note 33 on page 146.

Where the revenue came from

Council's consolidated revenue this year is \$67.2 million, including \$41.9 million from rates. The breakdown of this revenue is shown in the table (below).

Sources of Revenue	Actual (\$000)	% of Total Revenue
Rates Revenue	41,907	62%
NZ Transport Agency	11,129	17%
Other Revenue	10,935	16%
Other Gains/(Losses)	1,715	3%
Grants and Subsidies	975	1%
Interest and Dividends	483	1%
Development and Financial Contributions	49	0%
Total	67,193	100%

Where your rates were spent

The following table shows the breakdown of where the rates per property were spent in 2015/2016. The most significant areas were Roothing and Transport, followed by Stormwater, Wastewater and Water, Other District Services, Other Local Services, and Solid Waste Management. "Other District Services" groups together the Emergency Management, District Support and Library activities. "Other Local Services" groups together community buildings, cemeteries, pools, public conveniences, jetties etc.

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

Rates Expenditure Per Property (Rateable)	Actual (\$000)	% of Total Rates Expenditure
Roothing and Transport	13,861	33%
Stormwater, Wastewater and Water	6,908	17%
Other District Services	6,053	14%
Other Local Services	4,399	11%
Solid Waste Management	4,060	10%
Governance, Strategy and Communication	3,912	9%
Regulatory Services	1,780	4%
Grants and Donations	934	2%
Total	41,907	100%

Revenue

\$67.2 million of revenue was collected during the financial year. Overall revenue was \$2.4M less than budget primarily due to reduced NZTA funding offset by increased forestry harvesting revenue.

Operational expenditure

\$65.8 million was spent on operating expenditure with nearly half of this going to Roothing and Transport services (41%). Overall operating expenditure was under budget by \$1.4 million. The key variance is actual roading depreciation being significantly less than budgeted.

Net assets and equity

Overall Council's total net assets have slightly increased from last year. This is partially due to an increase in the valuation of Council's infrastructure (Council has total assets of approximately \$1.4 billion).

Cash flow

Council's operating cash flow was \$1.3 million less than budgeted. A reduction in the NZTA work programme as well as reduced bitumen prices meant that the NZTA funding contribution was \$3.1 million less. This was however offset by \$1.4 million additional other revenue primarily due to increased forestry harvesting being undertaken, resulting in forestry sales which exceeded budget. Council's net cash out flow from investing activities was \$6.9 million less than forecast as a result of a number of planned capital works planned not being completed. This includes the deferral/delay of several significant capital projects being carried forward into future financial years including the Catlins Road seal project, Te Anau Wastewater discharge project and Around the Mountains Cycle Trail. Overall, Council has ended the year with a cash balance of \$5.7 million which is \$0.8 million less than budget.

Capital expenditure

Council spent \$17.0 million on capital projects in 2015/2016. Of this total, \$11.4 million (67%) was spent on roading and transport projects throughout the District and \$3.5 million (21%) was spent on stormwater, wastewater and water projects in local townships. The capital project spending was lower than the \$29.5 million budgeted for 2015/2016 in the 10 Year Plan as a number of roading, stormwater, wastewater and water capital projects were still in progress or not yet started at 30 June 2016, deferrals of projects to future years and the environment court appeal process delaying work on the Around The Mountains Cycle Trail. More detail on these is shown in the activity sections of this report.

Activity Capital Expenditure (Including Vested Assets)	Actual (\$000)	% of Total Capital Expenditure
Roothing and Transport	11,364	67%
Stormwater, Wastewater and Water	3,509	21%
Other Local Services	1,275	8%
Other District Services	651	4%
Regulatory Services	125	1%
Solid Waste Management	33	0%
Total	16,957	100%

Financial prudence benchmarks

Purpose

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this Statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Please note, prior to the 2012-2022 Long Term Plan, these benchmarks were not required, and therefore are missing from the following graphs.

Actual results from the year preceding the 2012-2022 Long Term Plan have been included to assist in providing context.

Actual results for the 12/13, 13/14 and 14/15 financial years have been compared against the benchmarks set in the 2012-2022 Long Term Plan.

Actual results for the 15/16 financial year are compared against the benchmarks set in the 2015-2025 Long Term Plan.

Key

	Benchmark Met
	Benchmark Not Met
	Benchmark

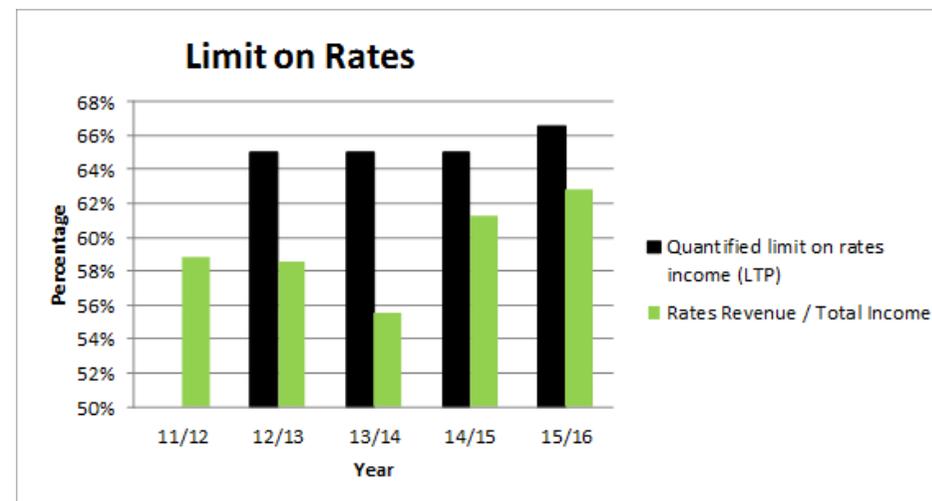
Rates (income) affordability benchmark

The following graph compares Council's actual rates income with the limits imposed in the 2012-2022 and 2015-2025 Long Term Plan.

Council's previous rates limit as set in the 2012-2022 Long Term Plan being "Rates revenue as a source will not exceed 65% of its total revenues".

Council's current rates limit as set in the 2015-2025 Long Term Plan being "Rates revenue as a source will not exceed two-thirds of its total revenues".

This limit is set by Council.



Council has been mindful of the amount of rates compared to total income and as such has been within the limit on total rates income over the last four years.

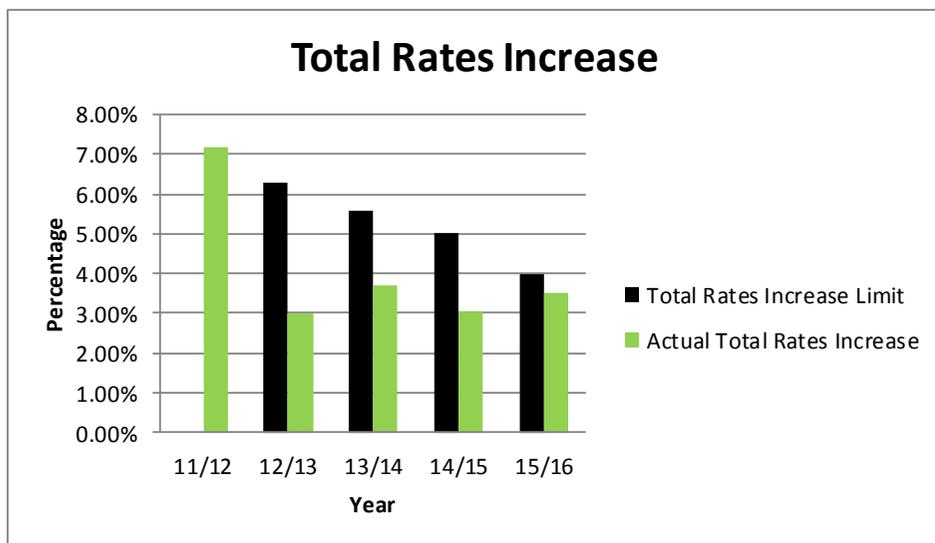
Total rates increase

The following graph compares Council's actual rates increases with the limit imposed in the 2012-2022 and 2015-2025 Long Term Plan.

Council's previous rates limit benchmark of "total rates increase will be limited to LGCI + 2.5%" as set in the 2012-2022 Long Term Plan has been applied for the 12/13, 13/14 and 14/15 financial years.

Council's current rates limit benchmark of "total rates increase will be limited to LGCI + 2.0%" as set in the 2015-2025 Long Term Plan has been applied for the 15/16 financial years.

This limit is set by Council.



Council has achieved its goal of total rates increases as set in the 2012-2022 and 2015-2025 Long Term Plan.

Debt affordability benchmark

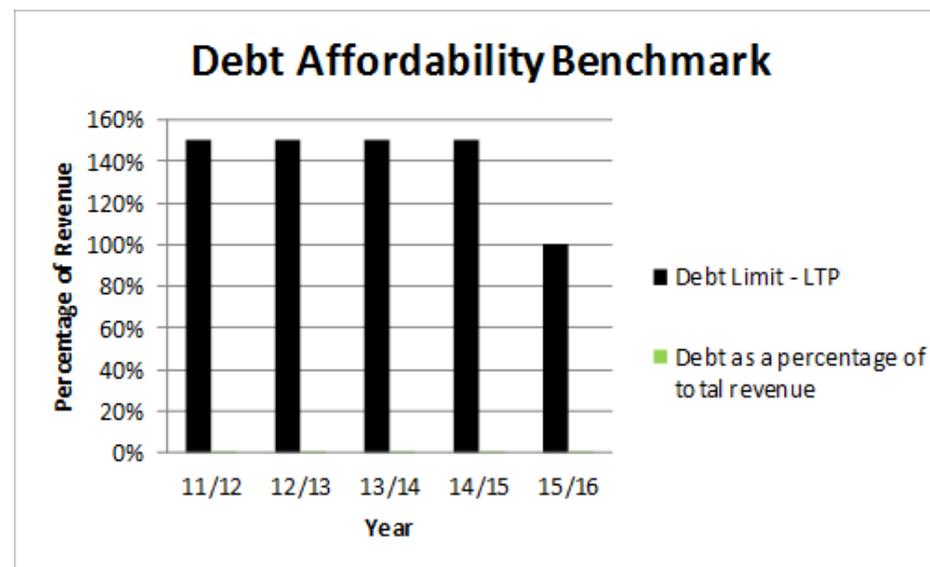
Council meets the debt affordability benchmark if its actual borrowings are within each quantified limit on borrowing.

Council's previous limit per the 2012-2022 Long Term Plan was that borrowing of external funds is limited to 150% of total revenue.

Council's current limit per the 2015-2025 Long Term Plan is that borrowing of external funds is limited to 100% of total revenue.

The following graph compares Council's actual borrowing with these limits.

This limit is set by Council.



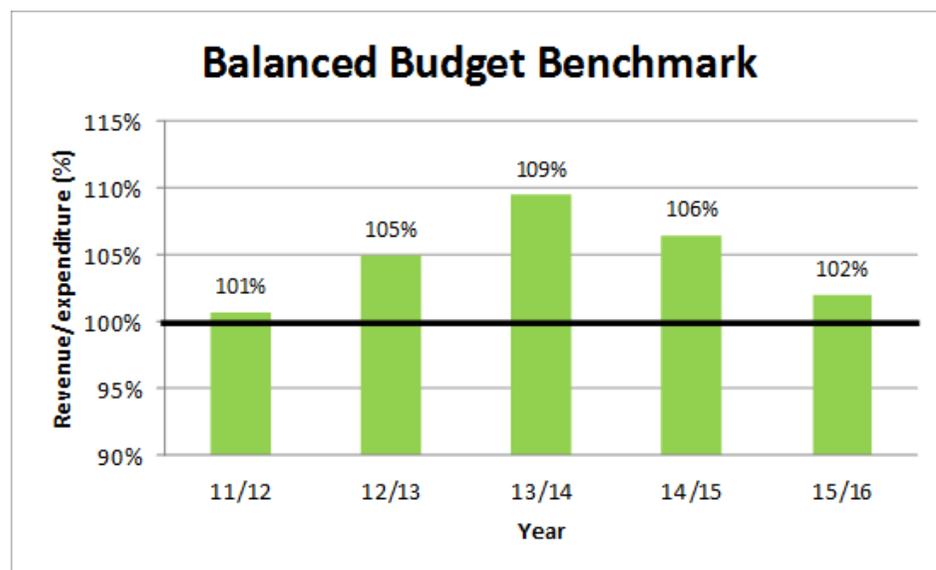
Council has a small finance lease which is classified as debt, (hence the lack of visible actual results). No other external borrowings have been required.

Balanced budget benchmark

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

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

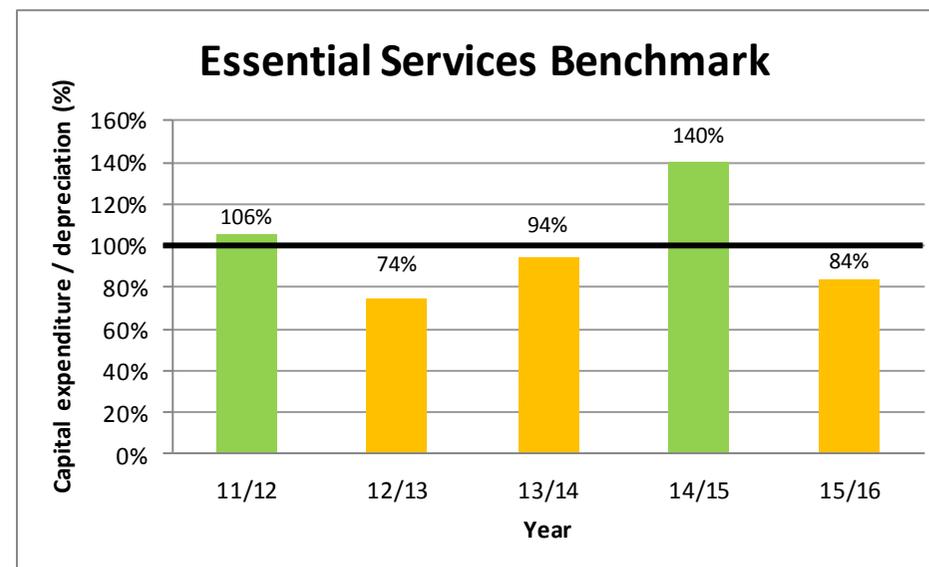
This limit is set by legislation.



Essential services benchmark

The following graph displays Council's capital expenditure on network services as a proportion of depreciation on the network services. Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

This limit is set by legislation.



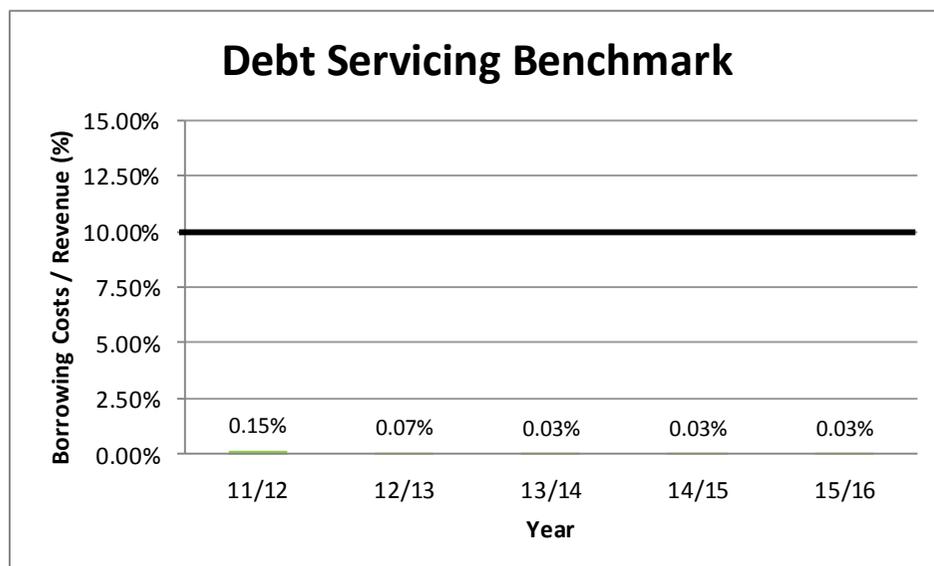
Over time Council's capital expenditure should equal its depreciation, which will mean Council is replacing its assets as they deteriorate, however due to some projects being large it is difficult to assess this on a year by year basis. In the current year Council has not reached the benchmark, primarily due to delays to work on the Around the Mountains Cycle Trail, Mararoa Road bridge renewal and Te Anau wastewater discharge project and deferral of the sealing of the Catlins Road project to 2016/2017.

Debt servicing benchmark

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

The limit of this benchmark is set by legislation because Statistics New Zealand forecasts that Southland District's population will grow more slowly than the national population growth rate. Council meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

This limit is set by legislation.



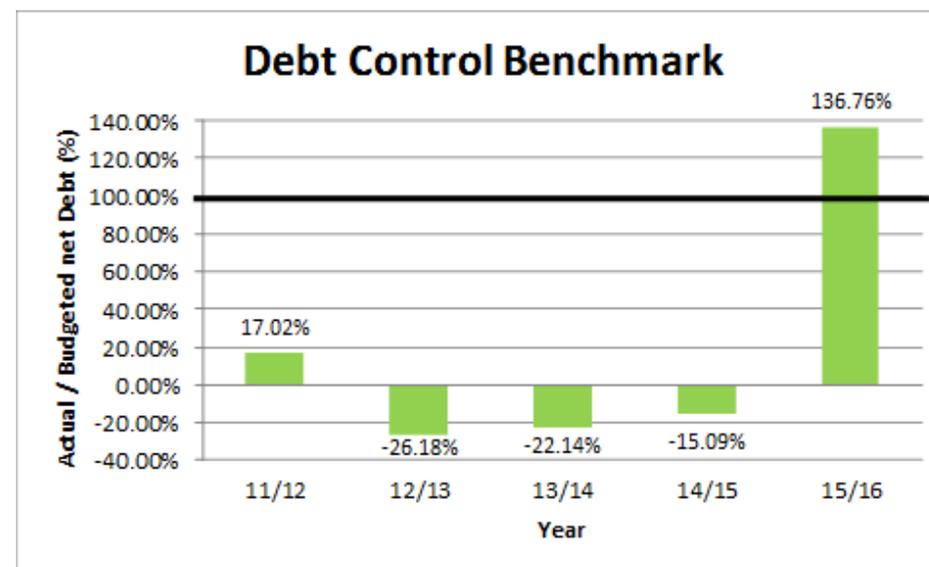
Council currently has minimal debt, which are finance leases. No other external borrowings have been required.

Debt control benchmark

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

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

This limit is set by legislation.



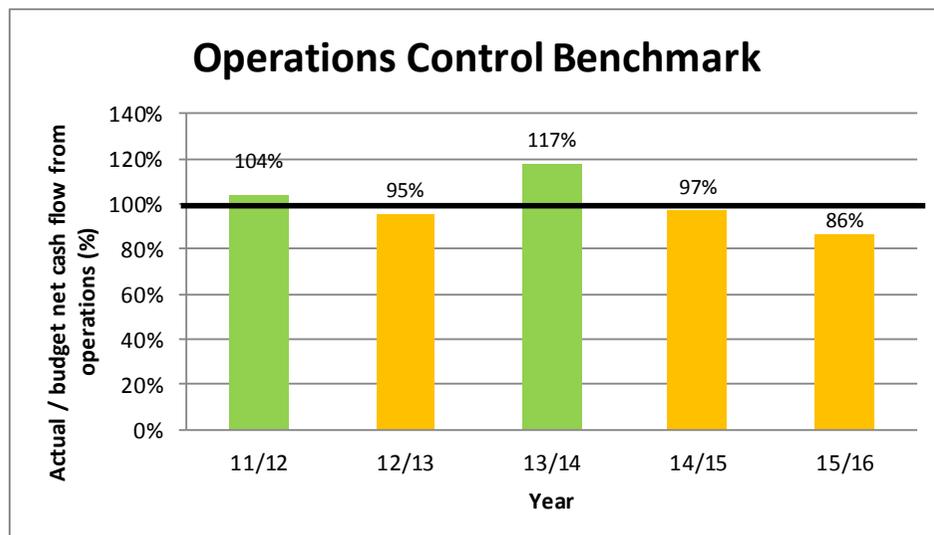
Council maintains a strong balance sheet position with financial assets currently exceeding financial liabilities. In the 2015-2025 10 Year Plan Council were not planning the need for significant debt until 2017/2018. Accordingly in 15/16 Council had an actual net asset balance of 137% of the planned net asset balance of \$5.9M.

Operations control benchmark

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

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

The limit is set by legislation.



The years that Council did not meet the benchmark, cash from revenue other than rates was lower than anticipated, however overall cash reserves were sufficient to cover the shortfall. In these years there was no material variance in cash payments. In 2015/2016 year, NZTA funding was \$3.1 million less than budgeted due to a reduction in the NZTA work programme as well as reduced bitumen prices, negatively impacting this benchmark.

Shared Services Annual Report statement

Building Control

The four councils continue to work closely together on building control matters in terms of both information sharing and staff exchanges to support each other during busy times.

The Shared Services Forum had requested a combined Building Control Shared Service between Southland District Council (SDC), Environment Southland (ES), Gore District Council (GDC) and Invercargill City Council (ICC) with Clutha District Council (CDC) also opting to participate in this initiative.

The key milestones achieved to date are the development of a combined process and quality manual as well as shared regulation forms, which all four councils have now adopted. The shared manual and forms standardise the consent processing methodology and quality assurance processes and has now been the subject of a formal IANZ reaccreditation reviews with all four councils. IANZ have complimented the shared manual approach and have referred several other building consent authorities to seek a copy of the manual. The next step is consideration of a shared approach to building consent fees across the four councils, which is being considered as part of the Southland Regional Development Strategy Ease of Doing Business Action Team work. When finalised, this will complete the building control shared services initial action plan initiatives. Work streams completed to date have been undertaken within existing staff resources and funding.

Emergency Management

Emergency Management Southland (EMS) is a shared service between SDC, ES, GDC and ICC. It focuses on ensuring communities are prepared for emergencies and that they are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel.

2015/2016 has had a strong IANZ focus on refreshing our training and capability for staffing the Emergency Coordination Centre (ECC) using council staff. Several exercises have taken place, including a full ECC exercise using a scenario of a large fire in Bluff. This will ensure we are able to take a full part in the national tsunami exercise Tangaroa in August 2016.

A Regional Hazard Management Strategy has been adopted and we continue to work with our stakeholders to identify, mitigate and educate the public about Southland's hazards.

Work has begun on renewing our Southland Civil Defence Emergency Management Group Plan 2017-2022 and consultation will occur on this in September 2016.

Information Technology

The IT Shared Services Operations Sub-Committee has over the past 12 months undertaken a number of activities that will have a positive outcome to all the member Councils and the ability to provide a more collaborative platform moving forward.

Shared Services projects that were completed during the past year were – CommVault offsite Backup and Recovery project, further delivery of Southland wide aerial photography including Clutha and Central Otago Districts – This data will be a cornerstone towards provide a single spatial view of the District.

Streams of work that has been identified for the coming year include the capture of historic imagery completed in conjunction with Land Information New Zealand (LINZ), Disaster Recovery and Business Continuity Planning and Southland Maps portal for GIS information. These have been seen as key components to some of requirements from the Southland Regional Development Strategy (SoRDS).

Iwi Liaison

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

The Charter was revised in 2015 to incorporate the wider responsibilities under the Local Government Act 2002; and underpins all dealings between the Council and Te Ao Mārama Inc. The revised document was re-signed by all the parties on 7 March 2016.

The Charter of Understanding provides:

- the basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku to assist in developing the capacity of Māori to contribute to decision-making processes;
- a foundation for consultation on a wide range of local government issues;

- for the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ngā matawaka living in Murihiku. This is important in terms of Māori contribution to decision-making in the Southland region, particularly as the Local Government Act 2002 responsibilities of the Council are in relation to all Māori, not solely the local tangata whenua.

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. Councillors and Council staff 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.

Library Consortium

The consortium came together to share a range of services during 2014/2015 and these originally included the Symphony Library Management system which allowed access to the complete catalogues of Dunedin, Invercargill, Queenstown Lakes, Central Otago and Southland District Libraries for all residents.

Differing demands by various councils saw a very amiable split from this some months ago although all members are still using the Symphony platform. Dunedin City, Central Otago and Queenstown Lakes Districts have joined the national consortia - Kotui - which provides enhanced support, searching and ongoing enhancements.

A range of other opportunities are also being explored between the districts and these include integrated holiday and reading programmes, requests and holds able to be placed across boundaries and the possibility of staff exchanges.

Although consortia membership is slightly changed SDC borrowers are able to access all catalogues through their local branch. Reciprocal membership is available at all libraries from Waitaki south for any resident of those local authorities.

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

Rural Fire

The Southern Rural Fire Authority was formed on 7 August 2003 and amalgamated the rural fire responsibilities of SDC, GDC, ICC, Southern Plantations Rural Fire Authority and Department of Conservation - Southland Conservancy.

In total, about 3.5 million hectares or one eighth of the land area of New Zealand is within the Southern Rural Fire Authority area. The District has eight volunteer rural fire forces: Athol, Garston, Blackmount, Waikawa, Hedgehope, Beaumont, Drummond and Milford Sound with total volunteers firefighters numbering approx. 150. Supporting the volunteers and providing a resource for long duration campaign fires is another approx. 130 firefighters and incident managers from member and stakeholder agencies.

In July 2015 the Authority Board Directors and Management undertook a strategic workshop to review the organisation's Core Purpose, "Empowering and Protecting Communities" and Core Values "Safety First, Valuing Partnerships, Fostering Innovation and Community".

This year saw a marked increase in firefighter training undertaken in order to address a decline in the number of fire fighters in some volunteer and agency teams. Government announced that urban and rural fire services will merge into a new organisation on 1 July 2017. Fire and Emergency New Zealand will take over all responsibilities of Southern Rural Fire Authority including the transfer of assets and staff.

WasteNet

Council is part of WasteNet Southland, a shared services arrangement between Southland District Council; Invercargill City Council and Gore District Council. WasteNet actively promotes and advocates waste minimisation initiatives. Through WasteNet, Council provides a weekly kerbside collection for rubbish and recycling in areas where it is cost-effective to do so (in townships and on travel routes), and waste transfer stations, recycling services, and greenwaste sites at a number of locations across the district. WasteNet Southland managed the kerbside collection and recycling contracts, and the contract with the Regional Landfill Site at Kings Bend on behalf of the three councils. WasteNet activities are funded through the gate fee collected at the regional landfill site while the collection and transfer services are funded by the three individual Councils.

Opportunities for Māori to contribute to decision-making

Approximately 10% of Southland District's population is Māori. Council acknowledges the importance of tikanga Māori and value 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.

Southland District 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 Council's role as an all-embracing shelter ("umbrella/lid") for its District.

Charter of Understanding

To help promote and develop its relationship with Māori, the six local authorities are 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 of understanding provides:

The basis for an ongoing relationship between the six 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 range of local government issues

For the recognition and willingness of Te Ao Mārama to assist all councils in consultation with ngā matawaka living in Murihiku. This is important in terms of Māori contribution to decision-making in the Southland District. The Local Government Act 2002 responsibilities of councils in relation to Māori are with all Māori and not solely the local iwi.

Te Roopū Taiao is the collaborative structure put in place to give effect to the charter of understanding and the obligations of the parties to the charter.

Councillors and Council staff involved in resource management regularly attend Te Roopū Taiao meetings.

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 participant councils.

Fostering Māori capacity

Initiatives	Status	Progress
Provide for Te Ao Mārama as a collaborator on Council's Annual Plan/Long Term plan processes	Achieved	Te Ao Mārama provided a representative (Muriel Johnstone) and participated as a collaborator in the hearing of submissions on the draft 2015-2025 Long Term Plan.
Provide for a representative from Te Ao Mārama for the duration of the District Plan Submission Hearings in conjunction with the Resource Management Committee	Achieved	Mr Don Mowat was part of the District Plan Hearing Panel representing Te Ao Mārama.
Continue to hold regular liaison meetings between Te Ao Mārama and Council Executive and Senior Managers (at least once per annum)	Not Achieved	Due to several staff changes on the SDC Executive over this period, this is yet to occur. However a training opportunity is being organised for post the 2016 elections as part of the induction process.
Provide an interpreter on request should Māori wish to present submissions to Council in Te Reo Māori	Achieved	Standing arrangement in place if required.
Provide a standing invitation to all Māori to attend Council meetings and hearings to become familiar with Council protocol	Achieved	Various meetings and hearings attended throughout the year, and 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.	Achieved	Yvette Couch-Lewis was appointed as independent Māori representative to the hearing commissioner panel hearing the Te Anau wastewater designation. (Te Ao Mārama was a submitter to this process so a Te Ao Mārama representative could not be appointed).
Maintain existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties and continue with the integration of protocols.	Achieved	Protocols maintained.
Regularly refer to and report against Te Tangi a Tauria, the new Ngāi Tahu Murihiku Resource Management Plan when assessing resource consent applications	Achieved	Every application for resource consent reported to the Resource Management Committee includes an assessment of the proposal against Te Tangi a Tauria.
Maintain its commitment to ongoing funding of Te Ao Mārama Incorporated, the Ngāi Tahu (Murihiku) Resource Management Agency	Achieved	Funding 2015-2025 included in the Long Term Plan.
Provide training to all new staff and Councillors on marae protocol, local history and related legislation	Not Achieved	Resourcing issues with both SDC and Te Ao Mārama has meant that this has not been achieved, but is being progressed.
Provide regular monthly contact sessions for SDC staff to interact with Te Ao Mārama staff on topical matters of mutual interest, to maintain and enhance the relationship between the agencies	Achieved	Regular monthly drop-in sessions occurred throughout 2015/2016 year.
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	Further work required in this area, resourcing issues and staff changes have delayed this.

Statement of compliance and responsibility

Compliance

The Council and management of the Southland District Council hereby confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 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 2016 fairly reflect the financial position and operations of the Southland District Council.

	
Gary Tong	Steve Ruru
MAYOR	CHIEF EXECUTIVE
Date: 28 September 2016	Date: 28 September 2016

Audit Report

Independent Auditor's Report To the readers of Southland District Council's annual report for the year ended 30 June 2016

The Auditor-General is the auditor of Southland District Council (the District Council). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, on her behalf, to:

- audit the information included in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the audited information); and
- report on whether the District Council has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the audited information

In our opinion:

- the financial statements on pages 95 to 159
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2016;

- the results of its operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 110, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the statement of service provision (referred to as Activities) on pages 30 to 86:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and

- complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 30 to 86, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan;
- the funding impact statement for each group of activities on pages 30 to 86, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan; and

Compliance with requirements

The District Council has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 16 to 20 which are required by the Local Government (Financial Reporting and Prudence Regulations 2014) which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Our audit was completed on 28 September 2016. 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 we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error.

In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited in order to design 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 the disclosures in the information we audited;

- determining the appropriateness of the reported statement of service provision (referred to as Activities) within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the District Council complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. 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 meeting all legal requirements that apply to its annual report.

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

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, we have no relationship with or interests in the District Council.



Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand

Council Activity Groups

Resident survey

A number of the key service performance targets are measured through the Residents' Opinion and Satisfaction Survey. The Residents' Opinion and Satisfaction Survey is conducted every three years. The survey consists of 62 questions and involves a phone survey with residents over the age of 18 who live in the Southland District. The next survey is scheduled for 2016/2017.

The last survey period took place in March 2014. The results for this period of the study (n=751) have a margin of error of 3.42 percent at the 95 percent confidence level.

Variations to budget

Commentary provided for "Variation from the budget" in each activity group is a comparison between the 10 Year Plan 2015-2025 and the actual result for 2015/2016. A comparison for the 2015/2016 year can be found in the published 10 Year Plan 2015-2025.

Prior year Activity budgets

The Local Government (Financial Reporting and Prudence) Regulations 2014 require that Council show the 2014/2015 budget from the 2012-2022 LTP for each Activity Group. Due to a change of Council's activity classifications in the 2015-2025 Ten Year Plan, this information is not readily available and therefore has not been disclosed. The 2014/2015 budget from the 2014/2015 Annual Plan has been disclosed in lieu of this information.

Council's work at a glance

We group our work into nine areas. These are:

Community Services

Including the following activities:

- Community Assistance
- Parks and Reserves
- Cemeteries
- Community Facilities
- Community Housing

- Library Services
- Public Toilets
- Airports
- Electricity Supply.

District Leadership

Including the following activities:

- Representation and Advocacy
- Community Development
- District Support
- Corporate Support
- Forestry.

Emergency Management

Including the following activities:

- Emergency Management Southland
- Rural Fire.

Regulatory Services

Including the following activities:

- Building Control
- Resource Management
- Animal Control
- Environmental Health.

Roads and Footpaths

Solid waste

Stormwater

Wastewater

Water Supply

Community services

What we do

Council's community services are made up of a variety of services provided for residents. These include libraries, cemeteries, public toilets, parks and reserves, council facilities, community housing and community assistance.

Community assistance covers the grants, donations and community-based work schemes that are available for residents to apply for.

Community facilities include Council facilities, such as community centres, water structures and council offices and buildings.

The wide range of services reflects the diverse needs of Southland District's communities. Community services, such as the Stewart Island Electrical Supply Authority and Te Anau Airport Manapouri, have arisen from the needs of these communities.

Why council provides these services

Council's community services align with its aim of "supporting our communities".

This has a direct impact on the lives of Southland District residents who have access to activities in their communities that may not otherwise be provided.

It contributes to Southland District's communities being desirable places to grow up in, work, run a business, live, raise a family, retire and enjoy a safe and satisfying life.

How well we did

The community services activity group has 25 targets. Eleven were achieved, six were not achieved and eight were not measured.

In the 10 Year Plan 2015-2025 some new measures and targets were introduced. Please see the performance measure section for the full details.

The eight targets that weren't measured were mainly because they are attained via the triennial Residents' Opinion and Satisfaction Survey scheduled for next year. The other not measured target was because of a change in the civil aviation audit requirements that means audits are only done on a risk basis.

Of the six targets not achieved, four were close to the target, one was a new measure where there were timing issues in getting the correct information and one was because of delays to upgrades caused by the Council's organisational review.

Key highlights

Community assistance

Work schemes continued to assist local communities with local projects. The main projects completed were: the Orawia water shed extension, construction of the Dipton Anzac sign, track work and noxious weed control for Invercargill City Council, construction of the Woodlands Cemetery shelter, track work and maintenance throughout reserves in the district.

Cemeteries

The ongoing district-wide joint project between the Lions, cemetery trusts and Council to provide memorial boards at cemeteries is progressing well, with a large number completed and several in progress within the financial year.

Community facilities

Council received a coastal permit for all the structures in the Riverton harbour. This will allow occupancy agreements to be entered into, which also includes structural upgrading where required.

The Winton Centennial Park grandstand upgrade was completed. A significant upgrade of Winton Memorial Hall has begun, with a completion date proposed for late September.

Community housing

The community values this activity and occupancy remains high. Income exceeded expenditure, which means some funds were transferred to the reserves to help fund any future unplanned expenditure.

Library services

A range of tablets are now available for loan from Council libraries for residents to familiarise themselves with before making a purchasing decision. They come in regular and large size and font and back-lighting can be adjusted to suit the user. A Council library membership card is required to be able to access the range of audio and e-books which can be borrowed through the library at no cost.

Internet and Wi-Fi services have continued to be particularly well used throughout the District. The increase in Wi-Fi users during the past year is more than 37 percent. Much of the increase has occurred in Lumsden and Stewart Island and it has been necessary to install boosters, which minimise congestion around the library doors.

A review of library service delivery was completed in March 2016 and contained a range of recommendations. These are being progressed as resources allow.

A highlight of the year was the “gingerbreading” of the main street of Winton as a special project for Winton Open Day. More than 50 gingerbread models of Winton businesses were baked and iced then displayed at the library. Unsolicited donations from residents and visitors allowed a cheque for \$1000 to be presented to the local Foodbank before Christmas.

Collaboration between Invercargill City, Gore and Southland District libraries for a summer reading programme resulted in almost 1000 children taking up the reading challenge over the summer break. A significant number completed the required reading and associated challenges and qualified for a selection of book prizes.

Author visits are always a popular event and this year was no exception. Scott Tulloch and Robin Robilliard spoke about their books, Walter Guttery drew a large crowd with the launch of his book on Ohai and the coalfields and a writers’ workshop was particularly well attended.

Parks and reserves

The new cycle trail through Ivon Wilson Park was completed. This complements the new cycle trail being constructed from Te Anau to Manapouri.

The new public barbecue on the Te Anau lakefront was completed. This was a joint project with the local Rotary Club of Fiordland.

The development of a new reserves and open spaces policy for all Council lands was progressed to a stage where it went out for public consultation. Once this is adopted this will allow for the ongoing review of reserve management plans.

Council is also developing a policy on drones used over Council property. Apart from roads most other property affected is within parks and reserves.

Public toilets

The toilet projects were completed at Athol, Colac Bay, Dipton, Edendale/Wyndham, Waikaia and Winton. The Te Anau dump station upgrade is still in progress.

Athol, Colac Bay, Dipton and Winton are new toilet blocks which are the result of a combination of demand and completion of appropriate network locations.

Airports

The year was generally business as usual. There was positive growth in tourist-based air movements.

Electricity supply

The power scheme continued to provide a reliable electricity supply for Stewart Island consumers.

The financial performance was a positive result, mainly because of continued low diesel prices.

Data continued to be collected from hydro and wind survey sites for future use in analysing alternative renewable energy sources.

Electricity supply projects included the installation of an underground high tension cable as stage one of improving network reliability on Stewart Island. When all stages are completed the full length of the high tension line from the station to the town centre will be duplicated.

Key projects

63 projects: 30 complete, 1 deleted, 11 not started, 21 in progress

Cemetery projects were completed at Winton, Woodlands and Lumsden.

The Otautau Camping Ground upgrade is in progress to the stage of awaiting construction tenders. The Winton Centennial Park grandstand upgrade was completed.

Browns, Dipton, Nightcaps, Lumsden and Tuatapere Community Centre projects were completed. The significant upgrade at the Winton Memorial Hall was started with the completion date proposed for late September.

The Edendale Community Board decided that they no longer wished to pursue a new community centre for Edendale.

Two Council community housing units required external painting, one at Edendale and one at Wyndham. One project was in progress and one was completed.

An internal repaint and new carpet was completed at the Otautau Library. Furnishings were replaced at Riverton Library. The Te Anau Library upgrade was completed except for heat pumps which are still to go in. The upgrade was to utilise the space left after Destination Fiordland left the building and to create a separate space for internet users. LED lights were installed in the entire library. There has been positive feedback from local library users in response to the upgrade.

The Winton Library project is delayed but is expected to be completed in the 2016/2017 year. This project is to create a history archive for the Vince Boyle Collection.

Parks and reserves projects completed included the Otautau walking tracks, a new flying fox in Riverton, an upgrade to the Horseshoe Point Track on Stewart Island, cycle trail in Ivon Wilson Park and the new gas barbecue on the Te Anau lakefront.

Toilet projects were completed at Athol, Colac Bay, Dipton, Edendale/Wyndham, Winton and Waikaia (this is a joint project with the Switzer Waikaia Museum and the Council's contribution was completed, with physical work still to be completed). The Te Anau Dump Station upgrade is still in progress.

The airport project was deferred to coincide with the runway resealing in future years.

Grants and Donations Schedule (funded from District Rates)

	2015/2016 Actual \$(000)	2015/2016 Budget (LTP) \$(000)
GRANTS		
Citizens Advice Bureau	2	2
International Relations Committee	7	12
Gore Counselling Service	1	1
IWI Funding	40	39
Life Education Trust	5	5
Miscellaneous Grant	25	5
Southland Indoor Leisure Centre (Stadium maintenance)	75	75
St John Ambulance	1	1
Southland Regional Heritage Committee	458	458
Toimata Foundation (Enviroschools Programme)	10	10
Southland Coastal Heritage Inventory Project	15	15
Biodiversity Southland	10	10
Highvalues Area	15	15
Swim Safe	20	20
Southland Warm Homes Trust	35	35
Waituna Partnership	-	40
Stadium Southland (rebuild)	250	250
Southland Safer Communities	10	10
SCHOLARSHIPS		
Bursaries	6	7
Community Service Award	-	1
Debating Competition	1	1
Outward Bound	4	8

	2015/2016 Actual \$(000)	2015/2016 Budget (LTP) \$(000)
FUNDING ASSISTANCE FOR COUNCIL ACTIVITIES		
Contribution - Dog & Animal Control	36	36
Contribution - Parks & Reserves	13	13
Santa Parade	-	1
Holiday Programmes	20	20
Destination Fiordland	13	13
Around the Mountains Cycle Trail	160	160
ALLOCATION GRANTS		
Community Initiative	94	110
Contributions and Levies	-	15
Creative Communities	22	22
Sport NZ	11	10
Ohai Railway Fund	52	80
Northern Southland Development Fund	13	15
District Heritage	64	62
Stewart Island/Rakiura Visitor Levy	105	130
OTHER		
Southern Rural Fire Authority	289	289
Venture Southland	1,769	1,755
Emergency Management	257	257
TOTAL	3,910	4,007

Performance measures

Community outcome: Supporting our communities

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
Community assistance	Access and Equity Enhance the quality of life through grants/donations to community and regional organisations	Percentage of residents aware of the availability of grants	Triennial residents' satisfaction survey	-	-	Not Measured Survey undertaken three-yearly. The latest survey was in 2014. The result was 77%. The next survey is scheduled for 2016/2017 with a target of 90%.
	Equity Enhance the quality of life through grants/donations to community and regional organisations	Criteria on funding applications \$10,000 and over include a requirement to write an annual outcomes report on the outputs and benefits of the programme/organisation to Southland residents	Outcome reports sent to Council on an annual basis	New measure All reports received	5	Not achieved Five of the seven outcome reports have been received. Organisations have been reminded but there appears to be timing issues around their annual reports.
	Quality Work completed through the work scheme is fit-for-purpose	Percentage of clients satisfied that the work is completed according to the specifications	Annual user survey	90%	92%	Achieved The result is 92%. In 2014/2015 the result was 91%.
Parks and reserves	Quality Appropriate and acceptable quality Beautification, parks, reserves, playgrounds and sports fields	Percentage of residents satisfied with the beautification, reserves, parks, sportsfields and playgrounds	Triennial residents' satisfaction survey	-	-	Not Measured The latest survey was in 2014. The result was 91%. The next survey is scheduled for 2016/2017 with a target of 90%.
	Quality Appropriate and acceptable quality Beautification, parks, reserves, playgrounds and sports fields	Percentage of beautification areas, parks, reserves, playgrounds and sportsfields are maintained in accordance with contractual standards ¹	Annual Inspections	100%	99.75%	Not Achieved 1 of the 405 inspections did not meet the standard. In 2014/2015 the result was 98%.
Cemeteries	Quality Cemeteries are maintained to a standard acceptable to the public	Percentage of community satisfied with the appearance of Council maintained cemeteries	Triennial residents' satisfaction survey	-	-	Not Measured

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
						Survey undertaken three-yearly. The latest survey was in 2014. The result was 93%. The next survey is scheduled for 2016/2017 with a target of 90%.
	Quality Cemeteries are maintained to a standard acceptable to the public	Percentage of cemeteries where lawns are mown as specified in maintenance contracts	Council records	100%	100%	Achieved All 60 for the year were up to standard. In 2014/2015 the result was 98%.
Community facilities	Safety Harbour facilities and jetties are safe to use	Number of safety issues reported and resolved in an acceptable timeframe	Reported issues by users	<3	1	Achieved One safety issue reported in February 2016. In 2014/2015 the result was 0.
	Safety Percentage of facilities that meet their statutory requirements	Percentage of Council buildings that hold current warrants of fitness	Council records	100%	100%	Achieved All buildings are compliant. In 2014/2015 the result was 100%.
	Quality Council office buildings are appropriate to the needs of the occupier	Percentage of Council staff who think that the council building they work in is appropriate for the purposes of doing their job effectively	Biennial staff survey	80%	42%	Not Achieved In 15/16 the result was 42%. In 13/14 the result was 30% satisfied. The first tenant survey was undertaken in 2013/2014 year.
	Access Community centres are available for public use	Percentage of residents satisfied that their nearest hall/community centre meets community needs	Triennial residents' satisfaction survey	-	-	Not Measured Survey undertaken three-yearly. The latest survey was in 2014. The result was 85%. The next survey is scheduled for 2016/2017 with a target of 90%.
	Safety Community Centres are safe to use for their intended purpose	Percentage of community centres that hold current warrants of fitness	Annual Inspections	100%	100%	Achieved All buildings are compliant. In 2014/2015 the result was 100%.
Community housing	Quality	Percentage of tenants who believe that the housing facilities are maintained satisfactorily and are suitable for use	Biennial tenants' satisfaction survey	80%	77%	Not Achieved

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Suitable housing which has pleasant surroundings for tenants					Survey undertaken two-yearly. The latest survey was in 2016. 77% of residents were satisfied with the maintenance of the housing facilities and 97% said it was suitable for their needs.
	Safety A safe environment is provided	Percentage of residents who feel safe and secure when living in the community housing building	Biennial tenants' satisfaction survey	100%	100%	Achieved Survey undertaken two-yearly. The latest survey was in 2016. The result was 100%.
	Responsiveness Tenants receive prompt response to identified problems	Percentage of requests for maintenance actioned within agreed timeframes ²	Council records of requests including department records and Customer service system (Pathway)	100%	100%	Achieved 51 requests were received and they did meet the timeframes. In 2014/2015 the result was 33%.
Library Services	Service Provide an overall level of service that meets or exceeds residents' expectations	Number of residents satisfied with library services overall	Triennial residents' satisfaction survey	New measure -	-	Not Measured Survey undertaken three-yearly. The next survey is scheduled for 2016/2017 with a target of 90%.
	Quality The range, quality and number of resources are relevant to SDC residents' demands and are consistent with national standards	Access to a wide range of quality resources with at least 80% of collections less than 10 years old (excludes local history items)	Complies with the guidelines in LIANZA Standards for NZ Public Libraries. Symphony & Collection HQ reports	New measure 97%	76%	Not Achieved Ensuring our collections are a reflection of current reader preferences and are presented to best enhance their appeal is one of the measures now being used. All collections, and their usage, were assessed as part of the Library Services Review March 2016. While off target, the focus was initially on LIANZA but now the new focus is on local demand. Changes in selection processes to reflect local demand were initiated mid-way through the 15/16 year.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Quality A range of programmes are delivered to meet community needs	Users satisfied with the range of programmes offered.	Programme evaluation forms	New measure 80%	100%	Achieved 2,382 users satisfied.
	Relevance Services and resources are well used and libraries remain relevant to the communities they serve	The percentage of the District population who access library services (at least once per annum)	Triennial residents' satisfaction survey as per LIANZA guideline of 52% of the population	New measure -	-	Not Measured Survey undertaken three-yearly. The next survey is scheduled for 2016/2107 with a target of 52%.
Public Toilets	Quality Maintain public conveniences in a functional, clean and sanitary condition	Percentage of toilets that are cleaned in accordance with contractual standards	Annual Inspections	100%	100%	Achieved The result was 100%. All 180 inspections met standards. In 2014/2015 the result was 98%.
	Quantity Provide sufficient toilets at appropriate locations	Percentage of residents satisfied with the locations of public toilets for residents and tourists	Triennial residents' satisfaction survey	-	-	Not Measured Survey undertaken three-yearly. The latest survey was in 2014. The result was 77%. The next survey is scheduled for 2016/2017 with a target of 80%.
Airports	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%	-	Not Measured Last audit undertaken in April 2012 with 100% achievement and no recommendations and audit findings. Audit requirement is now scheduled on a risk basis by CAA. No audit is required at this stage.
	Financial Sustainability Managing the asset in a business-like way, with a long term focus	Percentage of revenue achieved against target	Statement of Financial Performance	100%	99.93%	Not Achieved. 99.93% In 2014/2015 the result was 100%.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
Electricity Supply	Responsiveness SIESA is responsive to customer needs	Percentage of complaints and requests responded to within agreed timeframes ³	PowerNet quarterly report	90%	100%	Achieved. The result was 100%. No complaints received. In 2014/2015 the result was also 100%.
	Reliability All SIESA consumers connected are provided with reliable and continuous service	Number of unplanned interruptions	PowerNet quarterly report	<6	4	Achieved The result was 4 unplanned interruptions. In 2014/2015 the result was 5.
<p>¹ “Contractual standards” cover lawn mowing, weed removal and equipment inspection and maintenance.</p> <p>² “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 resolving the request.</p> <p>³ “Agreed timeframe” is within two hours.</p>						

Variation from the budget

Payments to staff and suppliers were lower than budget predominantly due to lower than anticipated fuel prices for SIESA. Other operating funding applications were also lower than budgeted due to some grants being paid to internal groups rather than external. Capital expenditure to improve the level of service is below budget due to delays in the Curio Bay sewerage scheme project, Edendale Hall project and the Winton Memorial Hall upgrade. Capital expenditure to replace existing assets was lower than budgeted as Council contributed to the Switzers Waikaia Museum toilet upgrade by way of a grant. Council has also deferred the upgrade of the Invercargill office to future years.

Funding impact statement – Community Services

2014/2015 Budget (AP) (\$000)		2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
	Sources of operating funding			
1,916	General rates, uniform annual general charges, rates penalties	1,921	2,119	2,128
2,559	Targeted rates	2,565	2,652	2,655
64	Subsidies and grants for operating purposes	171	136	71
1,224	Fees and charges	1,285	1,286	1,234
2,664	Internal charges and overheads recovered	2,669	2,941	2,927
654	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	709	711	867
9,081	Total operating funding	9,319	9,846	9,881
	Applications of operating funding			
5,764	Payments to staff and suppliers	5,625	5,723	5,963
-	Finance costs	-	-	-
1,835	Internal charges and overheads applied	1,885	2,005	1,829
1,437	Other operating funding applications	1,181	1,461	1,641
9,036	Total applications of operating funding	8,690	9,189	9,434
45	Surplus (deficit) of operating funding	629	656	448
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	53	311	166
21	Development and financial contributions	41	31	106
2,432	Increase (decrease) in debt	2,036	(255)	510
13	Gross proceeds from sale of assets	17	108	17
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
2,466	Total sources of capital funding	2,146	196	799
	Applications of capital funding			
	Capital expenditure			
21	▪ to meet additional demand	216	243	248
293	▪ to improve the level of service	471	968	2,653
951	▪ to replace existing assets	608	342	577
1,721	Increase (decrease) in reserves	1,952	(416)	(1,931)
(474)	Increase (decrease) in investments	(471)	(285)	(300)
2,512	Total applications of capital funding	2,776	852	1,247
(45)	Surplus (deficit) of capital funding	(629)	(656)	(448)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

District leadership

What we do

District leadership describes Council's role as a leader in its communities where it provides information, support and development opportunities to residents. This empowers them to make a difference in their communities by becoming involved in decision-making.

The group of activities includes Representation and Advocacy, Community Development, District Support (Area Offices and Customer Support), Corporate Support (People and Capability, Finance, Strategy & Policy, Communications and Information Management) and Forestry.

By achieving fair and effective representation, Council encourages local involvement in decision-making on issues affecting Southland at a local and national level. Elections are held for Council's Mayor, Councillors, Community Boards and CDAs and meetings provide a platform for Council's business to take place.

Council consults with residents and ratepayers on issues relevant to them and works with other agencies to represent residents' and ratepayers' interests. Council also supplies resources and support such as staff services and administration to assist with realising its goal of being an effective leader.

Why Council provides these services

District leadership aligns with Council's community outcome of "being an effective Council". Council's support mechanisms and representation is an enabler for its communities.

How well we did

This activity group has a total of 17 key performance indicator targets. Ten targets were achieved, two were not achieved and five were not measured.

Five targets were not measured because they related to the resident survey that isn't conducted annually.

Of the two targets not achieved, one was regional GDP which is difficult to influence and the other was a process issue with the document management system which was to be fixed with the upgrade in August 2016.

Key highlights

Representation and advocacy

There were 197 meetings held throughout the district, including all Council, council committee, subcommittee, community board and community development area subcommittee meetings.

Council submitted on the Environment Southland proposed Land and Water Plan.

Council participated in the development of a Southland Regional Development Strategy and its implementation, which is a local government and private sector initiative led by the Mayoral Forum. The strategy helps provide direction to organisations, including Council, when undertaking future planning. Council is leading the Ease of Doing Business work stream.

Community development

In the 2015/2016 year, Council undertook an organisation review and through this process established the Community and Futures Group – including the appointment of Community Partnership Leader roles and an ongoing review of the current governance structure. The priority is on Council developing and leading the implementation of a future focus to community governance, community planning, community liaison and stakeholder relationships. There is a strong focus on research, policy and strategy development and connecting with communities by way of community engagement and developing community partnerships based on a multi-agency delivery approach.

The focus is on the future – with Council to be a proactive partner in assisting with the building of vibrant and resilient communities that are willing and able to address the issues facing them in the future. The Community Partnership Leaders have a key role in connecting Council with its communities and the communities with Council. It is important Council provides this community leadership to consider the approach forward in dealing with:

- Socio demographic change
- Political relevancy
- Sustainability and affordability
- Community leadership
- Central government desire for change
- Strategic alignment to local-regional-national priorities

Venture Southland is the service delivery agent for Council's community development activities. In the past year they have been recognised as having the highest client satisfaction levels in the country for the delivery of the New Zealand Trade and Enterprise and Callaghan Innovation business support programme, the Regional Business Partner Programme.

The aerial magnetic survey and water mapping for the Southland region and Te Anau Basin has been completed. The magnetic survey and water mapping data will provide valuable information for future land use initiatives.

The Southland region continued to have good growth from visitors, again with increases over 10 percent for the 2015/2016 year (such as visitor nights up 12.8 percent). Promotion of the region had some highlights. There was strong growth in media coverage, with 87 national and international media articles being generated, including publications in Australia, the United Kingdom, Germany, Canada, the United States, China, and Japan.

District support

Customer support and area offices

This year we have seen significant work completed so our customers can pay their rates or dog registrations via direct debit or online. More than 73 percent of our payments are received via direct credit. As well, the finance team has a change in place for 2016/2017 so that rates can be debited weekly or fortnightly on a day of the customer's choosing. For convenience Council does not charge residents for using credit card payments and this provides a positive experience for the customer.

Council's 0800 number has continued to be the consistent point of contact for customers, with up to 500 calls per day. Requests for service are also received via Council's website and in person at the eight offices (including Invercargill) throughout Southland.

Following the organisational review was the creation of a new Customer Support Group and the new group manager is working on the strategic direction of service delivery, including mapping our processes to provide a consistent service experience for residents.

There was a change in structure of area offices in the latter part of 2015 as a result of the organisational review. A number of staff were transferred into the Governance team into roles of governance manager and committee advisers. Other area office staffs were transferred into roles of customer support partners.

The area office staff are a key community asset and are heavily involved with the local community activities.

Corporate Support

People and Capability

The People and Capability team's major focuses were health and safety and the organisational review.

A focus on health and safety aims to ensure all Council's people, including contracting staff and volunteers, are free from harm. A Health and Safety Management Group has been formed in conjunction with other councils in Southland. They are working together on health and safety policies, procedures, toolkits and wellness initiatives crucial for Southland District. A preferred contractor management framework has been established and a number of site observations have been carried out with these contractors. A Health and Safety Contractor Management Subcommittee has been established with project managers and contractors involved.

The People and Capability team were actively involved with the organisational review undertaken in October and November 2015. The outcome of the review was a structure that enables Council to engage more with its communities, to provide high-quality customer service and to ensure the critical role it has in the future of Southland. All recruitment and appointments have been made and work continues with integrating the new positions and change of focus within the organisation.

Communications

Council uses many forms of communication and is constantly looking for innovative ways to reach and engage with as many people as possible.

Social media is popular, with the number of people interacting with Council through Facebook increasing throughout the year. This year we had a series of engagement workshops called Community Conversations to chat about what the future might hold for Southland communities. Council intends to hold further workshops in the future. Council engaged as part of the Annual Plan and got a record number of submissions, and also engaged on bylaws and policy changes.

Information management

The Information Management strategy was adopted by Council in August 2015. This will provide Council with a framework for future projects and activities. The organisation review led to a number of changes to the team which allow and enhance the services provided by the team.

Forestry

Council's production forests are at a level of maturity now that allows for significant harvesting to be undertaken. This, combined with strong log prices over the last half of the 2015/2016 year, meant that Council received a healthy financial return from the forests. The net return to the Council will be approximately \$1.8 million. All restocking, pruning, thinning and harvesting objectives for the year were met.

Key projects

2 in progress, 1 deleted

Work has progressed on the Property Digitisation and Back Capture Project, during which the current paper-based property filing system will be replaced with an electronic system. This will future-proof Council from physical storage issues and reduce risks associated with property files being damaged, misplaced or misfiled.

This project will take two years to complete. In June 2016 Council completed a request for proposal and selected a provider to undertake the project.

A pilot is being carried out in September/October 2016, with the remainder of the information being scanned during the next 12 months. Completion is expected in October 2017.

The second major project is the Core Systems Review Project. This will look at the applications currently being used within Council and consider whether they will meet future information management needs. The majority of Council's applications are more than 10 years old and many have not had any significant review or evaluation since they were introduced.

The budget for this project is \$2 million. This cost will cover all expenditure, from possible replacement or upgrade costs for software, professional services and technical advice, and changes in resourcing and process improvement.

A further customer service project was deleted.

Performance measures

Community outcome: Being an effective council

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
Representation and Advocacy	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)	Triennial residents' satisfaction survey	-	-	Not Measured In 2013/2014 the result was not achieved (76% against a target of 85%). The next survey is scheduled for 2016/2017 with a target of 85%.
	Leadership Council to provide leadership and advocacy on major issues affecting residents	Percentage of resident satisfaction with Council decision-making, planning and leadership	Triennial residents' satisfaction survey	-	-	Not Measured In 2013/2014 result was not achieved (82% against a target of 85%). The next survey is scheduled for 2016/2017 with a target of 85%.
Community Development	Business Growth Proactively identify and promote opportunities for employment and business growth in Southland	Increase in the number of new businesses in the region	Business demography statistics	New measure Increase from previous year	1.24% increase	Achieved 13,776 which is an increase of 1.24% from the previous year.
		Regional unemployment rate below the national average	Household Labour Force Survey	New measure Below national average	4.6%	Achieved National average is 5.7% (Stats NZ March 2016 quarter). Southland is 4.6%, which is 1.1% the below the national average
	Economic activity Enhance economic growth	Increase in GDP from the Southland region	Regional Gross Domestic Product Report	New measure Increase from previous year	4.90	Not Achieved For the year ended March 2015 Southland GDP was 4.9 (billion) which is a 9.9% decrease from the previous year (The regional GDP figures were published in March 2016).
	Promotion Promote Southland District	Increase in Southland's population	Statistics New Zealand Sub-national population estimates	New measure	0.7%	Achieved 97,300 which is an increase of 0.7%.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
				Increase from previous year		
		Increase in number of visitor nights in the region	MBIE Regional Tourism Estimates and Commercial Accommodation Monitor	New measure 5%	14.60%	Achieved 682,317 year end April 2016 guest nights, a 14.6% Increase from previous year for Southland District.
		Increase in tourist accommodation occupancy rates	MBIE Regional Tourism Estimates and Commercial Accommodation Monitor	New measure 2%	13.4%	Achieved 391,519 year end April 2016 stay units (nights), a 13.40% Increase from previous year for Southland District
District support	Access Access to services during normal business hours	Percentage of residents satisfied with the hours of operation	Triennial residents' satisfaction survey	-	-	Not Measured Survey undertaken three-yearly. The latest survey was in 2014. The result was 96%. The next survey is scheduled for 2016/2017 with a target of 90%.
	Responsiveness All requests, issues, queries and faults dealt with in a timely fashion	Percentage of customers satisfied with staff helpfulness ¹	Annual customer service survey	90%	92%	Achieved The result was 92%. In 2014/2015 the result was 95%.
		Percentage of customers satisfied with response times ¹	Annual customer service survey	80%	98%	Achieved The result was 98%. In 2014/2015 the result was 82%.
		Percentage of customers satisfied with the outcome of enquiries ¹	Annual customer service survey	80%	86%	Achieved The result was 86%. In 2014/2015 the result was 78%.
Responsiveness All requests, issues, queries or faults dealt with in a timely fashion	Percentage of response times kept within defined limits ²	Customer service system (Pathway)	85%	88%	Achieved The result was 88%. In 2014/2015 the result was 90%.	

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Responsiveness All requests, issues, queries or faults dealt with in a timely fashion	Percentage of correspondence responded to within defined limits ²	Document Management system (TRIM) report	85%	72%	Not Achieved We continue to have a large number of actions completed after they become overdue. This is in part due to the limited reminder system in the current version of TRIM. The action officer receives an email at the time the action is assigned and when it becomes overdue. Often the action has been undertaken within the timeframes but the action not signed off until it becomes overdue. The total number of actions completed after they become overdue in this period is 427. In August this year we upgraded to Records Manager 8.3. This provides additional functionality with the ability to add a reminder a set number of days before the action is due. In 2014/2015 the result was 70%.
Corporate support	Quantity The community is regularly kept informed of Council issues and matters of interest	Percentage of residents who have read at least one issue of the Council's newsletter First Edition	Triennial residents' satisfaction survey	-	-	Not Measured Survey undertaken three-yearly. The latest survey was in 2014. The result was 86%. The next survey is scheduled for 2016/2017 with a target of 85%.
	Quantity The community is regularly kept informed of Council issues and matters of interest	Number of positive/neutral stories versus the total number of stories published in The Southland Times and Otago Daily Times	Newspaper records	40	41	Achieved 41 stories for the year. In 2014/2015 the result was 50.
	Quality Council encourages input into its planning	Percentage of residents satisfied with the level of consultation with the community, undertaken by Council, over important issues	Triennial residents' satisfaction survey	-	-	Not Measured Survey undertaken three-yearly. The latest survey was in 2014. The result was 69%. The next survey is scheduled for 2016/2017 with a target of 80%.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
¹		Monthly targeted survey conducted by Customer Services Officer.				
²		The defined limit for correspondence is 20 working days if a LGOMIA (1987) request, 10 working days if an action required (but not a LGOMIA (1987) request) and five working days if just for the person's information.				

Variation from the budget

Other receipts and payments to staff and suppliers were higher than budgeted due to increased forestry harvesting being undertaken. Other operating funding expenditure was lower than budgeted due to some grants being paid to internal groups rather than external. Capital expenditure to improve the level of service was lower than budget due to the core system review and digitisation projects being deferred to 2016/2017 and beyond.

Funding impact statement - District Leadership

2014/2015 Budget (AP) (\$000)		2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
	Sources of operating funding			
8,870	General rates, uniform annual general charges, rates penalties	8,850	9,220	9,209
778	Targeted rates	778	692	693
79	Subsidies and grants for operating purposes	132	84	84
-	Fees and charges	34	39	-
10,931	Internal charges and overheads recovered	11,030	11,849	12,376
2,500	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	2,677	4,746	2,903
23,158	Total operating funding	23,501	26,630	25,265
	Applications of operating funding			
11,527	Payments to staff and suppliers	10,922	13,346	12,098
-	Finance costs	-	-	-
8,151	Internal charges and overheads applied	8,126	9,027	9,154
2,404	Other operating funding applications	2,151	2,353	2,609
22,082	Total applications of operating funding	21,199	24,726	23,862
1,075	Surplus (deficit) of operating funding	2,302	1,904	1,403
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	12	10	22
(363)	Increase (decrease) in debt	(766)	(2,321)	(421)
-	Gross proceeds from sale of assets	72	11	5
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
(363)	Total sources of capital funding	(682)	(2,300)	(393)
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	11	-	-
816	▪ to improve the level of service	244	331	2,126
	▪ to replace existing assets	158	43	146
(174)	Increase (decrease) in reserves	738	(1,070)	(1,185)
70	Increase (decrease) in investments	470	300	(76)
712	Total applications of capital funding	1,620	(396)	1,010
(1,075)	Surplus (deficit) of capital funding	(2,302)	(1,904)	(1,403)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Emergency management

What we do

Council's emergency management activity aims to enhance Southland's ability to reduce risk, respond to and quickly recover from an emergency event. Two organisations, Emergency Management Southland (a joint committee of the councils) and the Southern Rural Fire Authority (a Council organisation), deliver our emergency services. These are services Council shares with neighbouring councils, leading to cost efficiencies for ratepayers.

By being prepared to deal with an emergency, Council's residents and communities will be supported if an event does occur. The organisations also work towards mitigating risks that can lead to danger and there is a strong focus on educating communities about the potential risks that occur in emergency situations.

Why Council provides these services

The emergency management activity aligns with Council's community outcome of "supporting our communities".

If emergency services are called upon, Council's communities will be offered the help and support they need in the aftermath of a natural disaster or other emergency.

This contributes to Southland's communities being desirable and safe places to live and work.

How well we did

This activity has two targets. One of the targets was achieved and one was not achieved but very close to being achieved.

The MCDEM assessment of Southland's Civil Defence capabilities praised the highly collaborative culture among our CDEM partners. The methodology of the assessment has changed slightly since the last assessment and in recognition of this a comparison score of 76.3 percent was given, exceeding our target.

Achieving an adequate level of community preparedness is always a challenge for EMS. This year has seen the release of a new public education campaign, Never Happens? Happens, which will be rolled out in the 2016/2017 year.

Our group plan review will drive our work programme for the next five years to look at how we engage with local communities, making use of existing local networks and empowering them to in a meaningful way to respond to any emergency.

Key highlights

Emergency Management Southland

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

2015/2016 has had a strong focus on refreshing our training and capabilities for staffing the Emergency Co-ordination Centre (ECC) using council staff. Several exercises have taken place, including a full ECC exercise using a scenario of a large fire in Bluff. This will ensure we take a full part in the national tsunami exercise Tangaroa in August 2016.

A Regional Hazard Management Strategy has been adopted and we continue to work with our stakeholders to identify, mitigate and educate the public about Southland's hazards.

Work has begun on renewing our five-year group plan which will have statutory consultation with the public and will decide our work programme for the next five years.

Rural Fire

The Minister of Internal Affairs Peter Dunne announced a Government decision to merge rural and urban fire services from 1 July 2017. To be known as Fire and Emergency NZ (FENZ), the new organisation will have a wider mandate than currently exists and will continue to be funded through a levy on insurance. One of the key focuses of FENZ is the provision of increased support to volunteer firefighters and a more flexible way of working. A new concept of local committees of community stakeholders appointed by the FENZ board is to be established to advise FENZ on local risks and priorities. Transition of the rural and urban sectors into FENZ is planned over a three to five-year period.

There are currently 265 firefighters registered on the District training database, 10 more than last year. Volunteer numbers have remained steady over that time, while contract agency numbers have increased slightly.

There were 443 incidents recorded in the District or where Authority resources attended incidents within a neighbouring Authority's areas. This is up 97 from the previous year.

After a number of years where recorded vegetation fires had been reducing, the past year saw 202 vegetation fires reported (up from 132 incidents the previous year) being the second highest number of fires in 13 years. Spring normally provides unsettled weather and 2015/2016 was no different, with very extreme wind events experienced.

During the 2015/2016 fire season a significant number of man hours were committed at both standard incidents and campaign events. Fire crews were also deployed to Australia on two occasions and one fire manager to the United States. There were three minor injury incidents reported.

Key projects

There are no capital projects scheduled for this activity in the 2015/2016 financial year.

Performance measures

Community outcome: Supporting our communities

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
Emergency Management Southland	Reduction, Readiness, Response and Recovery Ensure the region is resilient and able (through the four R's of reduction, readiness, response and recovery) to cope with any Civil Defence emergencies	Overall score from the Ministry of Civil Defence Emergency Management assessment of the Civil Defence Emergency Management Group's capability	Ministry of CDEM assessment (five yearly assessment)	New measure 75-80% in 2016 assessment	74.2%	Not Achieved The MCDEM assessment is carried out usually every 3 years. However, it was delayed until 2015 due to the Christchurch earthquakes. Slightly different methodology was used to the previous assessment. The comparison score with 2011 was 76.3%, which would have met the target.
	Reduction, Readiness, Response and Recovery Ensure the region is resilient and able (through the four R's reduction, readiness, response and recovery) to cope with any Civil Defence emergencies	Percentage of annually surveyed households prepared for an emergency including self-sufficiency for three days	Annual Emergency Management Survey	New measure Minimum of 50% by 2016	51%	Achieved 51% (being the lowest score from 2 questions in the July 2016 survey; 'Do you have a family or household emergency plan? (51%), 'Would you be self-sufficient for 3 days? (81%)')

Variation from the budget

There were no significant variances between the budget and the actual results.

Funding impact statement – Emergency Management

2014/2015 Budget (AP) (\$000)		2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
	Sources of operating funding			
571	General rates, uniform annual general charges, rates penalties	571	660	666
-	- Targeted rates	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-
-	- Fees and charges	-	-	-
32	Internal charges and overheads recovered	58	6	1
57	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	57	59	59
660	Total operating funding	686	725	725
	Applications of operating funding			
-	- Payments to staff and suppliers	1	2	-
-	- Finance costs	-	-	-
177	Internal charges and overheads applied	171	154	162
461	Other operating funding applications	471	546	546
638	Total applications of operating funding	643	702	709
22	Surplus (deficit) of operating funding	42	23	17
	Sources of capital funding			
-	- Subsidies and grants for capital expenditure	-	-	-
-	- Development and financial contributions	-	-	-
(22)	Increase (decrease) in debt	(22)	(316)	(316)
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
-	- Other dedicated capital funding	-	-	-
(22)	Total sources of capital funding	(22)	(316)	(316)
	Applications of capital funding			
	Capital expenditure			
-	- to meet additional demand	-	-	-
-	- to improve the level of service	-	-	-
-	- to replace existing assets	-	-	-
-	- Increase (decrease) in reserves	20	(293)	(299)
-	- Increase (decrease) in investments	-	-	-
-	Total applications of capital funding	20	(293)	(299)
(22)	Surplus (deficit) of capital funding	(42)	(23)	(17)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Regulatory services

What we do

Council performs regulatory functions to control a range of activities taking place in the District. The rules are based on legislation that provides Council with a framework to work within.

Council's services range from processing consent applications to certifying food premises and registering dogs.

Enforcing these rules enables Council to manage the District's resources efficiently, which is vital for the future of Southland. It also provides a safe and secure environment for residents and for visitors to the District.

Alongside compliance, Council aims to educate people across the District about the services it provides. From landlords and business developers to visitors and pet owners, the rules that Council imposes impact on a wide range of activities undertaken by people in the District, both directly and indirectly.

Why Council provides these services

Council's regulatory services align with the community outcome of "supporting our communities". Council supports its communities through the provision of regulatory services as they control and set standards for a range of activities taking place in the District.

Enforcing rules around buildings, resources and businesses supports residents by making communities safe places to live and work in.

It contributes to Southland's communities being desirable places to grow up, work, run a business, live, raise a family, retire and enjoy a safe and satisfying life.

How well we did

This activity group has 18 key performance indicator targets. Six were achieved, seven were not achieved and five were not measured.

The eight that were achieved were consistent with previous year's results.

Of the seven targets not achieved, two were close to the target, one was because of a process change that reduced the number of microchipping sessions, one was so the applicants had more time to comment so the timeframes were extended, one was a process issue that will be fixed, one was due to staff on sick leave and one was due to a backlog.

The targets that weren't measured mainly related to surveys that aren't conducted annually. The other one that was not measured was because the district plan needs to be operative and through the RMA schedule process first before being measured and reported back on.

Key highlights

Building Control

Earthquake-prone building legislation will come into effect in early 2017 requiring Councils to assess buildings for potentially earthquake-prone status within a five to 15-year timeframe. In anticipation of the earthquake-prone building legislation the building control department has completed a project to develop a 1200-property, 1600-building commercial building database with linked individual building photographs.

This will need some fine-tuning once the profile criteria for defining potentially earthquake-prone buildings are released by the Ministry of Business Innovation and Employment.

Historic pre-2004 building consent follow-up

Since initiating the project in February 2016 to mail out follow-up letters to building owners who have not lodged their application for a code compliance certificate on historic pre-2004 building consents there has been an approximate 25 percent response rate on the 220 letters sent so far.

Those owners who have not responded have been advised their code compliance certificate has been refused until they advise the building work is complete. Those who requested an extension to complete work or who have lodged an application for a code compliance certificate have been responded to accordingly.

Building consent authority accreditation assessment

Preparation is all in hand for our next International Accreditation NZ (IANZ) assessment in March 2017, with all staff competency assessments and the 12-month review of processes having been completed. Following the review some minor adjustments were actioned. Our application for accreditation re-assessment will be lodged with IANZ in November 2016

Resource Management

District Plan review

Significant progress has been made in the review of the proposed Southland District Plan under the Resource Management Act 1991. Of the nine appeals received in relation to Council's decisions, four have been resolved. The majority of the remaining appeals relate to biodiversity and landscape matters. The unappealed provisions of the Proposed District Plan are now effectively operative, meaning that they take primacy over the provisions of the Operative District Plan 2001.

Progress on resolving the biodiversity appeals on the Plan have been delayed due to a number of appeals also being received on Environment Southland's Proposed Regional Policy Statement (PRPS). As the PRPS sits higher up the hierarchy order of documents under the Resource Management Act, the Environment Court has put the biodiversity section of the Proposed District Plan on hold until the appeals on the higher order document have been resolved.

It is anticipated that the remaining appeals on the Proposed Southland District Plan will be resolved during the 2016/2017 year.

Around The Mountains Cycle Trail appeal

The appeal on the Around the Mountains Cycle Trail has been heard by the Environment Court. This was held over four weeks between February and July 2016. The Court's decision on the appeal is pending and expected to be released in October or November 2016.

Animal Control

Key activities in 2015/2016 was the Adoption of the Dog Control Bylaw 2015 and Policy on Dogs 2015. This includes proactively contacting all dog owners known to Council that require a multiple dog licence, and arranging visits. It also involves finalising the schools dog education programme, and first sessions for this are already booked. Additionally Council has been raising awareness of proposed dog registration fee discounts for 2017 and inviting dog owners to advise Council what discount categories will apply to them through the 2016 registration process.

Environmental Health

This year has seen work completed on the review of the alcohol control bylaw and creation of a new alcohol licensing fee setting bylaw.

The District Licensing Committee had two hearings. The Local Alcohol Policy was adopted on 31 May 2016 and Council resolved to make it operational on 17 August 2016.

Additionally a lot of work has been done to implement the Food Act 2014. This Act is to be phased in over three years, ending in February 2019, with Council's officers focusing on on-licensed food businesses in the first year of transition.

Council also managed the Te Anau Basin freedom camping patrols that are a shared service with DOC. The new bylaw resulted in improvements in the Waikawa Domain and the Lumsden designated area proved extremely popular. Furthermore a review of the freedom camping bylaw was completed.

Key projects

There are no capital projects scheduled for this activity group in the 2015/2016 financial year.

Performance measures

Community outcome: Supporting our communities

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed																		
Building Control	Responsiveness Process applications lodged under the Building Act within the timeframes specified within the Act	Percentage of Building Consents, Project Information Memoranda (PIMs), Land Information Memoranda (LIMs) and Certificate of Acceptance (COA) applications processed within target timeframes ¹	Customer service system (Pathway)	98%	99%	<p>Achieved The result was 99%.</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Applications received</th> <th>Issued in timeframes</th> </tr> </thead> <tbody> <tr> <td>Building consent</td> <td>1,033</td> <td>1,020</td> </tr> <tr> <td>PIMs</td> <td>19</td> <td>19</td> </tr> <tr> <td>LIMs</td> <td>511</td> <td>511</td> </tr> <tr> <td>COA</td> <td>14</td> <td>4</td> </tr> <tr> <td>Total</td> <td>1,577</td> <td>1,564</td> </tr> </tbody> </table> <p>In 2014/2015 the result was 99%.</p>	Type	Applications received	Issued in timeframes	Building consent	1,033	1,020	PIMs	19	19	LIMs	511	511	COA	14	4	Total	1,577	1,564
	Type	Applications received	Issued in timeframes																					
	Building consent	1,033	1,020																					
	PIMs	19	19																					
LIMs	511	511																						
COA	14	4																						
Total	1,577	1,564																						
Responsiveness Undertake inspections in a timely manner	Percentage of final inspections completed/alternate inspection agreements within 20 working days of Form 6 entered	Customer service system (Pathway)	98%	97.34%	<p>Not Achieved In 2015/2016 the result was 97.34%. 841 of 864 were within 20 days. (97.34%). The reason was staff had arranged or undertaken the final inspection, but had not signed off the workflow. In 2014/2015 the result was 99%.</p>																			
Responsiveness Appropriate and timely guidance is provided regarding building control matters as requested by customers	Percentage of applicants satisfied with the service provided	Biennial user survey	-	-	<p>Not measured In 2014 2015 the result was 78%. The next survey is scheduled for 2016/2017 with a target of 80%.</p>																			
Quality Ensure building work complies with the Building Code to ensure communities are safe	Number of proven liability claims against Council	Report to Council	0	0	<p>Achieved The result was 0. In 2014.2015 the result was 0.</p>																			

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Quality Workplaces and public buildings having life safety compliance schedule features maintained in a safe working condition	Undertake an annual audit of 10% of buildings which have a compliance schedule	Form 228 CS Audit Register	10%	10.4%	Achieved From of total of 683 compliance schedules 71 were audited. In 2014/2015 the result was 11%.
Animal Control	Quality Actively control the actual and potential nuisance from dogs and animals	Percentage of residents satisfied with the service provided (dog)	Triennial residents' satisfaction survey	-	-	Not Measured In 2014 the result was 71%. Survey undertaken three-yearly. The next survey is scheduled for 2016/2017 with a target of 75%.
		Percentage of residents satisfied with the service provided (stock)	Triennial residents' satisfaction survey	-	-	Not Measured In 2014 the result was 84%. Survey undertaken three-yearly. The next survey is scheduled for 2016/2017 with a target of 85%.
	Responsiveness All complaints are addressed in a timely manner	Percentage of complaints investigated within set timeframes ²	Customer service system (Pathway)	85%	90%	Achieved In 2015/2016 the result was 90%. In 2014/2015 the result was 98%.
	Responsiveness Facilitate and provide appropriate guidance and advice on dog and animal control matters	Number of public education initiatives carried out per year ³	Department records and Council newsletters	72	48	Not Achieved The reason for the reduction is the number of microchipping sessions has reduced. We now focus sessions at the area offices (other than Nightcaps), to reflect low attendances at the satellite areas. Despite the drop in sessions there is not expected to be a drop in people being educated through this process. In 2014/2015 the result was 75.
Resource Management	Quality Provide assistance and information to help applicants understand the District Plan rules and consent process	Percentage of users satisfied with the service provided (staff assistance and the information provided) ⁴	Biennial user survey	-	-	Not Measured

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
						The result in 2014/2015 is 66.7%. In 2012/2013 results were 66% for the overall service provided, 66% for the performance of staff and 57% for information provided. The next survey is scheduled for 2016/2017 with a target of 80%. In the LTP the target was incorrectly stated for 15/16 as 80% but it should have been no target as the survey is every two years.
	Efficiency Ensure consents are processed efficiently	Percentage of applications processed within required timeframes ⁵	Customer service system (Pathway)	95%	89%	Not Achieved A number of applications have exceeded the timeframes due to Council providing the applicant with an opportunity to comment on the conditions before the consent is issued. While this technically means the timeframe has been exceeded it is more efficient to clear up any potential issues before the consent is issued rather than afterwards. There were 9 consents processed outside of the timeframes in the last four months. All of the 9 applicants who had their consents processed outside of the timeframes agreed to extending the processing times. In 2014/2015 the result was 84%.
	Sustainability Provide and maintain an operative District Plan that appropriately addresses the environmental issues of the District	District Plan reviewed for efficiency and effectiveness of policy and rules not less than every five years ⁶	Report to Council	Target to be set	-	Not Measured Cannot be measured until the plan is made operative. Until such time as the plan is finished going through the RMA first schedule process the review date cannot be determined. The policy team are starting to put together a monitoring strategy to advise upon District Plan effectiveness.
	Responsiveness	Percentage of complaints where investigation commenced within five working days	Customer service system (Pathway)	100%	73%	Not Achieved

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	All public complaints about effects on the environment are investigated and reported on, in a timely and professional manner					The investigation of complaints to Council is off target. Council has investigated all complaints received. To get back on target, changes are proposed to the complaint tracking system that will provide timely reminder emails to remind investigating officer to follow up the complaints. In 2014/2015 the result was 100%.
	Quality Monitor resource consents to ensure that they comply with conditions	Percentage of consents requiring monitoring that are monitored	Customer service system (Pathway)	100%	100%	Achieved All 30 were monitored. In 2014/2015 the result was 132%.
Environmental Health	Quality Implement actions and measures that provide for the health, safety and well-being of the community	Percentage of customers satisfied with how their nuisance complaints have been dealt with	Annual customer survey	85%	97% 88% 90%	Achieved Staff helpfulness Outcome Time taken
	Quality Ensure that all premises operating under the requirements of the Health Act and Food Act and associated regulations operate in accordance with the requirements of the legislation	Percentage of registered premises and Food Control Plan premises inspected annually	Licensing module (Pathway)	100%	99.6%	Not Achieved The reduction in the number of premises is because trading in public places licences were removed; as they are not registered premises. One business was not checked due to a planning error. In 2014/2015 the result was 98%.
	Responsiveness Process all applications lodged under the Sale and Supply of Alcohol Act in a timely manner	Percentage of applications for alcohol licensing and managers' certificates are processed within 35 working days (excluding renewal applications)	Licensing module (Pathway). Pathway data extracted via Access database	90%	74%	Not Achieved

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
						This relates to a number of premises renewal applications that are on backlog. These premises can still operate under their existing licences. The reason for the result is the implementation of new legislation that has proven time-consuming for the team over the last couple of years. Once systems and procedures for the new Food Act are largely in place, staff will be able to focus on clearing this backlog. In 2014/2015 the result was 84%.
	Responsiveness Complaints are investigated in a timely manner	Percentage of complaints responded to within two working days from the date of receipt ⁷	Customer service system (Pathway)	95%	88%	Not Achieved In 2014/2015 the result was 96%.
<p>¹ Target timeframes for the various applications are as follows: PIMs (10 working days), Building Consents (18 working days) and Certificates of Acceptance (18 working days).</p> <p>² The timeframe for investigation varies according to the type of requests, ie a dog attack will be investigated more urgently (two hours) than for example a lost dog (24 hours).</p> <p>³ The education target is based on 64 free microchipping clinics per year, two radio slots, four articles in First Edition and two school visits per year.</p> <p>⁴ In the LTP the target was incorrectly stated as 80% for 2015/2016. The 80% target should be for the 2016/2017 year.</p> <p>⁵ The timeframes for processing non-notified resource consent applications is 20 working days. "Receipt" means all the required information has been supplied.</p> <p>⁶ The five year timeframe is based on the date the District Plan is made operative. Until the plan is finished going through the RMA First Schedule process, the review date cannot be determined.</p> <p>⁷ "Responded to" means to enquire into the complaint and determine the appropriate response required, whether by phone or site visit.</p>						

Variation from the budget

Fees and charges income was lower than budgeted due to the current economic environment. Income generated from external fees and charges is closely linked to the level of development activity within the district and in 2015/2016 major development activity within the district was fairly subdued. Payments to staff and suppliers are less than budgeted predominantly due the district plan being on hold as a result of an appeal.

Funding impact statement – Regulatory Services

2014/2015 Budget (AP) (\$000)		2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
	Sources of operating funding			
1,894	General rates, uniform annual general charges, rates penalties	1,898	1,780	1,778
-	- Targeted rates	-	-	-
-	- Subsidies and grants for operating purposes	12	15	4
2,042	Fees and charges	2,003	1,937	2,194
240	Internal charges and overheads recovered	391	255	313
53	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	140	101	97
4,229	Total operating funding	4,443	4,089	4,386
	Applications of operating funding			
3,252	Payments to staff and suppliers	3,045	2,819	3,029
-	- Finance costs	-	-	-
1,163	Internal charges and overheads applied	1,163	1,205	1,260
1	Other operating funding applications	(9)	(5)	2
4,414	Total applications of operating funding	4,199	4,020	4,291
(185)	Surplus (deficit) of operating funding	244	69	95
	Sources of capital funding			
-	- Subsidies and grants for capital expenditure	-	-	-
-	- Development and financial contributions	-	-	-
221	Increase (decrease) in debt	(54)	(875)	(892)
8	Gross proceeds from sale of assets	28	7	25
-	- Lump sum contributions	-	-	-
-	- Other dedicated capital funding	-	-	-
29	Total sources of capital funding	(25)	(869)	(867)
	Applications of capital funding			
	Capital expenditure			
-	- to meet additional demand	-	-	-
2	- to improve the level of service	-	58	-
32	- to replace existing assets	134	67	107
10	Increase (decrease) in reserves	85	(924)	(879)
-	- Increase (decrease) in investments	-	-	-
44	Total applications of capital funding	219	(800)	(771)
185	Surplus (deficit) of capital funding	(244)	(69)	(95)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Roads and footpaths

What we do

Council's roads and footpaths provide its communities with a safe and integrated corridor for goods and services to move throughout the District.

Council owns and manages a roading network of 4,962km, the second largest of any territorial authority in the country, second only to Auckland metro. Council also owns and manages 857 bridges, 201km of footpaths, 208 stock underpasses and 2,309 streetlights.

The roading network is crucial infrastructure for the District. It contributes to Southland's economic development and allows people to access their homes, schools, social centres and recreational areas in their communities.

Why Council provides these services

Roads and footpaths align with Council's community outcome of "supporting our communities". By providing a safe and integrated corridor, it enables goods and services to move throughout the District, supporting people's ability to live, work and travel safely throughout Southland. Council manages one of the largest export corridors for New Zealand and the dairy industry. The activity contributes to Southland's communities being desirable and safe places to live and work. Southland's commercial transport operators recognise Council provides one of the best condition, dependable network transport services, at one of the lowest costs, in the country.

How well we did

This activity has six targets. The activity achieved five of the targets that were measured for the year. One that was not achieved was due to a reporting timing fault and change in service provider. The actual customer service performance or network service delivery was not compromised or found lacking.

Key highlights

80/20 principle

Council adopted the 80/20 principle in the 10 Year Plan 2015-2025 which prioritises spending more money on the 20 percent of sealed roads that carry 80 percent of the vehicles.

This has been considered in the decision-making processes in relation to the roading activity. It is a long-term strategy. For the 2015/2016 construction season, all road pavement rehabilitation works were completed on the higher priority roads (i.e. 20 percent portion of the network).

Roading budget

Council underspent by about \$6 million but still delivered on the roading maintenance and renewals programme. As part of Council's ongoing roading programme, 145km of sealed road resurfacing was completed. Council also placed about 64,000m³ of gravel on unsealed roads during 2015/2016 financial year.

\$5.2 million was rolled into the remaining two years of the three-year Asset Management Plan.

Southland District's roading network

Council has introduced RoadRoid, a mobile phone application used to measure the roughness of roads, particularly gravel roads, and consequently the levels of service Council provides. This information is also being used to assess maintenance needs and help to develop programmes. In November and December 2015 a full drive over the district's gravel road network was undertaken and more than 90 per cent of roads were found to be in good or satisfactory condition.

The RoadRoid monitoring tool has been an outstanding success and Council recently won the prestigious Local Government New Zealand Chorus EXCELLENCE Award for Best Practice in Infrastructures Management.

In June, NZ Transport Agency (NZTA) completed an investment audit of the Southland District Council roading network. The objective was to provide assurance that the NZTA investment in SDC's Land Transport Programme is being well managed and delivering value for money. Council is still to receive a formal report on the findings. However, initial feedback is that NZTA approves of how Council is managing the roading network, both technically and financially. Council roading exceeded all performance categories, reinforcing Council's continuing high-performing ability and technical and service delivery. This important and critical NZTA audit takes place every six to seven years. The last Technical and Investment Audit was in 2009.

Key projects

28 projects: 13 completed, 1 deleted, 3 not started, 11 in progress.

Around the Mountains Cycle Trail

Stage one of the Around the Mountains Cycle Trail (Kingston to Mossburn) was completed and the opening was held in November 2014.

Council had previously made the decision to begin construction of stage two (Mossburn to Walter Peak). Twenty-three kilometres of this section west of Mossburn has already been completed. However, a portion of the trail is still subject to an Environment Court hearing (the final week of hearings was held in July 2016).

Council cannot make an informed decision about the completion of the trail until the Environment Court decision is released and any relevant appeal periods have expired. If consent is issued, it may contain conditions that would impact on the construction methodology and construction and operational costs. Consequently, these constraints will affect when and how the trail can be built and potentially the overall cost. Assuming the trail goes ahead, the likely completion date will not be until late in 2018.

The trail is forecast to cost more than \$14 million, \$6 million more than originally budgeted. In December 2015, Councillors agreed to undertake an independent review of the way in which Council has managed the Around the Mountains Cycle Trail project and Deloitte was appointed to conduct the review. Their report was completed in August 2016.

As part of the annual plan deliberation process, Council decided to await both the Deloitte's review and the Environment Court ruling before making any decisions on the future of the project. This will mean a delay in construction. However, the Environment Court's decision will provide information crucial to the future of the project. Additionally, the Deloitte review will enhance Council's understanding of its process to date and help to improve any processes in the future.

Sealing the last section of the Catlins Road

The alternate tourist route along the Catlins Road from Haldane through to Curio Bay is partially gravel and has a high number of crashes, particularly involving tourists. Council has previously agreed, as stated in the 10 Year Plan 2015 - 2025, to seal the road, primarily for safety reasons but also to encourage economic growth. This will make key tourist attractions more accessible and ensure visitors have a safe and consistent experience on the tourist route.

Upon further investigation of this project, on-site geotechnical testing and analysis was undertaken and it was determined that further design features and gravel material were required. This has resulted in an additional \$2 million project cost, making the estimated total project cost \$6 million.

It was proposed in the 2016/2017 Annual Plan consultation document to include an extra section of road leading to the popular tourist attraction Waipapa Point lighthouse. The access road to the lighthouse is currently gravelled and it is planned to seal this road up to the Department of Conservation carpark. The cost to seal this section is estimated at \$1.15 million, and the section from Haldane to Curio Bay will cost an estimated \$6 million. Sealing both sections of the road together is a more cost-effective option.

NZTA has approved the business case along with funding to seal both sections. Survey and design work is being carried out with the aim of having some construction work done in 2016/17 and 2017/18. It will be done over two years to minimise disruptions to road users.

NZTA's initial contribution in 2015/2016 was 54 percent of the total project cost, but this figure will decrease by 1 percent on each of the following two years, to 52 percent in 2017/2018. The total budgeted cost of the project to Council is \$3.4 million, which will be funded through a loan over 20 years.

Performance measures

Community outcome: supporting our communities

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
Roading	Road safety Roads and bridges to provide a safe roading network for all users. Mandatory measure 1	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Crash Analysis System	New measure reduce by 1	Reduction of 1	Achieved In 2014/2015 the total result was 15 and in 2015/2016 the total result was 14 so the target has been met.
	Accessibility and road condition Roads to provide a smooth and comfortable ride quality. Mandatory measure 2	The average quality of ride on a sealed local road network, measured by smooth travel exposure	HSD surveys ¹	New measure 97%	100%	Achieved Survey undertaken Biennially due to cost effectiveness for a small council with a large roading network. The last survey was in 2015. Result was 100%.
	Road maintenance Mandatory measure 3	The percentage of the sealed local road network that is resurfaced (as per the target set by the Asset Management Plan)	RAMM eg 970,000 m ²	New measure 98%	103%	Achieved 103% achieved. Sealed area sealed 1,008,025m ² .
	Footpath conditions Mandatory measure 4	The percentage of footpaths within Southland District that fall within the level of service or service standard for the condition of footpaths that is set out in the Council's relevant document (such as its Annual plan, Activity management plan, Asset management plan, Annual works programme or Long term plan)	Asset Management Plan	New measure 80%	90%	Achieved All footpaths have been rated using a visual rating system of 1-5 with 1 being best condition. District average of 2.2 out of 5. With the average LOS set at 2, rating of 2.2 produces a 90% result.
	Response to service requests Mandatory measure 5	The percentage of customer service requests relating to roads and footpaths to which the Council responds within the timeframe ²	Customer service system (Pathway)	New measure 95%	80%	Not Achieved The change in signs maintenance service delivery resulted in an initial drop in achieving the required time frames for RFS sign off. There is still a timing issues with the physical sign off of request for the 24-hour activities which is impacting on target delivery. This coupled with the high target of 95% has meant this target was not achieved.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Accessibility Roads to provide a smooth and comfortable ride quality	Percentage of gravel road tests where the roughness of the road meets acceptable standards	RoadRoid ³	90%	90.70%	Achieved 2015/2016 Drive over 90.7% for percentage Good & Satisfactory. In 2014/2015 the result was 88%.
<p>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.</p> <p>² The timeframes vary depending on the request for service from 24 hours to up 60 days. This can be found in the Road index and RFS book.</p> <p>³ This source is a new technology which is used to evaluate the smoothness of unsealed roads. This target is based on initial testing and may be subject to change.</p>						

Variation from the budget

Subsidies and grants for operating purposes are lower than budget due reduced NZTA funding as a result of the level and cost of work completed during the year. Payments to staff and suppliers are lower than budget due to lower than anticipated bitumen prices combined with a reduction in the NZTA work programme. Subsidies and grants for capital purposes and application of capital funding to replace existing assets are lower than budget due to the deferral of the sealing of the Catlins Road project and delay in the Mararoa Road bridge renewal project and the Around the Mountains Cycle Trail.

Funding impact statement - Roads and Footpaths

2014/2015 Budget (AP) (\$000)		2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
13,639	Targeted rates	13,641	13,862	13,790
5,489	Subsidies and grants for operating purposes	6,160	6,163	6,223
14	Fees and charges	14	12	13
630	Internal charges and overheads recovered	434	600	545
561	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	746	659	530
20,333	Total operating funding	20,996	21,296	21,101
	Applications of operating funding			
10,230	Payments to staff and suppliers	11,390	11,193	11,699
-	Finance costs	-	-	-
1,284	Internal charges and overheads applied	1,327	1,413	1,534
-	Other operating funding applications	11	-	20
11,514	Total applications of operating funding	12,728	12,606	13,253
8,819	Surplus (deficit) of operating funding	8,267	8,689	7,848
	Sources of capital funding			
10,972	Subsidies and grants for capital expenditure	9,610	4,904	10,737
-	Development and financial contributions	-	8	-
(421)	Increase (decrease) in debt	(545)	(1,535)	685
9	Gross proceeds from sale of assets	3	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
10,560	Total sources of capital funding	9,069	3,377	11,421
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
4,369	▪ to improve the level of service	4,654	2,704	8,621
13,995	▪ to replace existing assets	13,875	8,661	10,771
1,015	Increase (decrease) in reserves	(1,192)	702	(123)
-	Increase (decrease) in investments	-	-	-
19,379	Total applications of capital funding	17,337	12,067	19,269
(8,819)	Surplus (deficit) of capital funding	(8,267)	(8,689)	(7,848)
-	Funding balance	-	-	-

¹ includes all other operating funding from sources not identified above.

Solid waste

What we do

The solid waste activity aims to maintain public health and reduce environmental harm to the District through rubbish collection and recycling.

Rubbish and recycling options are available for households, business and industry. Council provides a kerbside collection service for rubbish and recyclables to all townships, as well as running seven transfer stations, 11 recycling depots and two greenwaste sites around the District. The kerbside collection for rubbish and recycling is weekly in many areas.

Stewart Island has weekly kerbside rubbish pickup, recycling and food scrap collection.

The rubbish and recycling services include ongoing educational initiatives which are administered by WasteNet Southland, a joint committee of the Southland District Council, Invercargill City Council and Gore District Council.

Why Council provides this service

Council's solid waste service aligns with its community outcome of "making the most of our resources".

The management of waste in the District's communities helps to reduce the impact waste disposal has on the environment by decreasing the volume of waste that goes to landfill.

Recycling and reusing material that would otherwise be disposed of enables people to become good custodians of the environment. People living here now and in the future can grow and prosper without compromising the District's natural resources.

How well we did

This activity has seven targets. The activity achieved three of the targets that were measured for the year.

Four targets were not measured in this financial year because they related to the resident survey that is not conducted annually.

The achieved measures showed that WasteNet is diverting a significant amount from landfill. WasteNet achieved double the targeted initiatives.

Key highlights

In 2015, WasteNet implemented a 'three strikes' policy to address contamination in kerbside recycling. Under the new policy, WasteNet officers and collection contractors check the contents of yellow recycling bins before they are emptied. If non-recyclable items are found in the bin, a notice is left on the handle of the bin and if the contents of the bin are deemed bad enough, the bin will not be emptied.

If three instances of contamination are identified at a specific address, the kerbside recycling service will be suspended. Over the year Council issued a number of first and second strikes and the service was also withdrawn from a small number of properties. The service will be restored after a three-month period and when residents have been back in contact with WasteNet staff.

Key projects

A project was planned to replace eight plastic rubbish bins with stainless steel bins on Stewart Island. This was not started but it is expected to begin in 2016/2017.

Performance measures

Community outcome: Making the most of our resources

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
Solid waste	Access and Reliability Provide convenient solid waste management facilities and solutions throughout the District	Percentage of resident satisfaction with the services provided (refuse and recycling) - Wheelie bins	Triennial residents' satisfaction survey	-	-	Not Measured. In 2013/2014 the result was achieved (93% against a target of 90%). The next survey is scheduled for 2016/2017 with a target of 90%.
	Access and Reliability Provide convenient solid waste management facilities and solutions throughout the District	Percentage of resident satisfaction with the services provided (refuse and recycling) - Transfer Station location	Triennial residents' satisfaction survey	-	-	Not Measured. In 2013/2014 the result was not achieved (78% against a target of 80%). The next survey is scheduled for 2016/2017 with a target of 80%.
	Access and Reliability Provide convenient solid waste management facilities and solutions throughout the District	Percentage of resident satisfaction with the services provided (refuse and recycling) - Transfer Station hours	Triennial residents' satisfaction survey	-	-	Not Measured. In 2013/2014 the result was not achieved (66% against a target of 80%). The next survey is scheduled for 2016/2017 with a target of 80%.
	Access and Reliability Provide convenient solid waste management facilities and solutions throughout the District	Percentage of resident satisfaction with the services provided (refuse and recycling) - Recycle location	Triennial residents' satisfaction survey	-	-	Not Measured. In 2013/2014 the result was not achieved (79% against a target of 80%) for recycling drop-off centres location. The next survey is scheduled for 2016/2017 with a target of 80%.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Sustainability Provide for the sustainable minimisation and management of solid waste quantity being generated within the District	Percentage of waste (by weight) diverted from landfill ¹	Operational records from contract and landfill reports (WasteNet)	40%	51%	Achieved. The target for this KPI has been agreed by all WasteNet councils. Further education is ongoing as to what products are suitable for diversion from landfill. The result for 2014/2015 was 38%.
	Sustainability Provide for the sustainable minimisation and management of solid waste quantity being generated in the District	Percentage of waste collected at kerbside that is diverted from landfill	Operational records from contract and landfill reports (WasteNet)	New measure 40%	56%	Achieved. 2075.81 tonnes of waste of the 3691.63 tonnes collected was diverted from landfill. This is a new measure so there was no result for the 2014/2015 year.
	Advice and support Provide guidance to the public about quality solid waste management practices	Number of public education initiatives completed ²	Wastenet quarterly report	10	20	Achieved. The result was 20. In 2014/2015 the result was 19.

¹ Weight calculations are estimated based on the number of collection containers processed multiplied by an average weight for different material types.

² Public education initiatives include at least one information brochure every two years and at least 10 school visits per year.

Variation from the budget

Subsidies and grants for operating purposes are higher than budget due to additional Waste Minimisation Levy received from the Ministry for the Environment. Capital expenditure in this activity relates to replacement/additional wheelie bins acquired during the year.

Funding impact statement – Solid Waste

2014/2015 Budget (AP) (\$000)		2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
3,982	Targeted rates	4,003	4,060	4,061
80	Subsidies and grants for operating purposes	106	117	88
191	Fees and charges	186	200	182
201	Internal charges and overheads recovered	216	204	199
20	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	79	59	21
4,474	Total operating funding	4,589	4,640	4,551
	Applications of operating funding			
3,119	Payments to staff and suppliers	3,166	3,191	3,175
-	Finance costs	-	-	-
1,01	Internal charges and overheads applied	1,049	1,046	1,088
-	Other operating funding applications	1	1	-
4,200	Total applications of operating funding	4,216	4,238	4,262
274	Surplus (deficit) of operating funding	373	402	289
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
(269)	Increase (decrease) in debt	(266)	(275)	(275)
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
(260)	Total sources of capital funding	(266)	(275)	(275)
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
-	▪ to improve the level of service	29	33	-
40	▪ to replace existing assets	35	-	-
(25)	Increase (decrease) in reserves	44	94	14
-	Increase (decrease) in investments	-	-	-
14	Total applications of capital funding	108	127	14
(274)	Surplus (deficit) of capital funding	(373)	(402)	(289)
	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Stormwater

What we do

Council provides a stormwater system that is reliable, has adequate capacity and aims to protect people and their property from flooding.

The stormwater infrastructure spans across 25 towns in the District. The bigger towns have large reticulated catchments while smaller townships have open ditches, drains and soakholes.

By preventing flooding in built-up areas, Council's stormwater network protects Southland's businesses, industrial areas and people's homes.

The system maintains public safety and access, as well as protecting public health.

Why Council provides this service

Stormwater links to Council's community outcome of "making the most of our resources".

The collection, treatment and disposal of stormwater helps to protect public health and controls the level of pollutants in stormwater discharged to waterways.

Council minimises the effects on the environment through compliance with resource consents.

How well we did

This activity has 10 targets. The activity achieved the four targets that were measured for the year. One was not achieved because there was 88 complaints about the stormwater system. Five were not measured.

The Department of Internal Affairs introduced a series of mandatory performance measures for local government water and roading services. 2015/2016 is the first reporting period that these are reported back in.

The four targets that weren't measured were because resource consents had not been issued by Environment Southland at this stage. The other one that wasn't measured was because there were no flooding events that affected habitable floors.

Key highlights

Council is continuing its upgrade work on stormwater assets to comply with national standards.

Council is focused on ensuring the continued protection of the environment and has applied for resource consents for stormwater discharges in 17 townships. These have not yet been issued by Environment Southland.

Environment Southland is consulting on its proposed Land and Water Plan. The plan requires Council to more actively manage and monitor its stormwater discharges to minimise contamination of waterways from urban areas.

Submissions closed in July. Once the plan is adopted and when the consent conditions for the stormwater network are confirmed, Council will develop a method for monitoring the stormwater assets and their performance.

Key projects

10 projects: 5 completed, 2 deleted, 1 in progress and 2 not started.

Of the six projects completed, two were significant capital replacement projects. These were an early renewal project in Palmerston and Jetty Streets in Riverton and an urgent mains renewal in Dryfe Street, Nightcaps.

Performance measures

Community outcome: Making the most of our resources

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
Stormwater	Responsiveness Prompt response to any instance of flooding	Percentage of request for services that meet response timeframes ¹	Customer service system (Pathway)	New measure 80%	85%	Achieved 75 of the 88 were completed within timeframes.
	Quantity Provide a drainage system with adequate capacity to protect public and property from major storms. Mandatory measure 1	(a) The number of flooding events that occur in a territorial authority district. (internal flooding only)	Customer service system (Pathway)	New measure Less than 5	0	Achieved There were no internal flooding events
		(b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	Customer service system (Pathway)	New measure Less than 1	0	Achieved There were no flooding events that affected habitable floors
	Management of environmental impacts Compliance with the Council's resource consents for discharge from its stormwater system. Mandatory measure 2	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of:				
		(a) Abatement notices	Formal correspondence from Environment Southland	New measure 0	0	Not Measured Resource Consents not in place yet.
		(b) Infringement notices	Formal correspondence from Environment Southland	New measure 0	0	Not Measured Resource Consents not in place yet.
		(c) Enforcement orders	Formal correspondence from Environment Southland	New measure 0	0	Not Measured Resource Consents not in place yet.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
		(d) Convictions received by the territorial authority in relation those resource consents.	Formal correspondence from Environment Southland	New measure 0	0	Not Measured Resource Consents not in place yet.
	Responsiveness Prompt response to any instance of flooding Mandatory measure 3	The median response time to attend a flood event, measured from the time that the Council receives notification to the time that service personnel reach site. The target is two hours)	Customer service system (Pathway)	New measure 90%	0	Not Measured There have been no flooding of habitable floors for the year.
	Customer satisfaction Reliability: Provide a reliable stormwater system Mandatory measure 4	The number of complaints received by the Council about the performance its stormwater system, expressed per thousand properties connected to the Council's stormwater system	Customer service system (Pathway)	New measure 15	14	Achieved Note that all requests for service are considered a complaint.
	Customer satisfaction Reliability: Provide a reliable stormwater system	Overall number of complaints received about performance of stormwater system	Customer service system (Pathway)	New measure Less than 60	88	Not Achieved There were 88 complaints
<p>¹ The action taken timeframe is within 24 hours. Response means someone will contact customer either by phone or visit the property.</p>						

Variation from the budget

Payments to staff and suppliers are under budget predominately due to lower than expected monitoring, maintenance and consent costs. Capital expenditure to replace existing assets is higher than budget due to projects in Riverton, Winton and Nightcaps being required that had not been included in the budget. Capital expenditure to improve the level of service is lower than budget with work in Stewart Island, Wallacetown and Winton not being required.

Funding impact statement - Stormwater

2014/2015 Budget (AP) (\$000)		2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
368	Targeted rates	370	250	251
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	1	1	-
24	Internal charges and overheads recovered	63	56	57
-	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	-	40	-
39	Total operating funding	434	348	308
	Applications of operating funding			
175	Payments to staff and suppliers	67	64	131
-	Finance costs	-	-	-
68	Internal charges and overheads applied	60	99	103
-	Other operating funding applications	-	-	-
243	Total applications of operating funding	127	164	234
149	Surplus (deficit) of operating funding	307	184	74
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
(33)	Increase (decrease) in debt	111	173	(6)
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
(33)	Total sources of capital funding	111	173	(6)
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
106	▪ to improve the level of service	215	12	180
28	▪ to replace existing assets	213	280	75
(18)	Increase (decrease) in reserves	(11)	65	(187)
-	Increase (decrease) in investments	-	-	-
116	Total applications of capital funding	418	357	68
(149)	Surplus (deficit) of capital funding	(307)	(184)	(74)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Wastewater

What we do

Council provides wastewater schemes for communities throughout the District which collect, treat and dispose of wastewater from residential properties, businesses and public facilities.

This service also includes the collection, treatment and disposal of industrial liquid wastes (commonly known as trade wastes) from industrial premises across the District.

Council owns 18 wastewater schemes and related infrastructure throughout the District which are operated and maintained by Downer and supported by Council staff.

Why Council provides this service

The wastewater infrastructure Council provides in the District aligns with the community outcome of “supporting our communities”.

The activity supports good public health by preventing the spread of disease and helps protect the environment. It also supports the needs of businesses and industry that operate in the District.

Wastewater contributes to Southland’s communities being desirable places to live, work and play in.

How well we did

This activity has 11 targets. The activity achieved nine targets that were measured for the year. Two targets were not achieved. One was because there was one abatement notice for Edendale which has now been removed. This was issued on 5 January 2015 and cancelled on 28 April 2016. The other was not achieved because it did not meet the timeframe target.

The Department of Internal Affairs introduced a series of mandatory performance measures for local government water and roading services. 2015/2016 is the first reporting period that these are reported back in.

Key highlights

Council is focused on continuing maintaining wastewater assets to a level that is fit for purpose.

Council worked with contractors and governance bodies to identify maintenance work and continue its ongoing compliance with resource consent conditions in order to minimise the overall environmental impact.

Long-term consents were being finalised for Riversdale, Nightcaps and Curio Bay.

Key projects

24 projects: 12 completed, 1 deleted, 4 not started, 7 in progress.

Among the key projects is the Te Anau wastewater scheme upgrade. Construction costs are estimated between \$10 million and \$12 million. Consents for discharge to land and air have been granted for the project, but three appeals have been made to the Environment Court. The consent is for the discharge of treated wastewater to land immediately north of Te Anau Airport Manapouri. Council is working in conjunction with Fiordland Sewerage Options in relation to this matter.

Desludging of oxidation ponds at Winton and Te Anau wastewater treatment plants was substantially completed.

The development of a wastewater treatment plant at Curio Bay is ongoing. (Please see the community services section for more detail on this project).

Projects were also completed in Riverton, Lumsden, Ohai, Stewart Island, Manapouri, Te Anau, Tokanui and Winton.

Performance measures

Community outcome: Supporting our communities

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
Wastewater	System and adequacy Sewage is managed to reduce the risk to public health. Discharge Compliance: Minimise effects on the environment. Mandatory measure 1	The number of dry weather wastewater overflows from the Council's wastewater system, expressed per 1000 wastewater connections ¹ to that wastewater system	HANSEN – Asset Management system report	New measure <1	0	Achieved The result is 0 when expressed as a whole number per 1000 connections. The number of overflows is 2 The number of connected rated properties is 8834.
	Discharge compliance Minimise effects on the environment. Mandatory measure 2	Compliance with the resource consents for discharge from its wastewater system measured by the number of:				
		(a) Abatement notices	Formal correspondence from Environment Southland	New measure 0	1	Not Achieved There was one abatement notice for Edendale which has now been removed. This was issued on 5 January 2015 and cancelled on 28 April 2016. It was due to an ammonia nitrogen discharge from Edendale-Wyndham. A new disposal bed has been constructed, an extra 62% in area, and plant has now been deemed compliant.
		(b) Infringement notices	Formal correspondence from Environment Southland	New measure 0	0	Achieved The result is 0.
		(c) Enforcement orders, and	Formal correspondence from Environment Southland	New measure 0	0	Achieved The result is 0.
		(d) Convictions Received by the council in relation to those resource consents	Formal correspondence from Environment Southland	New measure 0	0	Achieved The result is 0.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Fault response time Mandatory measure 3	Where the Council attends to wastewater overflows resulting from a blockage or other fault in the Council's wastewater system, the following median response times measured:				
		(a) Attendance time - from the time that the Council receives notification to the time that service personnel reach the site (the target is one hour) ² , and	HANSEN – Asset Management system report	New measure 90%	100%	Achieved 26 minutes The median of the two complaints was 26 minutes.
		(b) Resolution time – from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault (the target is six hours) ²	HANSEN – Asset Management system report	New measure 90%	50%	Not Achieved 6 hours and 58 minutes The median of the two complaints was 6 hours and 58 minutes.
	Customer satisfaction Relates to non-urgent situations. Customers are satisfied with the quality of the wastewater service. Mandatory measure 4	The total number of complaints received by the Council about any of the following:				
		(a) Wastewater odour	HANSEN – Asset Management system report	New measure <1	0.45	Achieved The result is 0.45 when expressed per 1000 connections. The number of complaints is 4. The number of connected rated properties is 8834.
		(b) Wastewater system faults	HANSEN – Asset Management system report	New measure 1.5	0.23	Achieved The result is 0.23 when expressed per 1000 connections. The number of complaints is 2. The number of connected rated properties is 8834.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
		(c) Wastewater system blockages, and	HANSEN – Asset Management system report	New measure 2	1.25	Achieved The result is 1.25 when expressed per 1000 connections. The number of complaints is 11. The number of connected rated properties is 8834.
		(d) the Council's response to issues with its wastewater system expressed per 1,000 connections	HANSEN – Asset Management system report	New measure <1	0	Achieved The result is 0 when expressed per 1000 connections. The number of complaints is 0. The number of connected rated properties is 8834.
¹ "Dry Weather" is defined as a period of 72 hours prior to an event of no catchment rainfall. This will be measured on a District-wide basis. ² In accordance with operations and maintenance contract timeframes. (excludes making good to surface finishes)						

Variation from the budget

Internal charges and overheads recovered and internal charges and overheads applied are both under budget due to the level of local capital works which are funded by the district. Payments to staff and suppliers are higher than budgeted due to additional consent and consultant costs in relation to the peer review of the Te Anau wastewater option. Capital expenditure is under budget for the year with projects relating to Te Anau and Riversdale deferred to 2016/2017.

Funding impact statement - Wastewater

2014/2015 Budget (AP) (\$000)		2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
3,289	Targeted rates	3,362	3,647	3,576
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	6	9	-
2,950	Internal charges and overheads recovered	2,316	1,371	2,277
-	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	71	60	58
6,239	Total operating funding	5,755	5,087	5,911
	Applications of operating funding			
1,549	Payments to staff and suppliers	1,565	1,954	1,645
-	Finance costs	-	-	-
3,528	Internal charges and overheads applied	2,746	1,840	2,742
-	Other operating funding applications	-	-	-
5,077	Total applications of operating funding	4,311	3,795	4,387
1,162	Surplus (deficit) of operating funding	1,444	1,292	1,525
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
1,715	Increase (decrease) in debt	(86)	122	984
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
1,715	Total sources of capital funding	(86)	122	984
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
2,408	▪ to improve the level of service	1,461	654	923
451	▪ to replace existing assets	751	627	1,424
18	Increase (decrease) in reserves	(854)	134	161
-	Increase (decrease) in investments	-	-	-
2,877	Total applications of capital funding	1,359	1,415	2,508
(1,162)	Surplus (deficit) of capital funding	(1,444)	(1,292)	(1,525)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Water supply

What we do

Water is a valuable resource in Southland and Council strives to provide a reliable and adequate supply. By doing this, communities have a consistent water supply that is clean and safe to drink, which supports the public health and well-being of residents.

Council's supply of water is essential for both personal and operational use across the District. It meets firefighting requirements which in turn, leads to the increased safety of residents across the District.

The District's water supply consists of 12 drinking-water supplies, as well as nine untreated water supplies for rural use.

Why Council provides this service

The provision of a water supply aligns with Council's community outcome of "supporting our communities". By supplying safe and clean water to residents, communities can lead healthy lives. Safe and clean water is also important for many businesses and industries within the District.

A water supply contributes to Southland's communities being desirable places to grow up, work, run a business, live, raise a family, retire and enjoy a safe and satisfying life.

How well we did

This activity has 15 targets. The activity achieved 12 targets and three targets were not achieved.

The Department of Internal Affairs introduced a series of mandatory performance measures for local government water and roading services. 2015/2016 is the first reporting period that these are reported back on.

Key highlights

Council's focus remains on maintaining its community water supply schemes and meeting requirements of the New Zealand Drinking Water Standards. Council's drinking water compliance area has fully met the bacteriological limits as laid down in the standards. This includes the newly upgraded treatment plant at Orawia.

The Environment Southland Water and Land plan is out for public consultation and contains provisions that may impact on how we manage the water supply activity in the future. Submissions were due in by the end of July 2016, with decisions being made once all submissions were considered.

Key projects

22 projects: 16 Complete, 1 deleted, 2 in progress, 3 not started

The two major projects completed were the Riverton water treatment upgrade and the Winton water main renewals.

Another key project was the installation of District Metered Areas (DMAs) to Ohai, Nightcaps, Wairio and Mossburn to allow District Wide Water Loss Strategy implementation, at a cost of \$71,000.

Performance measures

Community outcome: Supporting our communities

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed																										
Water supply	Quality Provide urban water supplies that are safe and promote public health. Safety of drinking-water. Mandatory measure 1	The extent to which the Council's drinking water supply complies with:																														
		(a) Part 4 of the drinking-water standards (bacterial compliance criteria), and	Water Outlook and WINZ monthly report	New measure 100%	100%	<p>Achieved Interim results 13 of 13 were compliant.</p> <table border="1"> <tbody> <tr> <td>Edendale</td> <td>Yes</td> </tr> <tr> <td>Wyndham</td> <td>Yes</td> </tr> <tr> <td>Lumsden/Balfour Rural</td> <td>Yes</td> </tr> <tr> <td>Lumsden</td> <td>Yes</td> </tr> <tr> <td>Manapouri</td> <td>Yes</td> </tr> <tr> <td>Mossburn</td> <td>Yes</td> </tr> <tr> <td>Nightcaps</td> <td>Yes</td> </tr> <tr> <td>Ohai</td> <td>Yes</td> </tr> <tr> <td>Otautau</td> <td>Yes</td> </tr> <tr> <td>Riverton</td> <td>Yes</td> </tr> <tr> <td>Te Anau</td> <td>Yes</td> </tr> <tr> <td>Tuatapere</td> <td>Yes</td> </tr> <tr> <td>Winton</td> <td>Yes</td> </tr> </tbody> </table>	Edendale	Yes	Wyndham	Yes	Lumsden/Balfour Rural	Yes	Lumsden	Yes	Manapouri	Yes	Mossburn	Yes	Nightcaps	Yes	Ohai	Yes	Otautau	Yes	Riverton	Yes	Te Anau	Yes	Tuatapere	Yes	Winton	Yes
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Tuatapere	Yes																															
Winton	Yes																															

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed																				
		(b) Part 5 of the drinking-water standards (protozoal compliance criteria)	Water Outlook and WINZ monthly report	New measure 100%	85%	<p>Not Achieved Interim results. 2 of the 13 were not compliant for reasons described below.</p> <p>Manapouri: Turbidity rises in Lake Manapouri. High turbidity levels means that clarity of the water deteriorates and the risk that the effectiveness of the disinfection process may reduce. This makes the UV treatment non-compliant.</p> <p>Riverton: Quality of the river water is a lot more variable hence requires a higher level of treatment (4 log removal) which the existing treatment plant was not designed to meet. Moving fully to an alternative source will help enable future compliance.</p> <table border="1"> <tbody> <tr> <td>Edendale</td> <td>Yes</td> </tr> <tr> <td>Wyndham</td> <td>Yes</td> </tr> <tr> <td>Lumsden/Balfour Rural</td> <td>Yes</td> </tr> <tr> <td>Lumsden</td> <td>Yes</td> </tr> <tr> <td>Manapouri</td> <td>No</td> </tr> <tr> <td>Mossburn</td> <td>Yes</td> </tr> <tr> <td>Nightcaps</td> <td>Yes</td> </tr> <tr> <td>Ohai</td> <td>Yes</td> </tr> <tr> <td>Otautau</td> <td>Yes</td> </tr> <tr> <td>Riverton</td> <td>No</td> </tr> </tbody> </table>	Edendale	Yes	Wyndham	Yes	Lumsden/Balfour Rural	Yes	Lumsden	Yes	Manapouri	No	Mossburn	Yes	Nightcaps	Yes	Ohai	Yes	Otautau	Yes	Riverton	No
Edendale	Yes																									
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What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed						
						<table border="1"> <tr> <td>Te Anau</td> <td>Yes</td> </tr> <tr> <td>Tuatapere</td> <td>Yes</td> </tr> <tr> <td>Winton</td> <td>Yes</td> </tr> </table>	Te Anau	Yes	Tuatapere	Yes	Winton	Yes
Te Anau	Yes											
Tuatapere	Yes											
Winton	Yes											
	Quality Provide urban water supplies that are safe and promote public health. Maintenance of the reticulation network. Mandatory measure 2	The percentage of real water loss from the Council's networked reticulated system (including a description of the methodology used to calculate this) ¹	Water Loss Strategy (Oct 2014)	New measure 35%	36%	Not Achieved The result was 35.5%						
	Responsiveness Provide effective and timely response to reactive maintenance issues. Mandatory measure 3	Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:										
		(a) attendance for urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site (hours) ² , and	HANSEN – Asset Management system report (one hour)	New measure 100%	100%	Achieved 20 minutes						
		((b) resolution of urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption (hours) ³ .	HANSEN – Asset Management system report (six hours)	New measure 100%	100%	Achieved 1 hour 38 minutes						
		(c) attendance for non-urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site (hours) ² , and	HANSEN – Asset Management system report (four hours)	New measure 90%	100%	Achieved 1 hour 39 minutes						
		(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption(hours) ³ .	HANSEN – Asset Management system report (24 hours)	New measure 90%	100%	Achieved 19 hours 9 minutes						

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Customer satisfaction Provide water that is pleasant to all of the senses. Mandatory measure 4	The total number of complaints received by the Council about any of the following:				
		(a) Drinking-water clarity	HANSEN – Asset Management system report	New measure <1	0	Achieved There was none for the year. The result is 0 when expressed as a whole number per 1000 connections. The number of complaints is 0 The number of rated properties is 7366
		(b) Drinking-water taste	HANSEN – Asset Management system report	New measure <1	1	Not Achieved The result is 1 when expressed as a whole number per 1000 connections. The number of complaints is 4 The number of rated properties is 7366
		(c) Drinking-water odour	HANSEN – Asset Management system report	New measure <1	0	Achieved The result is 0 when expressed as a whole number per 1000 connections. The number of complaints is 0 The number of rated properties is 7366
		(d) Drinking-water pressure or flow	HANSEN – Asset Management system report	New measure 20	1	Achieved The result is 1 when expressed as a whole number per 1000 connections. The number of complaints is 9 The number of rated properties is 7366

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
		(e) Continuity of supply, and	HANSEN – Asset Management system report	New measure 1	1	Achieved The result is 1 when expressed as a whole number per 1000 connections. The number of complaints is 6 The number of rated properties is 7366
		(f) The Council's response to any of these issues expressed per 1,000 connections to the Council's networked reticulation system	HANSEN – Asset Management system report	New measure 1	0	Achieved The result is 0 when expressed as a whole number per 1000 connections The number of complaints is 1 The number of rated properties is 7366.
	Quality Provide urban water supplies that are safe and promote public health. Mandatory measure 5	The average consumption of drinking-water per day per resident within the Council district.	Water Balance Survey	New measure 434	418	Achieved 418 litres per person per day.
	Quantity Provide a water supply adequate for firefighting in urban areas	All hydrants annually checked for operational availability and comply with functionality tests	HANSEN – Asset Management system report	100%	100%	Achieved The result was 100%. The result in 2014/2015 was 100%.

¹ The water loss calculation is the weighted averaged percentage loss reduction, per scheme. Urban water schemes are located in Te Anau, Winton, Riverton, Ohai/Nightcaps/Wairio, Edendale/Wyndham, Manapouri, Mossburn, Otautau, Tuatapere and Lumsden.

² Response time is one hour for all problems. Response means someone will contact customer either by phone or visit the property. In accordance with operations and maintenance contract timeframes.

³ Resolution time is six hours for all problems which does not include the one hour response time. In accordance with operations and maintenance contract timeframes.

Clarification

“Urgent” is considered complete loss of drinking-water to township.

Note: The actual figures for the 2014/2015 financial year were not available at the time of publication.

Variation from the budget

Internal charges and overheads recovered and internal charges and overheads applied are both over budget due to the level of local capital works which are funded by the district. Capital expenditure to improve the level of service is over budget due to the completion of work on the Riverton Water Plant programmed for previous years that has been undertaken during the 2015/2016 financial year. Capital expenditure to replace existing assets is under budget due to projects being deferred to 2016/2017 or future years.

Funding impact statement - Water supply

2014/2015 Budget (AP) (\$000)		2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
3,093	Targeted rates	3,160	3,329	3,342
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	6	12	-
1,102	Internal charges and overheads recovered	804	1,949	1,378
-	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	2	-	1
4,195	Total operating funding	3,973	5,290	4,722
	Applications of operating funding			
1,880	Payments to staff and suppliers	1,939	1,892	1,911
	Finance costs	-	-	-
1,536	Internal charges and overheads applied	1,276	2,462	1,892
-	Other operating funding applications	(7)	(1)	-
3,416	Total applications of operating funding	3,207	4,353	3,803
779	Surplus (deficit) of operating funding	765	937	919
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
515	Increase (decrease) in debt	183	1,287	949
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
515	Total sources of capital funding	183	1,287	949
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
98	▪ to improve the level of service	77	1,199	374
1,187	▪ to replace existing assets	948	738	1,255
10	Increase (decrease) in reserves	(76)	287	239
-	Increase (decrease) in investments	-	-	-
1,294	Total applications of capital funding	948	2,224	1,868
(779)	Surplus (deficit) of capital funding	(765)	(937)	(919)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Council Controlled Organisations

This section provides an overview of CCOs and their activities.

Milford Community Trust

Background

Southland District Council, Environment Southland and the Department of Conservation jointly established the Milford Community Trust in 2007 to provide leadership and governance to the Milford community. Significant documents used by Southland District Council in relation to the Milford Community Trust are the Trust Deed and the Milford Community Trust Statement of Intent 2015-2018. The Trust allows local people to determine their priorities and provides appropriate consultation and open public meetings, similar to one of SDC's Community Boards.

Ownership and control of the organisation

The Trust was formed as a Council Controlled Organisation (CCO). The Milford community contributes to the Southland District Council community outcome of "supporting our communities". It allows the Milford community to determine its priorities and provides an avenue for local consultation and engagement, as well as public meetings. The Milford Community Trust is an incorporated charitable trust. This structure was chosen because it creates an obligation for Trustees towards the trust beneficiaries, who in this case are the Milford community. In addition, an incorporated charitable trust can continue in perpetuity for the benefit of the future Milford community.

Significant policies

The Trust has developed a comprehensive Communications Policy in relation to its activities. It is expected that a full set of relevant policies will be developed within the period covered by its current Statement of Intent, 2015-2018. 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 the business of the Trust is to be conducted. Southland District Council has not developed policies specific to the operation and governance of the Milford Community Trust.

Nature and scope of activities

This extract is from the Statement of Intent and is subject to change after consultation with stakeholders. Milford Community Trust's vision is "the long term sustainability of Milford Sound/*Piopiota*". Outputs from the Milford Community Trust activity primarily contribute to the achievement of supporting our communities. We want Southland's communities to be desirable places to grow up, work, run a business, live, raise a family, retire and enjoy a safe and satisfying life.

Strategic Goals

- Provide leadership and governance for the Milford community in Milford Sound/*Piopiota*".
- Monitor the adequacy of all arrangements to ensure sustainability.
- Advocate for the general benefit of the Milford community.
- Co-ordinate and communicate with all parties having interests in Milford Sound/*Piopiota*".
- Undertake formal consultation on behalf of the Department of Conservation in relation to their services and facilities to be provided for the benefit of the Milford community.

Further details about the Trust's activities and budgets can be found in its Statement of Intent 2015-2018.

Planned activities

Planning

- Planning to address specific issues: highway safety, control or illegal camping, toilet facilities and co-ordinated emergency response.

Communication

- Communicate the roles of the Trust and other authorities more clearly to the Milford community
- Communicate the World Heritage Area status and relevance of this to the Milford community.
- Affirm the Trust role as a voice for the Milford community
- Maintain closer relationships with Milford infrastructure providers
- Provide clear information to concessionaries regarding intentions and implementation of Trust policies
- Communicate with concessionaries and inquire of any planned activities they desire over the next three years.

Advocacy:

- Advocate on behalf of the Milford community to central government, ES, DOC, SDC, Iwi and other authorities.

The planned activities of the Trust in 2015/2016 were:

- Facilitate with other organisations for improvements in the public facilities at Deepwater Basin through the draft Concept Plan for this area, i.e. seek external funding for proposed improvements to Deepwater Basin. Southland District Council is assisting with sourcing external funding.
- Working with other organisations to advocate for public toilets and a shelter at the airport and completion of the walking track to the Lodge. Work is still in progress
- Assist the Milford Community Association in the development of Cleddau Village recreational area. In October 2016, a recreational pad will be laid for local community outdoor activities.
- Continuation of funding of Emergency Services Provider including accommodation. Funding is provided for through the annual budget
- Assist with redevelopment of the Bowen Falls walkway. Work is still in progress.
- Facilitate ongoing development of Milford ERT station including medical support and services. This is ongoing, through providing funding for equipment.
- Department of Conservation (DOC) to review the role for the charging mechanism with all stakeholders in regard to the way fees are apportioned. Work is in progress. This project is part of a workshop proposed for November 2016.

Key performance measures and targets

Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
Maintain a structure that facilitates local decision-making.	Hold public forums in Milford Sound/ <i>Piopiota</i> each year.	Agenda/minute records on file.	1	0	Not Achieved. The result was zero. In 2013/2014 the result was one.

Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
Keep the Milford sound/ <i>Piopiota</i> hi community informed about Trust plans and outcomes.	Community newsletters (February, June, October, December each year), inserted in local paper <i>Fiordland Advocate</i> .	Agenda/minute records on file.	4	0	Not Achieved. The result was zero. In 2013/2014 the result was zero.
Provide leadership and advocacy on major issues.	Number of Milford Community Trust meetings held annually.	Agenda/minute records on file.	4	4	Achieved. The result was four. In 2013/2014 the result was four.
Response to issues raised by the community.	Percentage of issues raised at Milford Community Association meetings responded to before next meeting.	Meeting action sheets.	85%	100%	Achieved. The result was 100%. In 2013/2014 the result was 100%.

Sources of Funding

Southland District Council

The Council will provide administration and technical advice to support the Trust and contribute to the costs of the independent chairperson. This administrative portion of the operations will be funded by Council the same as in any other community in the District with Community Boards and Community Development Area Subcommittees.

Table 1 - Budgeted Operational and Project Costs (excl GST)

Activity Description	Actual	Actual	Budget
	2014/2015	2015/2016	2015/2016
	\$	\$	\$
Operational Costs:			
Management/Administration ¹	18,844	16,306	32,320
Operations and maintenance	-	-	22,500
Projects:			
Project Development (Planning)	-	-	5,000
Cleddau Village Recreation Building	1,492	476	-
Bowen Falls	-	-	20,000
Emergency Service Provider	45,200	43,312	35,700
Total (funded from Milford Community)	65,536	60,094	115,520

Table 2: Milford Community Trust Representatives

Designation	Name	Term Expires
Independent Chair	Michael Schuck	30 June 2017
Councillor	Ebel Kremer	8 Oct 2016
Milford Community Association Elected Representative	Brad Johnstone	30 June 2017
Milford community appointee	Tim Holland	30 June 2018
Milford community appointee	Jane Grant	30 June 2018
Milford community appointee	Mike McConachie	30 June 2018
Milford community appointee	Roscoe Gaudin	30 June 2019

¹ Management/Administration costs include Chairperson's fees, Trustees' fees, mileage allowances, insurance, accommodation costs and general meeting costs.

The operational and project costs detailed in the above table are those which the Milford Community Trust considers will provide benefit for the concessionaires at Milford Sound and should be recovered from the Milford Sound concessionaires through the implied concessionaire fee, apportioned as per DOC's apportionment of cost schedule. The annual concession charged was increased by 10 percent plus GST. This increase covers all cost excluding some of the projects. The initial costs of investigation of reopening the Bowen Falls will be funded by reserves as well as half of the cost of the Cleddau Village Recreation Reserve. This will be reviewed annually. For 2015/2016, the total amount sought from concessionaires was \$102,849 including GST.

Southland Museum and Art Gallery Trust

Background

The Southland Museum and Art Gallery Trust's mission is to preserve and tell the story of Southland. The Southland Museum and Art Gallery is the anchor that links and celebrates the stories of our people, land and culture. The purpose of the Trust board is to maintain, manage and operate a museum and art gallery. The Southland District council has two members of a potential eight-member Trust board as permitted by the constitution. Representation is by Council appointment. The Southland Museum and Art Gallery Trust contributes towards the achievement of the community outcome of "supporting our communities".

Ownership and control of the organisation

The Southland Museum and Art Gallery Trust Board receives an annual grant from the Southland Regional Heritage Committee. (The purpose of the regional heritage committee is to establish and preserve the regional heritage of Murihiku/Southland. Council has two representatives on the regional heritage committee, with representation by Council appointment). Income is also generated from the Southland Museum and Art Gallery's shop, Momento, donations and entry fees for special touring exhibitions. The Southland Museum and Art Gallery Trust owns the Museum and Art Gallery building and collections.

The Southland Museum and Art Gallery Trust Board is a Council Controlled Organisation with eight members and three ex officio members who represent the contributing authorities. The board also has the authority to appoint additional members whose skills and experiences benefit the Trust and its functions. Council has two members on the board. The Southland Museum and Art Gallery Trust Board has a management contract with the Invercargill City Council for the operation of the museum facility. The Invercargill City Council employs a museum manager and staff.

Trust board members (as per the Statement of Intent 2015).

Invercargill City Council	Cr D J Ludlow
Invercargill City Council	Cr I L Esler (Chair)
Invercargill City Council	Cr G J Sycamore
Southland District Council	Cr G Macpherson
Southland District Council	Cr N Paterson
Gore District Council	Vacant
Friends of the Museum	Jim Watson
Tangata whenua	Jane Davis
Appointments	Gwen Neave
Appointments	Wallace Jack
Ex officio	Paul Horner, manager
Ex officio	Dean Johnston, secretary/treasurer

Significant policies

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 the business of the Trust is to be conducted.

Nature and scope of activities

The Southland Museum and Art Gallery is in Queens Park. The original museum on the site was built in 1942. Various single-storey extensions were added between 1960 and 1980. The pyramid was constructed in 1990 over all existing buildings to give an approximate floor area of 4,500m², including the Observatory. There are more than 72,000 items held in the collections, some of which are important in terms of regional, national and international significance.

The scope and nature of the activities that the Southland Museum and Art Gallery Trust intended to provide was to focus the museum as a regional facility in the community and to provide a variety of experiences to the people of Southland that they would not otherwise have access to.

Long Term Plan targets are shown in **bold italics**.

The table below is the list of planned activities as per the Statement of Intent 2015/2106.

Objective	Goal	2015/2016 Target	2015/2016 Output
The Collections Caring for Collections. Collections are managed and preserved in accordance with established standards and cultural requirements.	Collections are maintained in optimal conditions for their long term preservation.	<i>Prepare for building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.</i>	Continuing, currently involved with SoRDS investigation of enlivenment of the Invercargill CBD
		No irreparable loss or damage is caused to collections or objects on loan.	No loss or damage observed
Developing Collections. The collections are developed to enable the museum to document, illustrate and explore Southland's unique natural and cultural heritage.	Collection is developed in accordance with reviewed policies - Collection and Management Policies and Acquisitions Strategy	100% of objects acquired entered into Vernon database and verified	50% of new acquisitions entered
		100% records on Vernon database maintained	All existing records maintained
		Project planned to review, update and verify records on database	\$171k increase achieved for this in 2016-2017 year.
The Experience To provide an inspiring, informed and rich programme of exhibitions, events and learning opportunities	Development and implementation of an annual visitor experience programme.	Three semi-permanent exhibitions are delivered. <i>A minimum of 12 short-term exhibitions, including 8 in the community access gallery, are presented annually.</i>	6 Semi-permanent 5 Main 8 Comm. Gallery
	Develop and deliver inspiring education programmes for school audiences.	Over 25 education programmes delivered to 4000 school students, including curriculum-linked and exhibition-related programmes.	64 schools 4,652 pupils
The Community To recognise the Museum and Art Gallery as a place where our culture and heritage is valued and promoted.	Maintain strong relationships with iwi/Maori over issues relating to the collections, exhibitions and tuatara management.	Iwi Liaison Komiti (representing the four Southland runanga) meet four times/year.	4 meetings
	Promotion of the Southland Museum and Art Gallery as a quality venue to visit for residents and visitors.	<i>Annual visitor numbers exceed 200,000/annum</i>	248,463 157 print 162 Facebook posts

Key performance measures and targets

Objective	Goal	Baseline 13/14	Target	Results for 2015/2016
To recognise the Southland Museum and Art Gallery as a place where our culture and heritage is valued and promoted.	Promotion of the Southland Museum and Art Gallery as a quality venue to visit for residents and visitors.	231,700	Annual visitor numbers exceed 200,000/annum.	248,463 157 print 162 Facebook posts
To provide an inspiring, informed and rich programme of exhibitions, events and learning opportunities.	Development and implementation of an annual visitor experience programme.	15 exhibitions. 9 community access.	A minimum of 12 short-term exhibitions, including 8 in the community access gallery	6 Semi-permanent 5 Main 8 Comm. Gallery
Caring for Collections. Collections are managed and preserved in accordance with established standards and cultural requirements.	Collections are maintained in optimal conditions for their long term preservation.	Not measured.	Prepare for building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.	Continuing to prepare for building refurbishment and extension to enable optimal environmental conditions to meet guidelines. Redevelopment project currently involved with SoRDS investigation of the Invercargill CBD.

Financial information

This section presents the financial statements for the 2015/2016 year, comparing actuals to budget. These include statements of comprehensive income, changes in equity, financial position and cash flows. Following the statements are notes explaining these in more detail. The section also includes the accounting policies used to prepare the financial information.

Accounting policies

Reporting entity

The Southland District Council (referred to as “SDC” or “Council”) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operated in New Zealand. The relevant legislation governing the Council’s operations includes the LGA and the Local Government (Rating) Act 2002. The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial profit. Accordingly, SDC has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements represent the results of Council’s nine significant activities (detailed on pages 27 to 83), including the Stewart Island Electrical Supply Authority (SIESA) and Venture Southland. SIESA is a business unit of Council, which generates and reticulates electricity to most of Stewart Island residents and industry.

Venture Southland is a joint venture with GDC and ICC, for the development and promotion of Southland enterprise, tourism and the people of the province.

Council provides local infrastructure, local public services and performs regulatory functions for the community. Council does not operate to make a financial return.

The financial statements of SDC are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 28 September 2016.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently to all periods presented in these financial statements.

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 Tier 1 PBE accounting standards. These financial statements comply with PBE standards.

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 SDC) and all values are rounded to the nearest thousand dollars (\$000). As a result of rounding there may be slight discrepancies in subtotals.

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

SDC accounts for investments in associates in the consolidated financial statements using the equity method. An associate is an entity over which 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 revenue and expense. 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 and assessed annually for impairment in arriving at the carrying value.

Joint ventures

A joint venture is a binding arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations SDC 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 percent interest in Venture Southland. The audited financial statements of Venture Southland, as of 30 June 2016, have been accounted for in Council's financial statements using the proportionate method of consolidation.

Specific accounting policies

(a) Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are:

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become due.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction in rates revenue when Council has received an application that satisfies its rates remission policy.

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.

Revenue from electricity charges is recognised on an accrual basis based on usage. Unbilled usage as a result of unread meters at year end is accrued on an average usage basis.

Interest is recognised using the effective interest method.

Subsidies from NZTA 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 are recognised when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Fees for disposing of waste at Council's landfill are recognised as waste disposed by users.

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (eg as the funds are spent for a nominate purpose).

Development and financial contributions are recognised at the later of the point when 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. Otherwise, development and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

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 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) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(e) 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, 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 finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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. Lease incentives are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

(f) Equity

Equity is the community's interest in SDC 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 Council makes of its accumulated surpluses. The components of equity are:

- Accumulated funds
- Council-created reserves (general reserve, separate account balances and rates appropriation balance)
- Special reserves (managed by Allocation Committees)
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserve.

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

Special reserves are subject to specific conditions accepted as binding by Council, which may not be revised by 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.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on 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.

(h) Trade and other receivables

Trade and other receivables are recorded at their face value, less any provision for impairment.

(i) 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.

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

The write-down from cost to current replacement cost is recognised in the statement of comprehensive revenue and expense.

When land held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural assets which are capitalised to property, plant and equipment.

(j) Financial assets

SDC classifies its financial assets into the following four categories: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables, and financial assets at fair value through other comprehensive revenue and expense. The classification depends on the purpose for which the investments were acquired.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. 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 cashflows from the financial assets have expired or have been transferred and SDC 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 cashflows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit-taking.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

- Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

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 surplus or deficit. 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 non-derivative financial assets with fixed or determinable payments and fixed maturities that SDC has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

- Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date.

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.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

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

(k) 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 through the surplus or deficit.

(l) 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, rather than 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 surplus or deficit.

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.

(m) 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 cashflow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

(n) Property, plant and equipment

Property, plant and equipment consist of:

- *Infrastructure Assets*

Infrastructure assets are the fixed utility systems owned by SDC. Each asset class includes all items that are required for the network to function. For example, sewer 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 SDC, 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 through a non-exchange transaction it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. 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.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

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 Asset Category	Depreciation		
	(years)	Percent	Method
Operational Assets			
Improvements	10 - 12	8.33% - 10.00%	SL
Buildings	40	2.50%	SL
Light Vehicles	5 - 11	9.00% - 20.00%	SL
Other Plant	3 - 11	6.67% - 33.33%	SL
Furniture and Fittings	7 - 8	13.50% - 8.00%	SL
Office Equipment	7 - 10	10.00% - 13.50%	SL
Computer Equipment	2 - 6	18.00% - 40.00%	SL
SCADA Equipment	6	18.00%	SL
Other Equipment	6 - 8	13.50% - 18.00%	SL
Library Books	10	10.00%	SL

Estimated Economic Life Asset Category	(years)	Depreciation Percent	Method
Infrastructure Assets			
Electrical Generation Plant	10 - 100	1.00% - 10.00%	SL or DV
Sealed Roads	40 - 99	1.00% - 2.00%	SL
Unsealed Roads	4 - 8	12.50% - 25.00%	SL
Bridges	45 - 120	0.83% - 2.00%	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	10.00%	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.

Estimated Economic Life Asset Category	(years)	Depreciation Percent	Method
Plant	1 - 25	4.00% - 60.00%	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 triennial 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 were 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 2016. This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2016.

Appropriately qualified personnel from Waugh Infrastructure Management Limited have completed a revaluation as at 30 June 2016 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 2016.

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 SDC 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.

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 other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

(o) Work in progress

Assets under construction are not depreciated. Work in progress is recognised at cost less impairment. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

(p) 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 directly associated with the development of software for internal use by Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

• Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Asset Category	Estimated Economic Life	Depreciation	
	(years)	Percent	Method
Computer software	2 - 10	10.00% - 50.00%	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. They are not amortised, but are tested for impairment annually.

Emissions Trading Units are revalued annually at 30 June. The difference between initial value or the previous revaluation, and disposal or revaluation value of the units, is recognised in other comprehensive revenue and expense.

(q) Forestry assets

Forestry assets are revalued independently annually at fair value less estimated point of sale costs. Appropriately qualified personnel from Chandler Fraser Keating Limited completed a revaluation as at 30 June 2016. Fair value is determined based on the present value of expected net cashflows 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 surplus or deficit.

The costs to maintain the forestry assets are recognised in the surplus or deficit when incurred.

(r) Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortization and are tested annually for impairment.

Property, plant and equipment and intangible assets subsequently measured at cost 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.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, or a service unit approach. The most appropriate approach used to measure the value in use depends on the nature and impairment and availability of information.

Value in use for cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cashflows.

(s) Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

(t) Employee benefits*Short-term benefits*

Employee benefits that SDC 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 cashflows.

- *Superannuation schemes*

Defined contribution schemes - Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

Presentation of employee entitlements

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

(u) 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 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 increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires SDC 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 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. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

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

SDC, as an 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 cashflows 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 Council.

(v) Borrowings

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

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

(w) Budget figures

The budget figures are those approved by SDC in its 2015-2015 10 Year Plan. The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and are consistent with the accounting policies adopted by SDC for the preparation of financial statements.

(x) 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 are charged to significant activities using appropriate cost drivers such as actual usage, staff number and floor area.

(y) Critical accounting estimates and assumptions

In preparing these financial statements SDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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:

- estimating any obsolescence or surplus capacity of an asset;
- estimating the replacement cost of the asset. The replace cost is derived from recent construction contracts; 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 depreciation charge recognised as an expense in the Statement of comprehensive revenue and expense.

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 SDC's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

(z) Critical judgements in applying SDC's accounting policies

Management has exercised the following critical judgements in applying SDC's accounting policies for the period ended 30 June 2016:

Classification of property

SDC owns a number of properties that 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 SDC's social housing policy and are accounted for as property, plant and equipment rather than as investment property.

(aa) Statement of cashflows

Operating activities include cash and cash equivalents (as defined in (g) above) received from all SDC'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 SDC.

Financial statements

Statement of comprehensive revenue and expense for the year ended 30 June 2016

	Note	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
Revenue				
Rates revenue	1	40,749	41,907	42,149
Other revenue	2	9,168	10,935	9,530
Interest and dividends		498	483	425
NZ transport agency funding		14,476	11,129	14,180
Grants and subsidies		2,164	975	2,792
Other gains/(losses)	3	(624)	1,715	422
Vested assets		-	-	-
Development and financial contributions		53	49	128
MOH subsidy for wastewater/water schemes		-	-	-
Scheme capital recovery for sewerage/water schemes		-	-	-
	4	66,484	67,193	69,626
Expenditure				
Employee benefit expenses	5	10,111	10,548	10,767
Depreciation and amortisation	9	19,830	20,229	21,589
Finance costs		20	20	20
Other council expenditure	6	32,417	34,980	34,751
		62,378	65,777	67,127
SURPLUS/(DEFICIT) BEFORE TAX		4,106	1,416	2,499
Income tax benefit	8	-	-	-
SURPLUS/(DEFICIT) AFTER TAX		4,106	1,416	2,499
Financial assets at fair value through other revenue and expense	10	327	1,272	-
Gain/(Loss) on property, plant and equipment revaluations	10	(8,736)	415	21,091
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(4,303)	3,103	23,590

The accompanying notes form part of these financial statements

Statement of changes in equity for the year ended 30 June 2016

	Note	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
Balance at 1 July		1,390,342	1,386,039	1,442,535
Total revenue and expense for the year		(4,303)	3,103	23,590
Balance at 30 June		1,386,039	1,389,142	1,466,125

The accompanying notes form part of these financial statements

Statement of financial position as at 30 June 2016

	Note	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
Equity				
Retained earnings	10	725,199	727,869	728,136
Asset revaluation reserves	10	627,700	628,115	707,962
Fair value reserves	10	711	1,983	250
Other reserves	11	32,429	31,174	29,777
		1,386,039	1,389,142	1,466,125
Current assets				
Cash and cash equivalents	12	9,658	5,715	6,519
Trade and other receivables	13	10,825	5,854	8,362
Inventories	14	101	99	91
Work in progress	16	-	-	-
Other financial assets	15	1,302	12,512	266
		21,886	24,180	15,238
Non-current assets				
Property, plant and equipment	16	1,361,737	1,358,060	1,443,167
Intangible assets	17	985	2,178	2,383
Forestry assets	18	11,331	12,951	11,996
Work in progress	16	1,838	2,779	-
Other financial assets	15	5	4	5,525
		1,375,896	1,375,972	1,463,071
TOTAL ASSETS		1,397,782	1,400,152	1,478,309
Current liabilities				
Trade and other payables	19	7,286	6,697	6,401
Contract retentions and deposits		646	448	2,056
Employee benefit liabilities	20	1,270	1,341	1,063
Development & financial contributions	21	2,351	2,287	2,491
Provisions	23	14	65	7
Borrowings	22	6	-	-
		11,573	10,838	12,018
Non-current liabilities				
Employee benefit liabilities	20	140	147	136
Provisions	23	30	25	30
Borrowings	22	-	-	-
		170	172	166
TOTAL LIABILITIES		11,743	11,010	12,184
NET ASSETS		1,386,039	1,389,142	1,466,125

The accompanying notes form part of these financial statements

Statement of cash flows for the year ended June 2016

	Note	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
Cash flows from operating activities				
Receipts from rates revenue		40,489	42,185	41,870
Receipts from NZ transport agency funding		13,856	11,129	14,180
Interest and dividends		486	483	425
Contribution from developers		2	(16)	-
Receipts from other revenue		10,025	14,986	13,550
Payment to suppliers & employees		(42,195)	(46,112)	(45,536)
Interest paid		(20)	(20)	(20)
GST (net)		(347)	571	-
Net cash inflow (outflow) from operating activities	25	22,296	23,206	24,469
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		240	246	47
Receipts from sale of investments		-	-	-
Purchase of property, plant and equipment		(24,218)	(17,189)	(27,233)
Purchase of forestry assets		-	-	-
Acquisition of investments		(189)	(10,275)	(5,000)
Purchase of intangible assets		(34)	75	(1,870)
Net cash inflow (outflow) from investing activities		(24,200)	(27,144)	(34,056)
Cash flows from financing activities				
Proceeds from borrowings		-	-	-
Proceeds from finance lease		-	-	-
Repayment of borrowings		-	-	-
Payments of finance leases		(15)	(6)	(23)
Net cash inflow (outflow) from financing activities		(15)	(6)	(23)
Net increase/(decrease) in cash and cash equivalents		(1,919)	(3,943)	(9,610)
Cash and cash equivalents at the beginning of the year	12	11,577	9,658	16,129
Cash and cash equivalents at the end of the year	12	9,658	5,715	6,519

The accompanying notes form part of these financial statements

Funding impact statements for all activities

2014/2015 Budget (AP) (\$000)	2014/2015 Budget (LTP) (\$000)		2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
		Sources of operating funding			
28,414	28,748	General rates, uniform annual general charges, rates penalties	28,329	13,780	13,780
12,546	13,120	Targeted rates	12,789	28,491	28,368
6,617	6,311	Subsidies and grants for operating purposes	6,954	6,514	7,189
3,471	2,511	Fees and charges	3,536	3,498	3,623
-	75	Interest and dividends from investments	472	465	425
4,096	4,852	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	4,053	6,393	4,920
55,144	55,617	Total operating funding	56,133	59,141	58,305
		Applications of operating funding			
38,636	40,322	Payments to staff and suppliers	37,720	40,185	40,822
154	1,412	Finance costs	148	20	20
4,187	3,477	Other operating funding applications	3,697	4,377	4,836
42,977	45,211	Total applications of operating funding	41,565	44,582	45,678
12,167	10,406	Surplus (deficit) of operating funding	14,568	14,559	12,627
		Sources of capital funding			
10,972	7,812	Subsidies and grants for capital purposes	9,663	5,217	10,904
21	124	Development and financial contributions	53	49	128
(15)	770	Increase (decrease) in debt	(15)	(6)	-
39	3,437	Gross proceeds from sale of assets	121	126	47
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
11,017	12,143	Total sources of capital funding	9,822	5,386	11,079
		Applications of capital funding			
		Capital expenditure			
21	124	▪ to meet additional demand	227	243	248
7,690	3,430	▪ to improve the level of service	6,988	5,951	14,500
16,685	14,929	▪ to replace existing assets	16,722	10,756	14,355
2,632	5,958	Increase (decrease) in reserves	844	(1,259)	(4,125)
(3,844)	(1,890)	Increase (decrease) in investments	(391)	4,254	(1,272)
23,184	22,551	Total applications of capital funding	24,390	19,945	23,706
(12,167)	(10,408)	Surplus (deficit) of capital funding	(14,568)	(14,559)	(12,627)
-	-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Reconciliation of surplus/(deficit) of operating funding to net surplus/(deficit) before tax

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)	2015/2016 Budget (LTP) (\$000)
Surplus/(deficit) of operating funding from funding impact statement	14,568	14,559	12,627
Depreciation	(19,830)	(20,229)	(21,589)
Subsidies and grants for capital purposes	9,663	5,217	10,903
Development and financial contributions	53	-	128
Gain on Sale	(735)	85	47
Vested Assets	-	-	-
Forestry revaluation	111	1,620	376
Emission Trading Units	30	47	-
Accruals	-	-	-
Finance Lease Amortisation	15	6	-
Landfill Contingency	12	5	7
Internal Capital Costs	135	67	-
Add back 42% of Venture Southland (Council's share)	84	39	-
Net Surplus (deficit) before tax in Statement of Comprehensive Revenue and Expense	4,106	1,416	2,499

Notes to the financial statements (for the year ended 30 June 2016)

1. Rates revenue

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
General rates	31,774	32,561
Targeted rates attributable to activities		
Water	2,851	3,039
Wastewater	3,300	3,571
Refuse	2,398	2,296
Septic tank cleaning	2	2
Rates penalties	424	439
Total revenue from rates	40,749	41,907

Rates revenue is shown net of rates remissions. SDC's rates remission policy, as set out in the 10 Year Plan, allows Council to consider the remission of rates in a number of circumstances. These include land voluntarily protected for Natural, Historical or Cultural Conservation purposes, properties that can be, but are not connected to, water and wastewater 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 occur. Rates remissions during the year totalled \$381,472 (2015: \$334,007), rates on non-rateable land are included in these figures.

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

Rating base information

In accordance with the Local Government Act 2002 Amendment Act 2014, Clause 30A of Schedule 10, the following rating base information is disclosed based on the rating base information at the end of the **preceding** financial year:

	1 July 2014 Actual (\$000)	1 July 2015 Actual (\$000)
Number of rating units within the Southland District	20,940	20,749
Total rateable capital value within the Southland District	18,051,320	18,104,828
Total rateable land value within the Southland District	12,589,612	12,592,569

2. Other revenue

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Regulatory income	1,600	1,482
Other income (including Council's 42% share in Venture Southland)	2,506	2,273
Provision of services	315	366
Rental and hire income	650	644
User charges	1,734	1,857
Sales revenue	1,936	3,969
Fines and infringements	128	67
Targeted water rates	299	277
Total other revenue	9,168	10,935

3. Other gains/(losses)

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Gain/loss) on changes in fair value of forestry assets (Note 18)	111	1,620
Gain/(loss) on disposal of property, plant and equipment	(735)	95
Total gains/(losses)	(624)	1,715

4. Exchange/non-exchange revenue

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Exchange revenue	6,156	7,918
Non-exchange revenue	60,328	59,274
Total revenue	66,484	67,193

5. Employee benefit expense

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Salaries and wages	9,821	10,224
Defined contribution plan employer contributions	281	317
Increase/(decrease) in employee entitlements	9	7
Total employee benefit expense	10,111	10,548

Employer contributions to defined contribution plans include contributions to KiwiSaver. As at 30 June 2016 there were six vacant positions (2015: three).

6. Other council expenditure

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Audit fee - Southland District Council Annual Report	111	113
Audit fee – Southland District Council 2015-2025 Consultation document and Long Term Plan	80	-
Audit fee - Venture Southland Group Annual Report	18	17
Grants	4,199	4,038
Contractors	19,017	19,195
Insurance	407	344
Consultants and legal fees	1,264	1,835
Operating lease costs	282	325
Donations	17	37
Inventories	1	2
Impairment of receivables	(21)	7
Loss on fair value of emission trading units	-	-
Other	7,042	9,066
Total other expenses	32,417	34,980

7. Remuneration – Mayor, Councillors and Chief Executive

Chief Executive

The SDC Chief Executive appointed under Section 42 of the Local Government Act 2002 received a salary of \$304,009 (2015: \$217,297). The Chief Executive commenced employment in October 2014.

For the year ended 30 June 2016, the total annual cost, including fringe benefit tax, to SDC of the remuneration package being received by the Chief Executive is calculated at \$305,091 (2015: \$232,018).

Elected representatives	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Mayor: Tong, Gary (including FBT and private use of motor vehicle)	117	119
Bailey, Lyall*	33	31
Baird, Stuart	23	25
Dillon, Brian	23	25
Dobson, Rodney*	31	31
Douglas, John*	29	27
Duffy, Paul* (incl FBT)	36	35
Ford, Bruce	23	25
Harpur, George^	24	25
Jukes, Alistair	9	-
Keast Julie*	25	25
Kremer Ebel	6	25
Macpherson Gavin*^	30	30
Paterson Neil	23	25
Annual cost	432	448

Remuneration for Councillors who are members of Council's Resource Management Committee* may be shown as higher than for other Councillors. This additional remuneration is related to the number of hours 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 (2015: \$100) and \$80 per hour for members (2015: \$80).

Remuneration for Councillors who are members of the District Licensing Committee[^] may be shown as higher than for other Councillors. This additional remuneration is related to the number of hours these Councillors spend in hearings and meetings for licensing applications. These additional costs are recovered from licensing applications. The per hour fee is set in accordance with section 195 of the Sale and Supply of Alcohol Act 2012 at \$78 per hour for chairpersons (2015: \$78) and \$51 per hour for members (2015: \$51).

Travel and other reimbursements are excluded from the above totals.

Total annual remuneration band for employees as at 30 June:	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
< \$60,000	80	72
\$60,000 - \$79,999	37	39
\$80,000 - \$99,999	22	24
\$100,000 - \$119,999	6	6
\$120,000 - \$139,999	6	6
\$140,000 - \$319,999	7	8
Total employees	158	155

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 106 (2015: 117) full-time employees, with the balance of staff representing 24 (2015: 24) full-time equivalent employees. As at 30 June 2016 there were six vacant positions (2015: three). A full-time employee is determined on the basis of a 40-hour working week.

8. Taxation

SDC and its associated entities are exempt from income tax.

9. Depreciation and amortisation expense by group of activity

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Community services	1,481	1,479
District leadership	551	488
Emergency Management	-	-
Regulatory Services	50	59
Roads and Footpaths	14,033	14,332
Solid Waste Management	119	119
Stormwater	397	402

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Wastewater	1,810	1,845
Water Supply	1,379	1,489
Total directly attributable depreciation and amortisation by group of activity	19,819	20,213
Depreciation and amortisation not directly related to group activities	11	16
Total depreciation and amortisation expense	19,830	20,229

10. Changes in equity and reserves

Retained earnings	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
As at 1 July	722,087	725,199
Transfer from other reserves (note 11)	(859)	1,254
Transfer from reserves	-	-
Transfer to fair value through statement of comprehensive revenue and expense reserve	(134)	-
Operating surplus for the year	4,105	1,416
As at 30 June	725,199	727,869

Asset Revaluation Reserves	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
As at 1 July	636,436	627,700
Revaluation surplus/(deficit)	(8,736)	415
As at 30 June	627,700	628,115

Asset revaluation reserves consist of:	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Infrastructural assets		
Wastewater system	41,639	42,152
Water system	25,141	26,935

Asset Revaluation Reserves	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Stormwater system	14,009	14,051
Roading network	546,905	544,971
Other assets		
Artwork	6	6
Total	627,700	628,115

Fair value through statement of comprehensive revenue and expense reserve	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
As at 1 July	250	711
Net revaluation gains/(losses)	327	1,272
Transfer to retained earnings	134	-
Reclassification to surplus/(deficit) on disposal	-	-
As at 30 June	711	1,983

Fair value through statement of comprehensive revenue and expense reserve consist of:	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Share revaluation reserve	286	296
Emission Trading Unit revaluation reserve	425	1,687
Total	711	1,983

11. Other reserves

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
As at 1 July	31,570	32,429
Transfers from/(to) retained earnings	859	(1,255)
As at 30 June	32,429	31,174

Reserves consist of:	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
General reserves	29,110	27,948
Allocation committees	3,319	3,226
Total	32,429	31,174

See note 35 for detailed schedule of Council's reserves.

12. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Cash at bank and in hand	661	693
Short term deposits and other investments maturing within three months	8,997	5,021
Total cash and cash equivalents	9,658	5,715

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Financial assets recognised in a non-exchange transaction that are subject to restrictions

Council holds unspent funds, included in cash at bank and investments, of \$3.7 million (2015 \$3.8 million) that are subject to restrictions. These unspent funds relate to trusts and bequests received, waste minimisation reserve and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

13. Trade and other receivables

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Rates receivables	2,163	2,229
General receivables	3,446	687
Other receivables	4,889	2,586
Prepayments	385	405
	10,893	5,907
<i>Less provision for doubtful debts</i>	<i>(68)</i>	<i>(54)</i>
Net trade and other receivables	10,825	5,854
Total receivables comprise:		
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	9,965	3,322
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	860	2,532

Fair value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

Impairment

Council does not provide for any impairment on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The ageing profile of receivables at year end is detailed below:

Aged trade and other receivables	2015 Gross (\$000)	2015 Impairment (\$000)	2015 Net (\$000)	2016 Gross (\$000)	2016 Impairment (\$000)	2016 Net (\$000)
Not past due for 2016	5,609	-	5,609	4,159	-	4,159
Past due 1-60 days	222	-	222	129	-	129
Past due 60-120 days	72	-	72	7	-	7
Past due > 120 days	4,990	(68)	4,990	1,612	(53)	1,559
Total	10,893	(68)	10,825	5,907	(53)	5,854

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Individual impairment	68	53
Collective impairment	-	-
Total Provision for impairment	68	53

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Past due 1-60 days	-	-
Past due 60-120 days	-	-
Past due > 120 days	68	53
Total individual impairment	68	53

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

14. Inventories

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Properties intended for sale	-	-
Roading	77	77
Other	23	22
	101	99

The carrying amount of inventories held for consumption that are measured at current replacement cost as at 30 June 2016 amounted to \$98,991 (2015: \$100,560). The write-down of inventory during the year was \$1,569 (2015 \$2,242). There have been no reversals of write-downs (2015: \$Nil). The carrying amount of inventories pledged as security for liabilities is \$Nil (2015: \$Nil). The carrying amount of properties intended for sale that are measured at cost as at 30 June 2015 amounted to \$Nil (2015: \$Nil).

15. Other financial assets

Current portion	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Short term deposits with maturities 1 - 3 months from 30 June	-	5,630
Short term deposits with maturities 4 - 12 months from 30 June	1,000	5,870
Short term loans	-	700
Unlisted shares in Civic Assurance*	16	17
Unlisted shares in Milford Sound Development Authority*	286	295
Total current portion	1,302	12,512

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Short-term loans

The carrying amount of short-term loans approximates their fair value. The loan was repaid in July 2016.

Unlisted shares

Unlisted shares are recognised at fair value. Due to the immaterial size and nature of Council's investment in Civic Assurance and the Milford Sound Development Authority, Council has estimated the fair value of this investment based on the net assets of each entity as at 31 December and 31 March respectively.

Impairment

There were no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

Non-current portion	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
External loans with maturities greater than one year	-	4
Investments with maturities greater than one year	-	-
Total non-current portion	-	4
Total other financial assets	1,302	12,516

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 incorporates the following:

	2015 Short term deposits (\$000)	2015 Other Term deposits (\$000)	2015 Stocks & Bonds (\$000)	2015 Total (\$000)	2016 Short term deposits (\$000)	2016 Other Term deposits (\$000)	2016 Stocks & Bonds (\$000)	2016 Total (\$000)
Short term deposits with maturities three months or less from 30 June* weighted average effective interest rate	8,997 4.56%	-	-	8,997	11,171 2.44%	-	-	11,171
Short term deposits with maturities of four - 12 months from 30 June* weighted average effective interest rate	1,000 4.50%	-	-	1,000	5,350 3.30%	-	-	5,350
Investments maturing within three months or less weighted average effective interest rate	-	-	-	-	-	-	-	-
Investments maturing after one year but less than five years weighted average effective interest rate	-	-	-	-	-	-	-	-
	9,477	520	-	9,997	16,521	-	-	16,521

* These short term deposits and investments are included in cash and cash equivalents (refer to Note 12).

16. Property, plant and equipment – Southland District Council

2015/2016 Actual	Cost Revaluation 1 Jul 2015 (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2016 (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul 2015 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2016 (\$000)	Carrying Amount 30 Jun 2016 (\$000)	Carrying Amount 1 Jul 2015 (\$000)
Operational assets													
Art	69	-	-	-	-	69	-	-	-	-	-	69	69
Buildings	13,895	127	-	-	-	14,022	(5,924)	(346)	-	-	(6,270)	7,752	7,971
EDP hardware	1,066	18	-	(49)	-	1,035	(634)	(208)	49	-	(793)	242	432
Furniture and fittings	550	37	-	(23)	-	565	(383)	(42)	23	-	(402)	163	168
Improvements	5,626	141	-	-	-	5,767	(3,892)	(354)	-	-	(4,246)	1,521	1,733
Land	10,773	87	-	-	-	10,860	-	-	-	-	-	10,860	10,773
Library	1,887	183	-	(198)	-	1,872	(951)	(171)	198	-	(924)	948	936
Motor vehicles	1,631	188	-	(85)	-	1,734	(569)	(246)	64	-	(751)	983	1,062
Office equipment	216	-	-	(33)	-	183	(202)	(3)	32	-	(173)	10	14
Other equipment	263	2	-	-	-	265	(209)	(27)	-	-	(235)	30	54
Other plant	1,359	37	-	-	-	1,396	(539)	(81)	-	-	(620)	775	820
Landfill sites	115	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	457	-	-	-	-	457	(446)	(5)	-	-	(452)	5	11
	37,910	821	-	(388)	-	38,341	(13,865)	(1,484)	366	-	(14,983)	23,358	24,043
Infrastructural assets as valuation													
Bridges	93,082	197	-	-	9,053	102,332	-	(1,838)	-	-	(1,838)	100,494	93,082
Footpaths	18,193	181	-	-	(72)	18,302	-	(554)	-	-	(554)	17,748	18,193
Wastewater other	62,235	1,056	-	-	850	64,141	-	(1,045)	-	-	(1,045)	63,096	62,235
Wastewater plant	15,241	221	-	-	(338)	15,125	-	(799)	-	-	(799)	14,325	15,241
Water other assets	39,999	954	-	-	255	41,207	-	(888)	-	-	(888)	40,319	39,999
Water plant	10,532	983	-	-	1,539	13,054	-	(601)	-	-	(601)	12,453	10,532
Stormwater system	17,691	292	-	-	42	18,025	-	(402)	-	-	(402)	17,623	17,691
Unsealed roads	396,019	2,291	-	-	922	399,232	-	(2,991)	-	-	(2,991)	396,240	396,019
Cycle trail	5,710	1,923	-	-	32	7,665	-	(139)	-	-	(139)	7,526	5,710
Sealed roads	674,127	6,868	-	-	(12,629)	668,365	-	(8,560)	-	-	(8,560)	659,805	674,127
Street lighting	1,443	-	-	-	762	2,205	-	(115)	-	-	(115)	2,090	1,443
	1,334,272	14,965	-	-	317	1,349,554	-	(17,933)	-	-	(17,933)	1,331,719	1,334,272
Marine	870	-	-	-	-	870	(348)	(34)	-	-	(382)	489	523
Runways	5,059	-	-	-	-	5,059	(3,595)	(489)	-	-	(4,084)	975	1,464

2015/2016 Actual	Cost Revaluation 1 Jul 2015 (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2016 (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul 2015 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2016 (\$000)	Carrying Amount 30 Jun 2016 (\$000)	Carrying Amount 1 Jul 2015 (\$000)
	5,930	-	-	-	-	5,930	(3,943)	(523)	-	-	(4,466)	1,464	1,987
Total SDC	1,378,109	15,786	-	(388)	415	1,393,923	(17,808)	(19,939)	366	-	(37,381)	1,356,541	1,360,302

2015/2016 Actual	Cost Revaluation 1 Jul 2015 (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2016 (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul 2015 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2016 (\$000)	Carrying Amount 30 Jun 2016 (\$000)	Carrying Amount 1 Jul 2015 (\$000)
Land	61	-	-	-	-	61	-	-	-	-	-	61	61
Buildings	784	-	-	-	-	784	(231)	(14)	-	-	(245)	539	553
Improvements	29	-	-	-	-	29	(6)	(1)	-	-	(7)	22	23
Plant	3,269	171	-	(126)	-	3,314	(2,587)	(112)	110	-	(2,569)	725	682
Vehicles	92	40	-	(14)	-	118	(66)	(9)	12	-	(63)	55	26
Other Equipment	4	-	-	-	-	4	(1)	(1)	-	-	(2)	2	3
SIESA Total	4,239	210	-	(140)	-	4,310	(2,891)	(137)	122	-	(2,905)	1,405	1,349
Venture Southland													
Furniture and fittings	45	4	-	(5)	-	44	(29)	(3)	5	-	(27)	17	16
Office equipment	17	16	-	-	-	34	(9)	(7)	-	-	(16)	18	8
Other equipment	22	11	-	(1)	-	32	(13)	(3)	1	-	(16)	16	8
Set up cost	42	-	-	-	-	42	(42)	-	-	-	(42)	-	-
Venture Southland Trust vehicles	11	12	-	-	-	23	(3)	(1)	-	-	(4)	20	8
Building	51	-	-	-	-	51	(14)	(1)	-	-	(16)	35	37
Charitable trust	11	-	-	-	-	11	(1)	(1)	-	-	(2)	9	10
Venture total	199	43	-	(6)	-	236	(112)	(16)	6	-	(122)	114	87
Total SIESA & Venture	4,438	254	-	(146)	-	4,546	(3,002)	(153)	128	-	(3,028)	1,518	1,436
TOTAL GROUP	1,382,547	16,039	-	(534)	415	1,398,469	(20,810)	(20,092)	493	-	(40,409)	1,358,060	1,361,737

2014/2015 Actual	Cost Revaluation 1 July 2014 (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2015	Accumulated Depreciation And Impairment Charges 1 Jul 2014 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2015 (\$000)	Carrying Amount 30 Jun 2015 (\$000)	Carrying Amount 1 Jul 2014 (\$000)
Operational assets													
Art	69	-	-	-	-	69	-	-	-	-	-	69	69
Buildings	14,853	267	-	(1,225)	-	13,895	(5,997)	(374)	447	-	(5,924)	7,971	8,856
EDP hardware	1,012	75	-	(20)	-	1,066	(406)	(247)	18	-	(634)	432	606
Furniture and fittings	830	37	-	(317)	-	550	(653)	(46)	316	-	(383)	167	177
Improvements	5,299	326	-	-	-	5,626	(3,525)	(367)	-	-	(3,892)	1,733	1,775
Land	10,630	144	-	-	-	10,773	-	-	-	-	-	10,773	10,630
Library	1,985	165	-	(264)	-	1,887	(1,045)	(170)	264	-	(951)	936	941
Motor vehicles	1,591	439	-	(398)	-	1,634	(658)	(236)	325	-	(569)	1,062	933
Office equipment	247	2	-	(34)	-	216	(228)	(8)	34	-	(202)	14	19
Other equipment	449	8	-	(195)	-	263	(376)	(27)	195	-	(209)	54	73
Other plant	1,323	36	-	-	-	1,359	(461)	(78)	-	-	(539)	820	862
Landfill sites	115	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	457	-	-	-	-	457	(441)	(5)	-	-	(446)	11	16
	38,860	1,499	-	(2,453)	-	37,910	(13,905)	(1,558)	1,599	-	(13,864)	24,042	24,957
Infrastructural assets at valuation													
Bridges	96,705	1,180	-	-	(3,134)	94,752	-	(1,670)	-	-	(1,670)	93,082	96,705
Footpaths	19,215	188	-	-	(654)	18,750	-	(566)	-	-	(566)	18,193	19,215
Wastewater Other	60,711	1,367	-	-	1,199	63,277	-	(1,042)	-	-	(1,042)	62,235	60,711
Wastewater Plant	14,686	846	-	-	478	16,010	-	(768)	-	-	(768)	15,241	14,686
Water Other Assets	38,026	925	-	-	1,919	40,870	-	(871)	-	-	(871)	39,999	38,026
Water Plant	10,500	100	-	-	440	11,041	-	(508)	-	-	(508)	10,532	10,500
Stormwater system	16,991	429	-	-	669	18,088	-	(397)	-	-	(397)	17,691	16,991
Unsealed roads	395,408	2,685	-	-	788	398,881	-	(2,863)	-	-	(2,863)	396,019	395,408
Cycle Trail	14	5,794	-	-	-	5,808	-	(98)	-	-	(98)	5,710	14
Sealed roads	682,241	11,050	-	-	(10,534)	682,757	-	(8,630)	-	-	(8,630)	674,127	682,241
Street lighting	1,436	-	-	-	92	1,529	-	(86)	-	-	(86)	1,443	1,436
	1,335,933	24,564	-	-	(8,737)	1,351,763	-	(17,489)	-	-	(17,489)	1,334,272	1,335,933
Marine	712	159	-	-	--	870	(317)	(31)	-	-	(348)	523	395

Runways	5,059	-	-	-	--	5,059	(3,105)	(490)	-	-	(3,595)	1,464	1,954
	5,771	159	-	-	--	5,929	(3,422)	(521)	-	-	(3,943)	1,987	2,349
Total SDC	1,380,564	26,222	-	(2,453)	(8,737)	1,395,602	(17,327)	(19,568)	1,599	-	(35,296)	1,360,301	1,363,239
SIESA													
Land	61	-	-	-	-	61	-	-	-	-	-	61	61
Buildings	749	36	-	-	-	784	(221)	(10)	-	-	(231)	553	528
Improvements	24	5	-	-	-	29	(5)	(1)	-	-	(6)	23	19
Plant	3,081	188	-	-	-	3,269	(2,508)	(79)	-	-	(2,587)	682	573
Vehicles	92	-	-	-	-	92	(60)	(6)	-	-	(66)	26	32
Other equipment	4	-	-	-	-	4	(0.3)	(1)	-	-	(1)	3	4
SIESA total	4,011	229	-	-	-	4,239	(2,795)	(97)	-	-	(2,890)	1,348	1,217
Venture Southland													
Furniture and fittings	36	9	-	-	-	45	(27)	(2)	-	-	(29)	16	9
Office equipment	10	8	-	-	-	17	(6)	(3)	-	-	(9)	8	4
Other equipment	18	3	-	-	-	22	(11)	(2)	-	-	(13)	8	7
Set up cost	42	-	-	-	-	42	(42)	-	-	-	(42)	-	-
Building	8	3	-	-	-	11	(3)	(0.4)	-	-	(3)	8	6
Venture Southland Trust	21	30	-	-	-	51	(13)	(1)	-	-	(14)	36	8
Vehicles	-	11	-	-	-	11	-	(1)	-	-	(1)	9	-
Venture total	135	64	-	-	-	199	(102)	(10)	-	-	(111)	85	34
Total SIESA & Venture	4,146	293	-	-	-	4,438	(2,896)	(106)	-	-	(3,001)	1,433	1,251
TOTAL GROUP	1,384,710	26,515	-	(2,453)	(8,737)	1,400,040	(20,223)	(19,674)	1,599	-	(38,297)	1,361,734	1,364,490

Work in progress

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

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Cycle Trails	1,838	1,721
Buildings	-	559
Wastewater	-	224
Information Systems	-	275
Total	1,838	2,779

Urban portions of the state highway network

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

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

Leased assets

The net of plant and equipment held under finance lease is \$Nil (2015: \$5,675).

Insurance of assets

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, Clause 31A of Schedule 10:

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Total value of all assets that are covered by insurance contracts	53,594	55,238
Maximum amount to which these assets are insured	145,853	151,881
Total value of all assets that are covered by financial risk sharing arrangements	-	-
Maximum amount available to Council under those arrangements	-	-
Total value of all assets that are self-insured	1,319,475	1,315,969
Value of any fund maintained by Council for that purpose ¹	-	-

1. Although Council does not have a specific self-insurance fund, Council has a number of reserves available that could be used for this purpose.

In the event of natural disaster, central government may contribute up to 60 percent towards the restoration of water, drainage and sewerage assets, and provide a subsidy towards the restoration of roads.

Heritage assets

Council-owned heritage assets include artworks, war memorials, viaducts and railway memorabilia.

Artworks are revalued every three - five years.

War memorials, viaducts and railway memorabilia are typically vested to Council and thus are recorded at no consideration in the fixed asset schedule. Given the nature of these assets, Council is unable to determine their fair value as there is no active market for such assets.

17. Intangible assets

Computer software	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Opening cost at 1 July	258	208
Additions	107	21
Disposals	(120)	(127)
Closing cost at 30 June	245	103
Accumulated amortisation and impairment	(37)	(11)
Net Book Value at 30 June	208	92

Emission Trading Units	2014/2015 Actual (\$000)	2015/2016 Units	2015/2016 Actual (\$000)
Opening balance at 1 July	456	114,194	777
Additions	321	2,611	1,308
Disposals	-	-	-
Closing balance at 30 June	777	116,805	2,085
Accumulated amortisation and impairment	-	-	-
Net Book Value at 30 June	777		2,085
Total	985		2,178

Council is part of the Emissions Trading Scheme (ETS) for both its pre-1990 forests (mandatory participation) and its post-1989 forests (voluntary participation).

Under the ETS Council is allocated New Zealand Units (NZUs). An initial free allocation of NZUs is provided in relation to pre-1990 forests. An annual allocation of NZUs is provided in relation to post 1989 forests as carbon is sequestered (from 1 January, 2008).

Council accounts for NZUs allocated at a market value of \$17.85 per unit (2015: \$6.80)

Emission Trading Units 2016	Pre-1990 Forest	Post-1989 Forest	Total
Productive area (hectares)	1,384	116.8	1,500.8
NZUs opening balance 1 July	82,914	31,280	114,194
NZUs allocated/transferred during the year	-	2,611	2,611
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	33,891	116,805

Emission Trading Units 2015	Pre-1990 Forest	Post-1989 Forest	Total
Productive area (hectares)	1,384	116.8	1,500.8
NZUs opening balance 1 July	82,914	26,880	109,794
NZUs allocated/transferred during the year	-	4,400	4,400
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	31,280	114,194

Post-1990 Forests

2,611 units (2015: 4,400 units) were received during the year on 117 hectares of post-1989 land. Future allocation of NZUs relating to post-1989 forests will depend on the amount of carbon sequestered by those forests. The units have been valued at the balance sheet date based on the estimated market value of \$17.85 per unit. Tax is payable on the receipt or sale of the post-1989 units. Liabilities for emissions relating to post-1990 forest land are capped at the amount of NZUs previously allocated. Accordingly, NZUs are gained as forests grow and are surrendered as forests are harvested or removed in any other way. At balance date no liability for surrender of post-1989 NZUs has been accrued, because the forests are intact.

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Impairment

Emission Trading Units

Council considers there is no impairment of ETUs held as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations. ETUs have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

18. Forestry assets

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Balance at 1 July	11,220	11,331
Increase due to purchases	-	-
Gains/(losses) arising from changes attributed to physical changes	1,470	1,210
Gains/(losses) arising from changes attributed to price changes	671	2,220
Decreases due to harvest	(2,030)	(1,810)
Balance at 30 June	11,331	12,951

SDC owns 1,423 hectares of forest in four areas: Dipton, Gowan Hill, Ohai and Waikaia, which are managed as one forest. The tree crop covers 1,423 hectares (2015: 1,348 hectares). The predominant species grown in these four blocks is Radiata pine followed by Douglas fir. The age of the tree crop ranges from one year to 33 years. In the year ending 30 June 2016, Council sold 68.1 hectares of timber for \$3.97 million (2015: 80 hectares of timber for \$1.94 million).

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

- Council instructed Chandler Fraser Keating Limited (CFK), to independently value its forestry assets. CFK is a firm of forestry consultants and valuation experts with extensive experience valuing forests nationally and internationally. The valuation was undertaken in a manner consistent with Public Benefit Entity International Public Sector Accounting Standard 27. The objective of the PBE IPSAS 27 Standard is estimating “fair value” for financial reporting purposes. The valuation date is 30 June 2016

Valuation Conventions

- A pre-tax discount rate of 8% (2015: 8.5%) has been used in discounting the present value of expected future cash flows;
- Only the current tree crop is valued, in accordance with the valuation standard;
- Land use cost are recognised by applying notional land rental based on the prevailing market rentals of forestry land in the Otago/Southland region;
- CFK assumes inflation will affect costs and prices equally;
- Current log prices are used reverting to long-term prices.

Financial Risk Management Strategies

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. Council review its outlook for timber prices regularly in considering the need for active financial risk management.

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 in the overhead costs.

19. Trade and other payables

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	5,646	5,456
Other payables	-	-
Accrued revenue	-	-
Total	5,646	5,456
<i>Payables and deferred revenue under non-exchange transactions</i>		
Income taxes payable	283	154
Other taxes payable (ie GST and FBT)	37	45
Grants payable	453	141
Other	867	901
Total	1,640	1,241
Total trade and other payables	7,286	6,697

Payables are generally non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables approximates their fair value. All trade and other payables are current. There is nothing past due.

20. Employee benefit liabilities

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Current		
Holiday pay accrual	1,150	1,133
Long service leave	24	24
Wages accrual	96	184
	1,270	1,341
Non-current		
Retirement gratuity	119	128
Long service leave (potential)	21	19
	140	147

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Total employment entitlements	1,410	1,488

Key assumptions in measuring retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability. A discount rate of 7.0% (2015: 7.0%) and an inflation rate of 3.0% (2015: 3.0%) were used.

21. Development and financial contributions

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Roading contributions	430	399
Wastewater contributions	971	972
Water contributions	441	439
Reserves contributions	509	477
Total development and financial contributions	2,351	2,287

22. Borrowings

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Current		
Lease Liabilities	6	-
	6	-
Non-Current		
Lease Liabilities	-	-
	-	-
Total	6	-

Finance Lease Liabilities	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Total minimum lease payments are payable:		
Not later than one year	6	-
Later than one and not later than five ears	-	-
Later than five years	-	-
	6	-
Future finance charges		
Present value of minimum lease payments	-	-
Total	6	-

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Present value of minimum lease payments are payable:		
Not later than one year	6	-
Later than one and not later than five ears	-	-
Later than five years	-	-
	6	-

Finance leases are for various items of computer equipment. The net carrying amount of these leased assets is included within the relevant class of property, plant, and equipment is disclosed in Note 16.

There are no restrictions placed on Council by any of the finance leasing arrangements.

Internal loans

Internal loans total \$19.99 million (2015: \$23.98 million). These loans are not represented in the statement of financial position.

Council's internal loans are designed to help local communities within the Southland District to develop or improve new or existing facilities and undertake other major projects. Loans are for a maximum period of 30 years depending on the nature of the project being funded. The interest rate applied to these loans was 6.25 percent (2015: 5.84 percent).

A summary of these internal loans by group activity follows:

Internal loans

	Balance 2015 (\$000)	New Advances (\$000)	Total Repayments (\$000)	Interest Paid (\$000)	Balance 2016 (\$000)
Community Services	6,017	434	1,784	356	4,668
District Leadership	1,472	183	1,403	143	252
Emergency Management	316	-	316	2	-
Regulatory Services	1,337	-	876	-	461
Roads and Footpaths	1,712	2,260	3,795	93	178
Solid Waste	304	-	34	7	270
Stormwater	111	177	5	7	283
Wastewater	7,664	436	534	495	7,565
Water Supply	5,049	1,410	144	272	6,316
	23,982	4,900	8,891	1,375	19,991

23. Provisions

Non-current provisions are represented by:	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Opening balance - Landfill aftercare provision	56	44
Unused amounts reversed during the year	(12)	(5)
Closing balance - Landfill aftercare provision	44	39
Other Provisions	-	51
		90
Current	14	65
Non-Current	30	25
Closing balance	44	90

All SDC landfill sites have been closed. 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 not 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 percent.

24. Joint venture

Council has a 42 percent (2015: 42 percent) participating interest in Venture Southland, a joint committee of Council. The principal activity of Venture Southland is to promote a co-ordinated approach to economic development in Southland.

Council's interest in the joint venture is disclosed in the financial statements under the classifications shown below.

Council's interest in Venture Southland is represented by:	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Share of Income	2,239	2,139
Share of Expenses	(2,166)	(2,121)
Share of surplus/(deficit)	73	18
Share of:		
Current Assets	995	1,153
Non-Current Assets	97	117
Current Liabilities	(607)	(764)
Equity	485	506

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.

Southland Regional Heritage Committee

Council has an interest in the Southland Regional Heritage Committee, a joint committee of Council. The principal activity of the Southland Regional Heritage Committee is to promote and enhance the heritage of Southland.

Council's interest in the joint venture is not significant and therefore is not consolidated in the financial statements. The Southland Regional Heritage Committee has net assets at 30 June 2016 of \$721,951 (2015: \$851,752).

25. Reconciliation between the operating surplus (from the statement of revenue and expense) and net cash from operating activities (from the statement of cash flows)

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Operating Surplus	4,106	1,416
Add/(Less) Non-Cash Items		
Depreciation and Amortisation	19,830	20,229
Vested Assets	(111)	-
Forestry Revaluation	-	(1,620)
Emission Trading Units received	(321)	(971)
Add/(Less) Movements in Working Capital Items		
Trade and Other Receivables	(1,982)	4,309
Interest Receivable	(12)	-
Inventories and Work in Progress	2	2
Trade and Other Payables	207	(710)
Provision	-	51
Net GST	(348)	571
Development & Financial Contributions	(50)	(65)
Other		
Movement in Employee Benefit Liabilities	252	78
(Gains)/Losses on Disposal of Property, Plant and Equipment	-	-
(Gains)/Losses on Disposal of Investments	735	(79)
Movement in Provision for Decommissioning	(12)	(5)
Net Cash Inflow/(Outflow) from Operating Activities	22,296	23,206

26. Financial instruments

Council has policies providing risk management for interest rates and the concentration of credit risk. Council is risk averse and seeks to minimise exposure from its treasury activities and 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. 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 Council's investments are disclosed in Note x. There are no interest rate options or interest rate swap agreements in place at 30 June 2016 (2015: 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 Council's financial exposures at the balance date.

Interest Rate Risk	2014/2015 Actual (\$000)		2015/2016 Actual (\$000)	
	+100bps	-100bps	+100bps	-100bps
Cash and Cash Equivalents	(\$90)	\$90	(\$150)	\$150
Borrowings	-	-	-	-

Explanation of Sensitivity Analysis

Cash and cash equivalents include short-term deposits at call totalling \$15.0 million (2015: \$9.0 million) which are at floating rates. A movement in interest rates of plus or minus 1.0 percent has an effect on interest income of \$150,210 (2015: \$89,970).

Council has a bank advance facility of \$5.0 million. This can be drawn down on when required. At 30 June 2016, the loan facility was not used. Therefore, there is no interest rate risk (2015: Nil). 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 so 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 Council causing Council to incur a loss.

SDC has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances and company bonds.

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 Council incurs credit risk with both general and rates debtors. 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.

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

	Note	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Cash and Cash Equivalents	12	9,658	13,710
Trade and Other Receivables	13	10,825	8,291
Other Financial Assets (excluding shares in companies)	15	1,302	2,512
Total Credit Risk		21,785	24,513

	Note	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Cash at Bank and Term Deposits			
AA-	12	9,658	13,710
Total Cash at Bank and Term Deposits		9,658	13,710
Other Financial Assets			
AA-	15	1,000	1,500
Total Financial Assets		1,000	1,500

- **Liquidity Risk**

Liquidity risk is the risk that 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 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 Year	2 - 5 Years	Total 2016
Financial Assets					
Cash and Cash Equivalents	12	13,710	-	-	13,710
Trade and Other Receivables	13	8,291	-	-	8,291
Other Financial Assets (excluding shares in companies)	15	1,500	-	-	1,500
Financial Liabilities					
Trade and Other Payables	19	7,129	-	-	7,129
Borrowings	22	-	-	-	-

	Note	Less than 1 Year	1 Year	2 - 5 Years	Total 2015
Financial Assets					
Cash and Cash Equivalents	12	9,658	-	-	9,658
Trade and Other Receivables	13	10,825	-	-	10,825
Other Financial Assets (excluding shares in companies)	15	1,000	-	-	1,000
Financial Liabilities					
Trade and Other Payables	19	7,286	-	-	7,286
Borrowings	22	6	-	-	6

27. Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect Council would have adopted in dealing with the party at arm's length in the same circumstances.

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

Venture Southland	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Funding provided by SDC	1,769	1,789
Services provided by SDC	215	228
Accounts payable to SDC	234	368
Accounts receivable from SDC	6	4

Key Management Personnel	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Councillors	\$432	\$448
Remuneration	13	13
Full-time equivalent members		
<i>Executive Leadership Team, including the Chief Executive</i>		
Remuneration	\$1,067	\$1,367
Full-time equivalent members	5.6	7.3
Total Key Management Personnel Compensation	\$1,499	\$1,815
Total Full-time equivalent personnel	18.6	20.3

Key management personnel include the Mayor, Councillors, Chief Executive, Group Manager Environmental Services, Group Manager Services and Assets, Group Manager Community and Futures, Chief Financial Officer, Chief Information Officer, People and Capability Manager and Group Manager Customer Support.

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

28. Events after balance date

There were no significant events subsequent to balance date.

29. Statement of contingencies

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

Contingent liabilities as at 30 June 2016 total \$1.07 million (2015: \$2.06 million). Specific details are as follows:

(a) Guarantees

There are no guarantees at 30 June 2016 (2015: 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 liabilities to Council of \$955,000 (\$1.88 million). These potential claims have been brought to the SDC insurer's attention.

(c) Weather-tight Homes claims

The Weather-tight Homes Resolution Services (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 2016 (2015: 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 SDC's insurance policies.

(d) Council Mutual Insurance Fund - Riskpool

Council withdrew as a member of a mutual liability fund, Riskpool, as at 30 June 2015. This organisation was established in 1997 to provide councils with commercial insurance options for risk issues facing them. Over the past few years, as a result of the number of claims facing local authorities on the weather-tightness of homes, the fund has been required to be topped up by members by way of a number of calls. As Council was a member from 1 July 2000 to 30 June 2015 Council is liable for any calls for funds relating to these years. The fund currently has reinsurance from 1 July 2013. However, it is expected that there will not be any further calls in the future.

(e) Emission Trading Scheme

Council owns approximately 1,513 hectares of forest, of which 1,384 hectares are pre-1990 land under the Emissions Trading Scheme. As at 30 June 2016 46.0 (2015: 78.0) hectares of forest were harvested and unplanted. Should this land not be replanted, a de-forestation penalty would be incurred. At the balance date, this liability would amount to \$143,469 (2015: \$181,186). All 46.0 hectares of forest will be replanted by the end of August 2016.

(f) Closed landfill sites

Council has a number of closed landfill sites. Council recognises that some of these may require a resource consent, and additional work may be required to meet the requirements of any consent. At balance date, the requirements have not been established by ES.

Council currently has a provision in relation to landfill post-closure costs that were identified in 2005, and details are included in Note 23 to these financial statements.

(g) Joint venture

Venture Southland has no contingent liabilities as at 30 June 2016 (2015: Nil).

Contingent assets

There were no contingent assets as at 30 June 2016 (2015: Nil).

(a) Joint venture

Venture Southland does not have any contingent assets as at 30 June 2016 (2015: Nil).

30. Capital commitments and operating leases

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

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Capital commitments		
Commitments for capital expenditure contracted, but not provided for		
Property	81	938
Water System	37	-
Sewerage System	444	115
Roading	8,287	9,297
	8,849	10,350
Operating commitments		
Commitments for non-cancellable operating leases and other operating commitments		
Not later than one year	5,495	14,387
Later than one year and not later than two years	4,821	2,478
Later than two years and not later than five years	4,858	2,473
Later than five years	3	-
	15,177	19,338
Other commitments		
Iwi funding	39	39
Regional Heritage	458	458

	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
	497	497

Council has agreed to fund other commitments in the 2016/2017 financial year of \$2.44 million (2015: \$3.51 million), subject to certain criteria being met.

(a) Joint venture

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 2016. In particular, these relate to the self-funded projects financed from the Community Trust or funding for events. Where the funding had conditions attached to it, the funding is recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. The funding is included in income received in advance until the specific conditions are met.

Venture Southland	2014/2015 Actual (\$000)	2015/2016 Actual (\$000)
Capital commitments		
Commitments for capital expenditure contracted, but not provide for	-	-
	-	-
Operating commitments		
Commitments for non-cancellable operating leases and other operating commitments		
Not later than one year	128	174
Later than one year and not later than two years	251	192
Later than two years and not later than five years	30	24
	409	390

31. Severance payments

For the year ended 30 June 2016, the Council made three (2015: \$Nil) severance payments to employees totalling \$131,534 (2015: \$Nil). The value of each of the severance payments was \$38,481, \$41,961 and \$51,092.

32. Capital management

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

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

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

Council has the following Council-created reserves:

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

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

General reserves are built up typically from specific events (i.e. an asset sale) and are made available for specific unforeseen events or major projects. The release of these funds can generally only be approved by Council.

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

33. Explanation of major variances against budget

	Note	2015/2016 Actual (\$000)
Revenue (excluding asset development revenue)	(a)	(2,353)
Asset Development Revenue		
- Vested Assets	(b)	-
- Development and Financial Contributions	(b)	(80)
Expenditure	(c)	1,350

	Note	2015/2016 Actual (\$000)
Net impact of variance on surplus(deficit)		(1,083)
Revaluation surplus	(d)	(19,405)
Total variance in Statement of comprehensive revenue and expense		(20,487)

Explanatory Notes

Statement of comprehensive revenue and expense

(a) Revenue

Statement of Comprehensive Revenue and Expense

Overall revenue was \$2.4 million less than budgeted mainly due to:

\$3.0 million less capital and operating grants from NZTA due to due to lower bitumen prices and the deferral of the sealing of the Catlins Road and delay in the Mararoa Road bridge renewal project.

\$1.8 million less grants and subsidies received than budgeted, predominantly associated with the AMCT.

Offset by:

\$1.4 million additional other revenue primarily due to increased forestry harvesting being undertaken, resulting in forestry sales which exceeded budget.

\$1.2 million additional other gains/(losses) due to the increase in the forestry valuation being higher than anticipated.

(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

There were no vested assets received during the year, which is as budgeted

Development and financial contributions

Development and financial contributions are contributions paid to 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 less than anticipated and therefore related revenue is \$0.08 million lower than budgeted.

(c) **Expense**

Overall operating expenditure was \$1.4 million less than budgeted primarily due to:

\$1.4 million less depreciation and amortisation, primarily as a result of the actual roading valuation being significantly less than budget. Lower than anticipated bitumen prices were a contributing factor to this variance.

(d) **Revaluation surplus**

Overall revaluation surplus was \$19.4 million less than budgeted due to:

In developing the budget, assumptions were made on the programmed capital works and expected market conditions to establish the budgeted revaluation of property, plant and equipment. Current market conditions and cost changes have been built into the revaluation which has seen actual increases significantly less than those budgeted (\$20.7 million).

This was partially offset by the unbudgeted revaluation of Emission Trading Units (ETUs) of \$1.3 million.

Statement of changes in equity

Changes in equity are reflected in the variance analysis of the statement of comprehensive revenue and expense above.

Statement of financial position

Property, plant and equipment is \$85.1 million lower than budgeted, predominantly as a result of the lower-than-budgeted revaluation of infrastructural assets and less capital works completed than anticipated.

34. Adjustments to the comparative year and budgets

Council has made a classification adjustment to its comparative year financial statements for the year ended 30 June 2016. This resulted in a reclassification of \$1.2 million from employee benefit expenses to other council expenditure for the 2014/2015 year.

Council has made a classification adjustment to its current year budgeted financial statements for the year ended 30 June 2016. This resulted in a reclassification of \$1.5 million from grants and subsidies revenue to other revenue for the 2015/2016 year.

35. Schedule of financial reserves

Restricted reserves

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
District Reserves								
	Holding	SDC - Officers Association	District Support	Held on behalf of SDC Officer's Association	1	-	-	1
	Assets & Services	Waste Minimisation	Solid Waste Management	Waste Minimisation reserve	158	134	(137)	154
	Environment & Community	Dog and Animal Control	Animal Control	Residual funds from Dog and Animal Control Activity	288	9	(53)	244
	John Beange	John Beange	Community Assistance	Funding available in Edendale and Wyndham Area	39	-	(3)	36
	Sthld Joint Mayoral Fund	Sthld Joint Mayoral Fund	Community Assistance	Residual Funds from Southland Flood Relief	165	3	-	168
	Allocation Committee	Com Development Fund	Community Assistance	Development of Community Facilities, Recreational Opportunities and events	239	8	(11)	236
	Allocation Committee	Contributions and Levies	Community Assistance	Raised through the District Plan be used to remedy, mitigate or offset adverse effects arising from, and in consequence of, or in association with any development	359	11	(100)	270
	Allocation Committee	Creative NZ	Community Assistance	Support local communities to create diverse opportunities for accessing and participating in arts activities with their specific geographical area, as well as defined communities of interest	2	4	-	7
	Allocation Committee	SPARC	Community Assistance	To subsidise travel costs for people 5-19 years of age participating in regular sporting competition	-	1	-	2
	Allocation Committee	Meridian Contribution	Community Assistance	Support Northern Southland community initiatives by way of grants	329	11	(16)	325
	Allocation Committee	Ohai Railway Board	Community Assistance	Support Ohai community initiatives by way of grants	1,832	-	(5)	1,828
	Allocation Committee	Ohai/Nightcaps Doc	Community Assistance	Medical services within Ohai and Nightcaps, including local ambulance	38	1	(4)	36
	Allocation Committee	District Heritage Grant	Community Assistance	Support the heritage in the district area.	36	1	(3)	34
	Allocation Committee	Fonterra Res Contribution	Community Assistance	Support to the Te Tipua community initiatives by way of grants	275	10	-	284
	Allocation Committee	Stewart Island Visitor Levy	Community Assistance	Stewart Island Visitor Levy funds	30	54	-	83
	Specific	ECNZ - Projects	District Support	Funds available for future projects in accordance with ECNZ requirements	21	-	-	21
Total Restricted District Reserves					3,812	247	(332)	3,730

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
Local Reserves								
	Wallacetown	Cemetery Bequest	Cemetery	Wallacetown Cemetery	70	3	(1)	71
Total Restricted Local Reserves Wallacetown					70	3	(1)	71
	Winton	Birthing Centre	Community Facilities	Winton Birthing Centre	-	3	-	3
	Winton	Medical Centre Equip	Community Facilities	Winton Medical Centre	37	1	-	38
Total Restricted Local Reserves Winton					37	4	-	41
Total Restricted Local Reserves					107	7	(1)	113
Total Restricted Reserves					3,919	254	(333)	3,843

Council created – General

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
District Reserves								
	Council	Global	District Support	General Reserve	3,041	-	(2,137)	904
	Council	District Operations	District Support	General Reserve	1,009	1,150	(1,167)	992
	Council	Sale of South Road Res	District Support	Offset Rates	10,596	-	(1,164)	9,432
Total Council Created General District Reserves					14,646	1,150	(4,468)	11,328
Total Council Created -General Reserves					14,646	1,150	(4,468)	11,328

Council created – Special

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
District Reserves								
	Asset & Services	Community Housing	Community Housing	Operational reserve for community housing	105	100	(66)	138
	Asset & Services	Community Task Force	Community Assistance	Operational reserve for community task force	45	-	(19)	26
	Asset & Services	Forestry Council Reserve	Forestry	Residual funds from forestry activities	982	1,611	-	2,593
	Asset & Services	Forestry Reserve	Forestry	Residual funds from forestry activities	503	2,199	(2,602)	100
	Asset & Services	Gravel Reserves	Roads and Footpath	Ensure Council has sufficient funds available for reinstatement of Council's pits	448	65	(35)	478
	Asset & Services	Depreciation Motor Vehicle	Various	Fund Motor Vehicle Fleet Replacements	363	283	(133)	513

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
	Asset & Services	Depreciation Buildings	Various	Fund Building Replacements	-	64	(52)	12
	Asset & Services	Depreciation IT	Various	Fund IT Replacements	-	205	(185)	20
	Asset & Services	Depreciation Matuku	Water Supply	Fund Matuku Water Scheme Replacements	-	1	-	1
	Asset & Services	Depreciation Public Conveniences	Various	Fund Public Conveniences Replacements	-	56	(54)	2
	Asset & Services	Depreciation Te Anau Rural Water	Water Supply	Fund Te Anau Rural Water Scheme Replacements	-	22	(9)	13
	Asset & Services	Depreciation Waste Management	Waste management	Fund Waste Management Replacements	-	17	(14)	3
	Asset & Services	Depreciation Wheelie Bin	Waste management	Fund Wheelie Bin Replacements	-	25	(20)	5
	Asset & Services	Property Development	Various	Balancing fund for sales and operational building expenditure	566	73	(27)	612
	Asset & Services	Proposed Wastewater	Wastewater	Operational account for proposed Wastewater	485	-	-	485
	Asset & Services	Proposed Water	Water Supply	Operational account for proposed water	540	-	-	540
	Asset & Services	Roading	Roads and Footpath	Rate smoothing reserve	(2,260)	2,319	(10)	50
	Asset & Services	Road Safety Community	Roads and Footpath	Funding accrued from programmes not completed by year end	(4)	7	-	3
	Asset & Services	Waste Management	Solid Waste Management	General waste reserve	31	16	(30)	16
	Asset & Services	Water Schemes	Water Supply	Development for water schemes	798	24	(246)	576
	Asset & Services	District Wastewater	Wastewater	Development for Wastewater schemes	23	164	(23)	164
	Asset & Services	District Stormwater	Stormwater	Stormwater Investigations	-	7	-	7
	Asset & Services	District Water	Water	Development for Water schemes	-	181	-	181
	Asset & Services	Wastewater Contribution	Wastewater	Development for building Wastewater	6	-	-	6
Total Council Created - Special Reserves Assets & Services					2,631	7,438	(3,526)	6,542
	Chief Exec	SDC/DOC Joint Project	District Support	Residual funds from past joint projects for future projects	61	-	-	61
	Chief Exec	Around the Mountains	Roading and Transport	Around the Mountains Cycle Trail	(2,142)	-	(1,718)	(3,861)
Total Council Created - Special Reserves Chief Exec					(2,081)	-	(1,718)	(3,800)
	Policy and Community	Waimumu Field Day	Corporate Support	Fund Council's Field Day every three years	9	-	(9)	-
	Policy and Community	Community Outcomes	Strategy and Communication	Contribute Southland Regional Development Strategy	46	37	-	83

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
	Policy and Community	Elections	Representation and Advocacy	Fund Council's election costs every three years	22	-	-	22
Total Council Created - Special Reserves Policy and Community					77	38	(9)	105
	Development and Financial	Parks Contribution	Parks and Reserves	Contribution to capital activity - Parks and Reserves	123	4	-	127
	Development and Financial	Roading Contribution	Roading and Transport	Contribution to capital activity - Roothing and transport	267	17	-	285
	Development and Financial	Wastewater Contribution	Wastewater	Contribution to capital activity - Wastewater	370	13	-	382
	Development and Financial	Water Contribution	Water Supply	Contribution to capital activity - Water	96	3	-	99
Total Council Created - Special Reserves Development and Financial Contributions					856	38	-	892
	Environment & Community	Alcohol Licensing	Environmental Health	Residual funds from Alcohol Licensing	45	9	-	54
	Environment & Community	Health Licensing	Environmental Health	Residual funds from Health Licensing	1	-	(19)	(18)
	Environment & Community	Corporate Uniforms	District Support	Staff uniform subsidies	20	4	-	24
Total Council Created - Special Reserves Environment & Community					66	13	(19)	60
	Holding	Milford Flood Protect	Corporate Support	Residual funds from Milford Flood Protection	45	-	-	45
	Holding	International Relationship	Community Assistance	Residual funds from International Relationship activities	28	4	-	32
	Holding	Stewart Island Heritage Building	Community Assistance	Set up for new Heritage Building	8	-	-	8
Council Created - Special Reserves Holding					81	4	-	85
	Specific	Biodiversity Initiative	Community Assistance	Funds set aside for future biodiversity initiatives	21	-	-	21
	Specific	Disaster Recovery	Community Assistance	Funds set aside in case of disaster in accordance with insurance requirements	1,409	-	-	1,409
	Specific	Tuatapere (Clifden Bridge)	Various	Residual funds from Tuatapere project in 2000, to be used for community projects at Council's discretion	19	-	-	19
Council Created - Special Reserves Specific Reserves					1,449	-	-	1,449
Total Council Created -Special District Reserves					3,079	7,531	(5,272)	5,334

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
Local Reserves								
	Athol	General	Various	Athol General Purpose	32	6	-	37
	Athol	Community Centres	Community Centres	Athol Hall	4	-	(1)	3
Council Created - Special Reserves Athol					36	6	(1)	41
	Balfour	Community Centres	Community Centres	Balfour Hall	-	2	(2)	-
	Balfour	General	Various	Balfour General Purpose	85	11	-	96
Council Created - Special Reserves Balfour					85	13	(2)	96
	Browns	Community Centres	Community Facilities	Balfour Hall	8	-	(8)	-
	Browns	General	Various	Balfour General Purpose	46	2	(6)	42
Council Created - Special Reserves Browns					54	2	(14)	42
	Brydone	Community Centres	Community Facilities	Brydone Hall	(1)	-	-	(1)
Council Created - Special Reserves Brydone					(1)	-	-	(1)
	Clifden	Community Centres	Community Facilities	Clifden Hall	21	2	-	24
	Clifden	Rec Reserve Committee	Parks and Reserves	Clifden Reserves	30	7	-	37
Council Created - Special Reserves Clifden					51	9	-	61
	Colac Bay	Community Centres	Community Facilities	Colac Bay Hall	9	-	(2)	7
	Colac Bay	General	Various	Colac Bay General Purpose	44	5	(20)	29
Council Created - Special Reserves Colac Bay					53	5	(22)	36
	Dipton	Cemetery	Cemetery	Dipton Cemetery	11	1	-	12
	Dipton	General	Various	Dipton General Purpose	49	4	(1)	52
	Dipton	Stormwater	Stormwater	Dipton Stormwater	19	1	-	20
	Dipton	Community Centres	Community Facilities	Dipton Hall	16	4	-	20
Council Created - Special Reserves Dipton					95	10	(1)	104
	Drummond	General	Various	Drummond General Purpose	8	-	-	8
	Drummond	Rec Reserve Committee	Parks and Reserves	Drummond Reserves	8	2	-	10
Council Created - Special Reserves Drummond					16	2	-	18
	Edendale	Cemetery	Various	Edendale Cemetery	17	-	(3)	14
	Edendale	Community Centre	Community Facilities	Edendale Hall	101	83	(57)	127

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
	Edendale	Grant Hall Upgrade	Community Facilities	Edendale Hall Upgrade	172	40	(79)	133
	Edendale	Pool	Various	Edendale Pool	1	-	(1)	-
	Edendale-Wyndham	Footpaths	Various	Footpaths	17	1	-	18
	Edendale-Wyndham	General	Various	General Purpose	74	36	(7)	103
	Edendale-Wyndham	Stormwater	Stormwater	Stormwater	349	12	-	361
	Wyndham	Community Centre	Community Facilities	Wyndham Community Centre	2	-	-	2
Council Created - Special Reserves Edendale-Wyndham					733	173	(147)	758
	Five Rivers	Community Centre	Community Facilities	Five Rivers Hall	11	1	-	12
Council Created - Special Reserves Five Rivers					11	1	-	12
	Fortrose	Community Centre	Community Facilities	Fortrose Hall	2	1	-	3
Council Created - Special Reserves Fortrose					2	1	-	3
	Garston	Special Projects	Various	Garston General Purpose	14	5	-	19
Council Created - Special Reserves Garston					14	5	-	19
	Gorge Road	Gorge Road General	Various	Gorge Road General Purpose	23	6	-	29
Council Created - Special Reserves Gorge Road					23	6	-	29
	Hokonui	Community Centre	Community Facilities	Hokonui Community Centre	5	1	-	6
Council Created - Special Reserves Hokonui					5	1	-	6
	Limehills	Hall Improvement	Community Facilities	Limehills Hall	8	1	-	9
	Limehills	General	Various	Limehills General Purpose	16	-	(7)	9
	Limehills	Stormwater	Stormwater	Limehills Stormwater	54	5	-	59
Council Created - Special Reserves Limehills					78	6	(7)	77
	Longbush	Community Centre	Community Facilities	Longbush Community Centre	3	-	-	3
Council Created - Special Reserves Longbush					3	-	-	3
	Lumsden	Footpaths	Roading and Footpaths	Lumsden Footpaths	28	13	-	40
	Lumsden	General	Various	Lumsden General Purpose	129	7	(20)	116
	Lumsden	Property Sales	Various	Lumsden General Purpose	5	0	-	5
	Lumsden	Stormwater	Stormwater	Lumsden Stormwater	91	2	-	93
	Lumsden	Community Centre	Community Facilities	Lumsden Community Centre	22	-	(20)	2
Council Created - Special Reserves Lumsden					275	24	(41)	257

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
	Manapouri	Frasers Beach	Parks and Reserves	Frasers Beach Reserve	80	3	(2)	81
	Manapouri	General	Various	Manapouri General Purpose	85	26	(2)	109
	Manapouri	Community Centre	Community Facilities	Manapouri Community Centre	8	10	-	18
	Manapouri	Swimming Pool Area	Parks and Reserves	Manapouri Pool	7	3	-	10
Council Created - Special Reserves Manapouri					180	41	(4)	218
	Mararoa/Waimea Ward	Mararoa/Waimea Ward	Various	Mararoa/Waimea Ward	612	18	(285)	345
Council Created - Special Reserves Mararoa/Waimea Ward					612	18	(285)	345
	Mataura Island	Community Centre	Community Facilities	Mataura Island Community Centre	4	-	-	4
Council Created - Special Reserves Mataura Island					4	-	-	4
	Matuku	Rural WS General	Water Supply	Matuku Water	3	3	-	6
Council Created - Special Reserves Matuku					3	3	-	6
	Menzies Ferry	Community Centre	Community Facilities	Menzies Ferry Community Centre	1	-	-	1
Council Created - Special Reserves Menzies Ferry					1	-	-	1
	Mokoreta/Redan	Community Centre	Community Facilities	Mokoreta/Redan Community Centre	9	-	(2)	7
Council Created - Special Reserves Mokoreta/Redan					9	-	(2)	7
	Mossburn	General	Various	Mossburn General Purpose	129	9	(38)	100
	Mossburn	Community Centre	Community Facilities	Mossburn Community Centre	4	-	(4)	-
Council Created - Special Reserves Mossburn					133	9	(42)	100
	Nightcaps	McGregor Park	Parks and Reserves	Nightcaps McGregor Park	85	20	(10)	96
	Nightcaps	Community Centre	Community Facilities	Nightcaps Community Centre	3	-	-	3
	Nightcaps	General	Various	Nightcaps General Purpose	49	7	(40)	15
Council Created - Special Reserves Nightcaps					137	28	50	114
	Ohai	Community Centre	Community Facilities	Ohai Community Centre	6	-	-	6
	Ohai	General	Various	Ohai General Purpose	122	6	(5)	123
	Ohai	Stormwater	Stormwater	Ohai Stormwater	136	6	-	142
Council Created - Special Reserves Ohai					264	12	(4)	271
	Orawia	Community Centre	Community Facilities	Orawia Community Centre	16	3	-	19

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
Council Created - Special Reserves Orawia					16	3	-	19
	Orepuki	General	Various	Orepuki General Purpose	22	6	-	28
	Orepuki	Community Centre	Community Facilities	Orepuki Community Centre	7	4	(4)	7
Council Created - Special Reserves Orepuki					29	10	(4)	35
	Oreti	Community Centre	Community Facilities	Oreti Community Centre	9	5	-	14
Council Created - Special Reserves Oreti					9	5	-	14
	Otapiri/Lora	Community Centre	Community Facilities	Otapiri/Lora Community Centre	16	8	-	24
Council Created - Special Reserves Otapiri/Lora					16	8	-	24
	Otautau	Baths	Community Facilities	Otautau Pool	44	10	-	54
	Otautau	Brightwood Develop Co	Community Facilities	Otautau Financial Contribution	15	-	-	15
	Otautau	CB Conference	Community Facilities	Community board conference	8	-	(2)	6
	Otautau	Forestry	Forestry	Holt Park Forestry	176	5	(16)	165
	Otautau	General	Community Facilities	Otautau General Purpose	128	18	(43)	103
	Otautau	Bowling Club	Community Facilities	Bowling Club	-	1	-	1
	Otautau	Stormwater	Stormwater	Otautau Stormwater	167	30	-	197
	Otautau	Community Centre	Community Facilities	Otautau Community Centre	9	8	-	17
Council Created - Special Reserves Otautau					547	73	(61)	558
	Riversdale	Fire Bore	Various	Riversdale General Purpose	5	-	-	5
	Riversdale	General	Various	Riversdale General Purpose	87	11	(13)	86
Council Created - Special Reserves Riversdale					92	11	(13)	91
	Riverton	Cemetery Maintenance	Cemetery	Riverton Cemeteries	32	1	-	33
	Riverton	Doc Profits Lib Sale	Various	Riverton Projects	58	2	-	60
	Riverton	General	Various	Riverton General Purpose	280	63	(34)	309
	Riverton	Riverton Harbour General	Community Facilities	Riverton Harbour	89	3	(1)	91
	Riverton	Parks & Res Develop	Parks and Reserves	Riverton Parks and Reserves	21	1	-	22
	Riverton	Property Sales	Various	Riverton General Purpose	292	10	(8)	293
	Riverton	War Memorial	Parks and Reserves	Riverton War Memorial	7	1	-	8
	Riverton	Taramea Bay/Rocks Development	Community Facilities	Taramea Cay Foreshore	84	2	(47)	39

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
	Riverton	Tareama Howells Point	Community Facilities	Tareama Howells Point	8	4	-	12
Council Created - Special Reserves Riverton					871	88	(90)	868
	Ryal Bush	Community Centre	Community Facilities	Ryal Bush Community Centre	9	-	(9)	-
Council Created - Special Reserves Ryal Bush					9	-	(9)	-
	SIESA	Operations	SIESA	SIESA Operations	494	-	-	494
Council Created - Special Reserves SIESA					494	-	-	494
	Stewart Island	General	Various	Stewart Island General Purpose	159	64	(52)	171
	Stewart Island	Waste Management	Various	Stewart Island General Purpose	18	1	-	19
	Stewart Island	Jetties	Various	Stewart Island Jetties	22	95	-	117
Council Created - Special Reserves Stewart Island					199	159	(52)	307
	Te Anau	Te Anau Carpark Res	Various	Te Anau General Purpose	23	-	-	23
	Te Anau	Cemetery Improvements	Cemeteries	Te Anau Cemetery	1	-	-	1
	Te Anau	General	Various	Te Anau General Purpose	387	192	(125)	454
	Te Anau	Luxmore	Various	Luxmore Subdivision	983	37	-	1,020
	Te Anau	Manapouri Airport	Te Anau Manapouri Airports	Te Anau Manapouri Airports	16	14	-	30
	Te Anau	Rural WS General	Water Supply	Te Anau Water	2	97	(2)	97
	Te Anau	Stormwater	Various	Te Anau General Purpose	421	26	(5)	442
	Te Anau	Sandy Brown Loan	Loan	Loan to Ratepayers	(16)	2	-	(14)
Council Created - Special Reserves Te Anau					1,817	368	132	2,053
	Thornbury	Community Centre	Community Facilities	Thornbury Community Centre	2	2	-	4
	Thornbury	General	Various	Thornbury General Purpose	17	5	-	22
Council Created - Special Reserves Thornbury					19	7	-	26
	Tokanui	General	Various	Tokanui General Purpose	37	9	-	46
	Tokanui	Community Centre	Community Facilities	Tokanui Community Centre	6	-	(4)	2
Council Created - Special Reserves Tokanui					43	9	(4)	48
	Tuatapere	Water Meridian Contract	Various	Tuatapere General Purpose	6	1	-	7
	Tuatapere	Community Centre	Community Facilities	Tuatapere Community Centre	27	-	(10)	17
	Tuatapere	General	Various	Tuatapere General Purpose	199	19	(10)	208
	Tuatapere	Property	Various	Tuatapere General Purpose	3	-	-	3

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
	Tuatapere	Waiau River Collection	Various	Tuatapere Waiau River	1	-	-	1
Council Created - Special Reserves Tuatapere					236	20	(20)	235
	Tussock Creek	Community Centre	Community Facilities	Tussock Creek Community Centre	1	-	(1)	-
Council Created - Special Reserves Tussock Creek					1	-	(1)	-
	Waianiwa	Community Centre	Community Facilities	Waianiwa Community Centres	8	3	-	11
Council Created - Special Reserves Waianiwa					8	3	-	11
	Waiau/Aparima Ward	Arboretum Reserve	Various	Arboretum Reserve	20	-	(7)	13
	Waiau/Aparima Ward	Wairio Cemetery	Cemeteries	Wairio Cemetery	49	4	-	53
	Waiau/Aparima Ward	Wairio Town General	Various	Wairio General Purpose	5	-	-	5
	Waiau/Aparima Ward	Wairio Reserve	Various	Wairio Reserve	6	1	-	7
	Waiau/Aparima Ward	Takitimu Reserve	Various	Takitimu Reserve	28	1	-	29
	Waiau/Aparima Ward	Tuatapere Ward Pool	Various	Tuatapere Ward Pools	13	-	(5)	8
	Waiau/Aparima Ward	Cosy Nook	Various	Cosy Nook General Purpose	7	4	-	11
	Waiau/Aparima Ward	Hirstfield Reserve	Various	Hirstfield Reserve General Purpose	11	-	-	11
	Waiau/Aparima Ward	Waiau/Aparima Ward	Various	Waiau/Aparima Ward	283	17	(24)	276
	Waiau/Aparima Ward	Calcium Cemetery	Cemeteries	Calcium Cemetery	14	6	-	20
Council Created - Special Reserves Waiau/Aparima Ward					436	33	(37)	432
	Waihopai/Toetoes Ward	Waihopai/Toetoes Ward	Various	Waihopai/Toetoes Ward	250	16	(20)	246
Council Created - Special Reserves Waihopai Toetoes Ward					250	16	(20)	246
	Waikaia	Dickson Park	Parks and Reserves	Waikaia General Purpose	10	3	-	13
	Waikaia	Drain Filing	Stormwater	Waikaia Stormwater	-	-	-	-
	Waikaia	General	Various	Waikaia General Purpose	165	6	(76)	95
	Waikaia	Museum Donations	Community Facilities	Waikaia Museum	21	2	(21)	2
	Waikaia	Refuse Removal	Solid Waste Management	Waikaia General Purpose	8	1	-	9
	Waikaia	Stormwater	Stormwater	Waikaia Stormwater	79	13	-	92
Council Created - Special Reserves Waikaia					283	24	(97)	211
	Waikawa/Niagara	Community Centre	Community Facilities	Waikawa/Niagara Community Centres	14	1	-	15
Council Created - Special Reserves Waikawa/Niagara					14	1	-	15
	Waitane Glencoe	Res Reserve Committee	Parks and Reserves	Waitane Glencoe Reserves	1	-	-	1

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2015 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2016 (\$000)
Council Created - Special Reserves Waitane Glencoe					1	-	-	1
	Wallacetown	General	Various	Wallacetown General Purpose	215	17	(32)	200
	Wallacetown	Stormwater	Stormwater	Wallacetown General Purpose	11	29	-	40
Council Created - Special Reserves Wallacetown Ward					226	46	(32)	240
	Winton	Community Centre	Community Facilities	Winton Community Centres	8	136	(5)	139
	Winton	General	Various	Winton General Purpose	285	24	(37)	272
	Winton	Medical Centre General	Community Facilities	Winton Medical Centre	33	21	-	54
	Winton	Multi Sports	Parks and Reserves	Winton Sports Complex	5	-	-	5
	Winton	Property Sales	Various	Winton General Purpose	1,006	42	(335)	713
	Winton	Res Capital Development	Various	Winton General Purpose	185	7	-	192
	Winton	Stormwater	Stormwater	Winton Stormwater	145	12	(24)	133
Council Created - Special Reserves Winton					1,667	242	(402)	1,507
	Winton/Wallacetown Ward	Winton/Wallacetown Ward	Various	Winton/Wallacetown Ward	491	17	(37)	471
Council Created - Special Reserves Winton/Wallacetown Ward					491	17	(37)	471
	Woodlands	General	Various	Woodlands General Purpose	121	9	(6)	124
	Woodlands	Septic Tank Rates	Wastewater	Woodlands Septic Tank Cleaning	10	-	-	10
Council Created - Special Reserves Woodlands					131	9	(6)	134
Total Council Created - Special Local Reserves					10,782	1,526	(1,641)	10,670
Total Council Created - Special Reserves					13,861	9,057	(6,914)	16,004
TOTAL RESERVE FUNDS					32,426	10,461	(11,715)	31,174

Other Information

Goods and Services Tax (GST)

Monetary amounts in this document are reported GST exclusive unless otherwise stated. When a GST-exclusive number is multiplied by 1.15 it gives the GST-inclusive amount. Where a number is reported as GST inclusive, divide it by 1.15 and it will give the GST-exclusive amount.

About the Council

Role of Council

Council works towards its vision in its plans, strategies and policies and also through the activities outlined in its 10 Year Plan. The purpose of Council is:

- To enable democratic local decision-making and action by and on behalf of communities
- To meet the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses.

To accomplish this, 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 10 Year Plan
- 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, wastewater 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 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 Council through the planning process
- Monitoring the performance of 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 Council to assist with conducting the business of Council. These are listed on page 159.

Community boards

The Council has eight Community Boards. Community Boards prepare local budgets, recommend local rates and exercise decision-making power on issues specifically delegated by 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

Throughout the District 19 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 Subcommittees

The Council has constituted seven Water Supply Subcommittees, 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 Council.

Youth Council

The Southland District Youth Council is made up of up to 12 secondary school-aged representatives from the six secondary schools, who live across the District and meet on a quarterly basis.

Hall Committees and Reserve Subcommittees

Council has a working relationship with all Community Centre, Hall Committees and Reserve Subcommittees. This relationship varies from operational to rates collection only.

Council committees

	Council Mayor and 12 Councillors	
Community Boards and Committees	Council Committees	Joint Committees
Edendale-Wyndham Otautau Stewart Island/Rakiura Riverton/Aparima Te Anau Tuatapere Wallacetown Winton	Activities Performance Audit Committee (APAC) Chair: Cr L Bailey Allocations Committee Chair: Cr J Douglas Executive Committee Chair: Mayor G Tong Forestry Committee Chair: Cr B Dillon Policy Review Committee Chair: Cr R Dobson Resource Management Committee Chair: Cr P Duffy International Relations Committee Chair: Cr B Ford Stewart Island/Rakiura Visitor Levy Committee Chair: Cr N Paterson Te Anau Wastewater Discharge Project Committee Chair: Mayor G Tong	Venture Southland Southland Civil Defence Emergency Management Group WasteNet Southland Regional Heritage Committee Southland Regional Land Transport Committee District Licensing Committee
Council Subcommittees		Council Controlled Organisations
Ohai Railway Fund Riverton Harbour Stewart Island Jetties Te Anau Airport Manapouri Scholarship and Bursaries Around the Mountains Cycle Trail Project		Milford Community Trust Southland Museum and Art Gallery Trust
Community Development Area Subcommittees	Youth Representation	Council Organisations
Athol, Balfour, Browns, Limehills/Centre Bush, Colac Bay, Dipton, Garston, Gorge Road, Lumsden, Manapouri, Mossburn, Nightcaps, Ohai, Orepuki, Riversdale, Thornbury, Tokanui, Waikaia and Woodlands	Southland District Youth Council	Southern Rural Fire Authority Milford Development Authority Limited Road Safety Southland Charitable Trust Southland Community Wastebusters Trust

Council operations

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

The Chief Executive is responsible for:

- Implementing the decisions of Council
- Providing advice to 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 Council effectively and efficiently
- Maintaining systems to enable effective planning and accurate reporting of the financial and service performance of Council
- Providing leadership for the staff of Council
- Employing staff (including negotiation of the terms of employment for the staff).

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

- People and Capability
- Environmental Services
- Customer Support
- Community and Futures
- Services and Assets
- Finance
- Information Management.

The Executive Leadership Team (comprising the Chief Executive, four Group Managers and the Chief Financial Officer, the Chief Information Officer and the People and Capability Manager) reviews all general organisation issues, providing a link between Council and staff.

For remuneration for the Mayor, Councillors and Chief Executive please refer to note 7 on page 115.

Organisational structure

Steve Ruru Chief Executive						
<i>Janet Ellis</i> People and Capability Manager	<i>Bruce Halligan</i> Group Manager Environmental Services	<i>Trudie Hurst</i> Group Manager Customer Support	<i>Rex Capil</i> Group Manager Community and Futures	<i>Ian Marshall</i> Group Manager Services and Assets	<i>Anne Robson</i> Chief Financial Officer	<i>Damon Campbell</i> Chief Information Officer
Health and Safety	Building Control	Customer Services	Communications	Cemeteries	Finance	Information Technology
Human Resources/ People and Capability	Dog and Animal Control	District Support	Community Development	Community Facilities		Knowledge Management
	Environmental Health	Library Services	Governance	Community Housing		Digital Assets
	Emergency Management		Grants and Donations	Forestry		
	Iwi Liaison		Strategy and Policy	Parks and Reserves		
	Liquor Licensing			Public Conveniences		
	Resource Management			Roading and Transport		
	Rural Fire			Rural Fire		
				Sewerage		
				Stormwater		
				Solid Waste Management		
				Stewart Island Electrical Supply Authority (SIESA)		
				Te Anau Airport Manapouri		
				Water Supply		
				Work Schemes		

Glossary

Activity: Goods or services provided by or on behalf of Council.

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).

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 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.

Assumptions: A statement that is used as the basis for making particular predictions that may or may not occur.

Capital costs: These include transactions that have an effect on the longer term (i.e. 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 longer term financial position of Council. Items include the raising of loan funds and transfers from reserve accounts.

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.

Community Board (CB): People elected to represent a specific community. CBs are elected every three years by postal vote.

Community Development Area Committee Subcommittee (CDA): People elected to represent a specific community. CDAs are elected three-yearly at public meetings.

Contract standards: The standards defined in specific contracts for service delivery by contractors.

Council Controlled Organisations (CCOs): Organisations in which one or more local authorities control 50 percent or more of the voting rights or appoint 50 percent 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.

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.

Design life: The period of time for which an asset is expected to perform its intended function.

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.

Equity: A financial term, also known as net worth. The total value of assets less total liabilities.

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.

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.

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.

Infrastructural assets: Infrastructural assets are utility service networks, i.e. water, wastewater, stormwater and roading. They also include associated assets such as pump stations, the treatment plant, streetlighting and bridges.

Investment policy: A document that states Council's policies in respect to investments.

Iwi: People or tribe.

Key performance indicators (KPIs): 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. The Council pays for capital expenditure projects each year instead of accumulating depreciation funding for replacements in the future.

NZTA: New Zealand Transport Agency.

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, NZTA 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.

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.

Regulatory role: Council has a regulatory role as it operates under and enforces a range of legislation.

Rehabilitation: Rebuilding of a road and restoring it to the original slope and natural drainage patterns.

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.

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.

Resources: These are the assets, staff and funds needed to contribute to the activities of Council including goods, services and policy advice.

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.

Scheme capital recovery: Payment towards capital project/expenditure (generally related to a water or wastewater scheme).

Service provider: Council provides services as required by law, e.g. wastewater, or by community mandate, e.g. parks.

Shared Services Forum: This is a collaborative arm of the four councils within 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 well-being of the District.

Significance and Engagement 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 well-being.

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.

SUIP (Separately Used or Inhabited Part): This includes any part of a rating unit separately occupied by the owner or any other person who has the right to occupy that part by virtue of a tenancy, lease, licence or other agreement. Examples of an SUIP are any residential building, or part thereof, which is separately inhabited, parts of a rating unit used for different reasons, a concession granted by DOC for private or commercial purposes which has a footprint on the land, land that has been subdivided for sale and does not yet qualify as a rating unit on the District valuation roll.

Survey - residents: The residents' survey involves approximately 3,000 questionnaires posted to residents in Southland and is 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 timings.

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.

Territorial authority: A city council or a district council.

The 10 Year Plan: The 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 10 Year Plan was introduced by the LGA 2002. The first 10 Year Plan was adopted in June 2004 as required by the LGA 2002.

Vested assets: Vested assets are the assets which are given to Council by developers at the completion of their development, such as roads, water and wastewater.