



Southland District Council
ANNUAL REPORT
2016/17

Cover photo: Macaela Hawkins
Ivon Wilson Scenic Reserve, Te Anau

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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 and Chief Executive

Welcome to Southland District Council's 2016/2017 Annual Report.

Council has ticked a lot of boxes and progressed a number of important projects in the past 12 months. While each piece of work we've carried out has presented its own unique challenges, we've asked ourselves the same question for every one of them.

That question is: is this the best way to prepare Southland District for the future?

Whether we are replacing asbestos pipes with new high-density polythene pipes in the Winton water mains, doing the groundwork to seal the Catlins Alternative Coastal Route road or getting up close and personal with residents in Community Conversations, our underlying objective is always to explore the best ways to prepare our District for what tomorrow might bring.

Here at Council we take our responsibility towards the many communities on our watch very seriously. Our primary concern is to get the best result representing the best value over the longest term possible to help ensure Southland District is in the right shape to meet the challenges we face now and the challenges yet to come.

These are coming in many forms: a declining, ageing population, a shrinking rating base, increasingly automated work systems, wear and tear on infrastructure, resource management demands, and legislative pressures...the list goes on.

But there are endless opportunities right in front of us too, with tourism, smarter use of technology and a diversified economy right up there among them.

Southland District Council is fully on board with the Southland Regional Development Strategy (SoRDS) Action Plan, which was launched with much fanfare in November 2016. This was Southland's moment to shine on the national stage, and together Southland demonstrated in emphatic style to the rest of the country the force of our collective will during a glittering event at Bill Richardson Transport World.

Government ministers Steven Joyce and Nathan Guy would have been in no doubt how determined Southland is as a region to defuse its demographic time bomb, its shrinking population.

Getting all four Southland councils to this moment was a triumph, but we should be under no illusions about the difficulties we face trying to progress to the next phase of the SoRDS Action Plan.

Philosophical differences are proving major sticking points as the four authorities try to negotiate an agreement on how we move forward with the strategy to have 10,000 more people living in Southland by 2025.

Despite these differences, we as a Council remain committed to the partnership-and-collaboration approach that we see as being critical to the future of not just our own District, but the region as a whole.

We must be the authors of our own destinies. If we sit back and wait for central government to prop up our region our voices will be lost in the noise coming from further north and as a region we will decline.

Together, we must be smarter, presenting a unified front, working together, combining resources, collaborating to find greater efficiencies, sharing a vision and a sense of purpose – these are our District's greatest strengths going forward, and Council is determined to lead the way.

We've focused a lot on health and safety within the organisation this year. Making sure our people get home to their loved ones safely each night is our primary concern. A new Health and Safety Governance Framework and a Health and Safety Plan for 2017/2018 were approved by the Finance and Audit committee at its meeting in June.

Not the least of the work we've been doing in the past 12 months is writing the Southland District Story, the narrative for Council's strategic framework for the future.

This work – carried out in-house by Council staff – forms the basis of our first rebrand since local government amalgamation in 1989. It will refocus our organisation on the crucial work ahead, as we partner closely with our communities to ensure they are fit to meet future challenges.

We're excited about the message it will send, and the opportunities ahead. Stay tuned for the big reveal.



Gary Tong
MAYOR



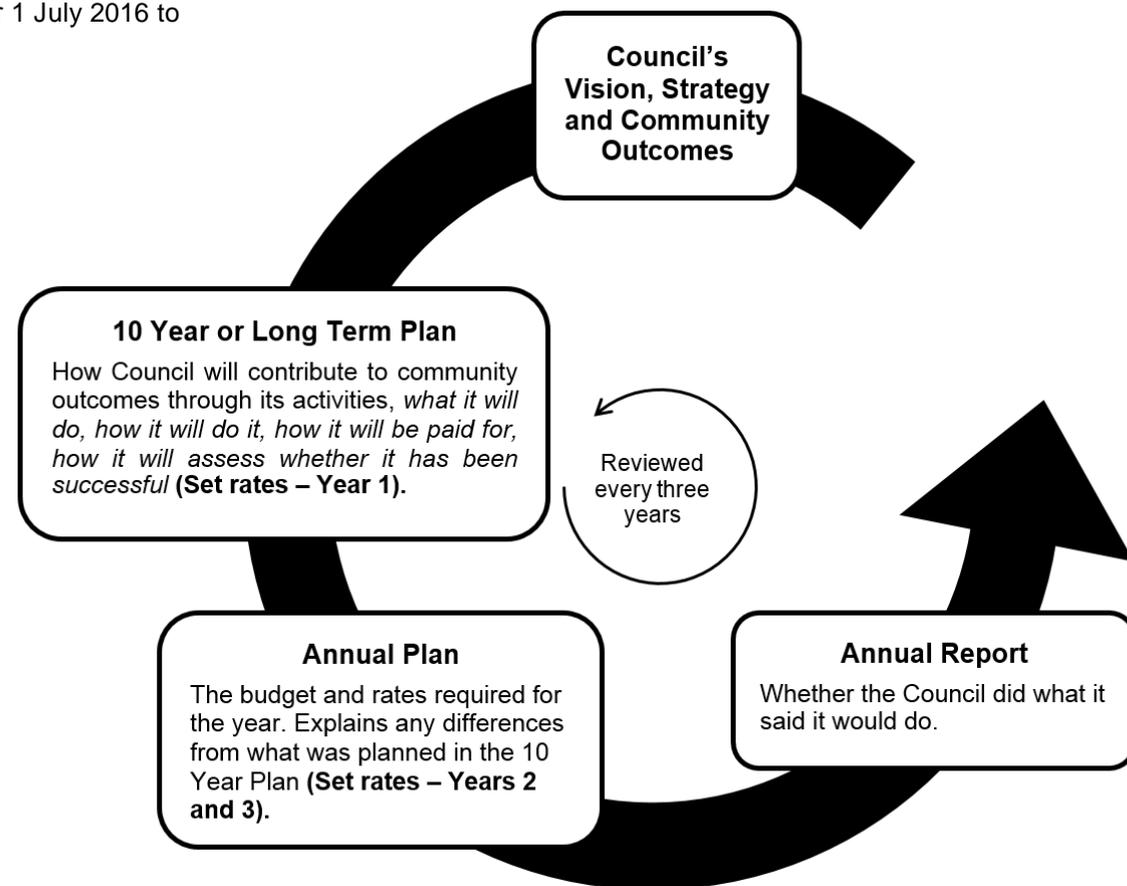
Steve Ruru
CHIEF EXECUTIVE

What is an Annual Report?

This Annual Report tells you and us how well we did against what we said we were going to do in the 10 Year Plan 2015-2025 and Annual Plan 2016/2017, how much it cost to do this and how we paid for it.

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

This document reports on the Council's activities during the year 1 July 2016 to 30 June 2017.



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

Key Highlights

Executive Summary

Sealing the Catlins Alternative Coastal Route

This is a major two year project which has two stages. Approximately \$900,000 was spent within the 2016/2017 year with the remaining budget scheduled to be spent within the 2017/2018 year.

Favourable winter weather enabled our contractors to make good progress on stage one of the project (Slope Point Road). Earthworks are near completion at the end of 2016/2017 with drainage and construction crews preparing the road for sealing in the 2017/2018 financial year.

Stage two of the project involves preparing 13.3km of the Otara-Curio Bay road and then the 4.2km Waipapa Point lighthouse road for sealing. There is a high level of enthusiasm and support from the local community for the \$9.5 million project.

Winton water mains upgrade

Stage two of the renewal of the water mains in Winton was completed in 2016/2017. This cost \$1 million and is part of a three-year upgrade programme. Old asbestos pipes were replaced with new high-density polythene pipes. The final stage involves replacing articulated piping around the northern parts of Winton. Council has budgeted \$1.1 million in the 2017/2018 year to do this.

The Southland District Story

Southland District Council staff worked on a rebranding project in 2016/2017. It incorporates a new logo, new vision and the development of a set of brand values which have been incorporated into the Southland District Story.

This is a significant step for Council, which has earned a reputation for being a solid and trusted custodian of Southland District's infrastructure since being formed in 1989.

The new brand will reflect Council's evolving community leadership role and its focus on preparing the District for the future.

All brand development work was carried out by Council staff at no extra cost to ratepayers.

Community Facilities

The Winton Memorial Hall upgrade was completed and officially opened in October 2016, 60 years after it was opened in 1956. The project involved seismic strengthening, better heating and lighting, plumbing and flooring improvements, new kitchen, bar and server, upgraded toilets and fresh paint. Public feedback to the refurbishment has been positive.

The Riverton Skate Park shelter got a new shelter in the shape of a paua shell. The project was initiated by the Southland District Youth Council and the shelter was opened during a community day in November 2016.

Around the Mountains Cycle Trail

Stage one from Kingston to Mossburn has now been open for three years and the section from Mossburn to Centre Hill is also complete.

Council considered options to finish the Around the Mountains Cycle Trail. One option is to temporarily complete the trail from Centre Hill to Walter Peak as a "Heartland Ride," using the existing Centre Hill and Mavora Lakes roads. This would mean Council could market the trail as a complete ride while considering how to develop it to "Great Ride" standard, which Council is contractually obliged to do.

Te Anau wastewater discharge project

Councillors asked staff to prepare a business case to build a treated wastewater discharge system on the Kepler block, about 18km from Te Anau. We need to have an alternative treated wastewater discharge system for Te Anau fully up and running by December 2020, unless we can get new consents to extend use of the existing Upukerora River discharge.

The door has not been shut on other potential waste disposal sites, however. Staff are working on a process which could be used to identify other potentially suitable sites.

This follows a period of negotiation to do further investigations on an alternative block of land near Te Anau early in 2017 proved unsuccessful.

Curio Bay project

Council built and commissioned a new wastewater treatment plant at Curio Bay/Tumu Toka, which is running smoothly and meeting consent requirements. The Department of Conservation's carpark and the South Catlins Charitable Trust's camping amenities building are complete, and the trust has started construction of the new heritage building. Council, DOC and the trust have started a planting programme on the reserve to increase the habitat for yellow-eyed penguins (hoiho).

District Plan update

The Proposed District Plan went through a full public consultation process in 2016/2017 and there are a few provisions still subject to appeal. Those parts of the plan that were not subject to appeal are now effectively operative, and supersede the provisions of the previous District Plan.

The District Plan is the guiding document which sets out how land can be used in Southland District. This ranges from farming activities to business ventures. Changes made through the plan review process will impact on all land use activities that can be carried out in the District.

Southland Regional Development Strategy

The Southland Regional Development Strategy (SoRDS) Action Plan was launched in November 2016. The strategy, initiated by the Mayoral Forum and launched in October 2015, has a clear and simple goal: to attract 10,000 more people to Southland by 2025.

Nine teams, involving more than 95 leaders from the public and private sectors, outlined action plans to the Governance Group, chaired by Tom Campbell. These were then presented to the Mayoral Forum and the four Southland councils for formal endorsement. At the time of writing, the four authorities were consulting on a proposal to form a council controlled organisation to lead the next phase of work.

Bylaws and policies

Council has 22 bylaws on its books. We have a relaxed approach to introducing new bylaws or policy. Unless there's a problem, we don't try to fix it.

Three of the more significant bylaws Southland District Council adopted in 2016/2017 were:

- **Easter Sunday Shop Trading Policy:** This policy allows all shops in the district to open on Easter Sunday.

- **Signs and objects on Roads and Footpaths Bylaw:** The bylaw addresses the placement of signs and other objects in the road reserve, for example sandwich boards on footpaths. It has been introduced to lessen potential for nuisance and risk to public health.
- **Reserves Management Policy:** This provides general guidance on the administration, use, maintenance and development of reserves throughout the Southland District.

Digitisation of property files

Council's massive digitisation project was largely completed in 2016/2017.

All Council's paper property files, dating back to 1942, were boxed and sent away to be scanned and returned as PDF files. These are being imported into Council's electronic document and records management system which make them more accessible for the public and Council staff.

The project was budgeted to cost \$1.5 million, but the number of files was greater than initially estimated and the total cost is about \$2 million. Council approved \$500,000 of unbudgeted expenditure to complete the project.

Roading contract renewal

Council renewed its roading alliance maintenance contracts for up to seven years starting on 1 July 2017. The Waimea and Central contracts were awarded to SouthRoads and the Foveaux Alliance contract was awarded to Fulton Hogan.

Staff awards

During 2016/2017, the achievements of Southland District Council staff were recognised with several awards.

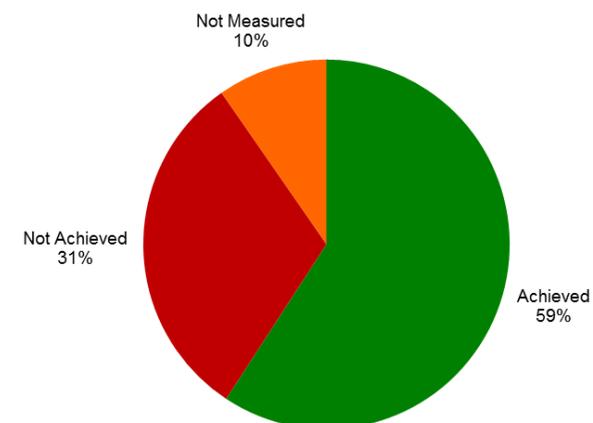
- Southland District Council's roading programme won a Local Government New Zealand Excellence Award for the presentation, Changing Direction: The Way Forward for Southland's Roads.
- Matthew Keil, water and waste operations project engineer, won the Improving Water Quality section of the Water NZ awards, for his work upgrading the Orawia water supply.
- James McCallum, roading engineer, won the under-35 young presenter competition at the Road Engineering Association of Asia and Australasia southern region conference in Dunedin for his presentation on Council's ground-breaking use of unmanned aerial vehicle technology.

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 2017 for the 2016/2017 financial year. Council's 26 activities are broken down into 9 activity groups.

There were 103 performance targets of which 93 were measured. Of the 10 performance targets that were not measured, five related to differences in timing of when information is measured and the preparation of the Annual Report, one related to the airport audit no longer being required and four related to stormwater consents which are not yet in place.

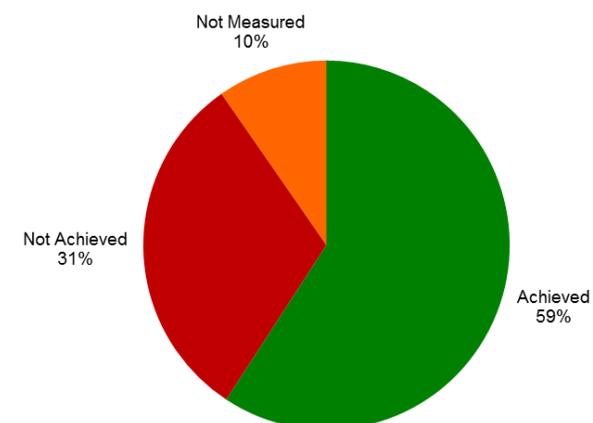
Performance Targets (2016/2017)



Of the 158 projects in the 2016/2017 financial year, overall, 59 were completed by the end of the year, 3 projects were deleted, 58 projects were still in progress, 17 were deferred and 21 projects were not started.

Activity Group	Performance Targets			Total
	Achieved	Not Achieved	Not Measured	
Community Services	13	8	4	25
District Leadership	11	6	0	17
Emergency Management	1	0	1	2
Regulatory Services	8	10	0	18
Roads and Footpaths	3	2	1	6
Solid Waste	5	2	0	7
Stormwater	5	1	4	10
Sewerage	8	0	0	8
Water Supply	7	3	0	10
TOTAL	61	32	10	103

Performance Targets (2016/2017)



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 2017 and includes comparisons from the previous financial year and the budget as outlined in the 2016/2017 Annual 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 84.

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 2015/2016 (\$000)		Actual 2016/2017 (\$000)	Budget AP 2016/2017 (\$000)
	COMPREHENSIVE REVENUE AND EXPENSE		
67,193	Revenue Earned (incl Asset Development)	72,129	68,372
(65,757)	Less Total Expenditure	(71,980)	(69,281)
(20)	Less Finance Costs	(22)	(20)
1,416	Net Surplus/(Deficit) after Tax	127	(929)
1,272	Movement in Fair Value Reserve	(67)	-
415	Movement in Asset Revaluation Reserve	95,408	21,718
3,103	Comprehensive Revenue and Expense	95,469	20,789
	CHANGES IN EQUITY		
1,386,039	Equity at Start of Year	1,389,142	1,401,785
3,103	Total Comprehensive Income	95,469	20,789
1,389,142	Equity at the End of the Year	1,484,611	1,422,574
	FINANCIAL POSITION		
1,389,142	Total Equity	1,484,611	1,422,574
24,180	Current Assets	27,866	5,054
1,375,972	Non-Current Assets	1,467,978	1,431,467
1,400,152	Total Assets	1,495,844	1,436,521
10,838	Current Liabilities	11,149	12,852
172	Non-Current Liabilities	84	1,095
11,010	Total Liabilities	11,232	13,947
1,389,142	Net Assets (Assets less Liabilities)	1,484,611	1,422,574
	CASH FLOWS		
23,205	Operating Cashflow	21,172	22,232
(27,144)	Investing Cashflow	(17,078)	(35,667)
(6)	Financing Cashflow	(37)	913
(3,943)	Net Cashflow Increase/(Decrease)	4,056	(12,521)
9,658	Opening Cash Balance	5,715	9,741
5,715	Closing Cash Balance	9,771	(2,780)

In summary

Financially 2016/2017 was a satisfactory year for Council. Revenue was impacted by a lower NZTA subsidy being received, due to the timing of tendering for the Alternative Coastal Route project and delays in several bridge replacement projects. However this was offset by an increase in forestry income as a result of changes to the way forestry income is disclosed, strong log prices and increased harvesting.

Operating expenditure was over budget for the year, primarily due to changes to the way forestry expenditure is disclosed, costs associated with additional forestry harvesting and costs expensed in relation to stage 8 and 9 of the Around the Mountains Cycle Trail. This resulted in Council's net surplus before tax being \$1.2 million higher than budgeted.

As a result of improved market conditions there has been a significant increase of the roading asset valuation.

Council continues to maintain a strong financial position with \$1.5 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 and 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 133.

Where the revenue came from

Council's consolidated revenue this year is \$72.1 million, including \$43.2 million from rates. The breakdown of this revenue is shown in the table (below).

Sources of Revenue	Actual (\$000)	% of Total Revenue
Rates Revenue	43,160	60%
NZ Transport Agency	13,382	19%
Other Revenue	13,346	18%
Other Gains/(Losses)	935	1%
Grants and Subsidies	632	1%
Interest and Dividends	552	1%
Development and Financial Contributions	121	0%
Total	72,129	100%

Where your rates were spent

The following table shows the breakdown of where the rates per property were spent in 2016/2017. The most significant areas were Roothing and Transport, followed by Stormwater, Wastewater and Water, Other District Services, Governance, Strategy and Communication, 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	Actual (\$000)	% of Total Rates Expenditure
Roothing and Transport	13,958	32%
Stormwater, Wastewater and Water	7,438	17%
Other District Services	5,344	12%
Governance, Strategy and Communication	5,037	12%
Other Local Services	4,578	11%
Solid Waste Management	4,128	10%
Regulatory Services	1,736	4%
Grants and Donations	940	2%
Total	43,160	100%

Revenue

\$72.1 million of revenue was collected during the financial year. Overall revenue was \$3.8M higher than budget primarily due to increased forestry harvesting revenue.

Operational expenditure

\$72.0 million was spent on operating expenditure with nearly half of this going to Roding and Transport services (45%). Overall operating expenditure was over budget by \$2.7 million. This was primarily due to changes to the way forestry expenditure is disclosed, costs associated with additional forestry harvesting and costs expensed in relation to stage 8 and 9 of the Around the Mountains Cycle Trail.

Net assets and equity

Overall Council's total net assets have increased by \$95M from last year. This is primarily due to an increase in the valuation of Council's infrastructure (Council has total assets of approximately \$1.4 billion).

Cash flow

Council's net operating cashflows were lower than budgeted. Payments to suppliers and employees were \$1.7M above budget primarily due to harvesting costs associated with increased forestry harvesting. Net cash outflows from investing activities were \$18.6 million lower than budgeted due to the deferral/delay of several significant capital projects being carried forward into future financial years including the Alternative Coastal Route project, Te Anau Wastewater discharge project and Around the Mountains Cycle Trail. Overall, Council has ended the year with a cash balance of \$9.8 million which is \$12.6 million more than budget.

Capital expenditure

Council spent \$17.7 million on capital projects in 2016/2017. Of this total, \$11.7 million (66%) was spent on roading and transport projects throughout the District and \$2.5 million (14%) was spent on stormwater, wastewater and water projects in local townships. The capital project spending was lower than the \$35.8 million budgeted for 2016/2017 in the Annual Plan as a number of roading, stormwater, wastewater and water capital projects were still in progress or not yet started at 30 June 2017, 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
Roding and Transport	11,664	66%
Stormwater, Wastewater and Water	2,487	14%
Other Local Services	1,805	10%
Other District Services	1,702	10%
Solid Waste Management	40	0%
Regulatory Services	23	0%
Total	17,721	100%

Annual Report Disclosure Statement

Purpose

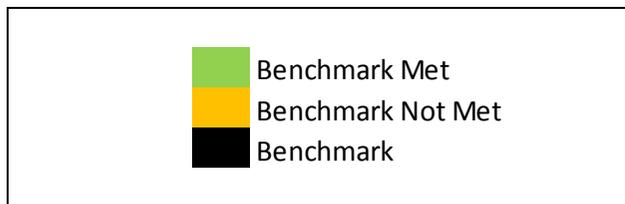
The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

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.

Actual results for the 2012/2013, 2013/2014 and 2014/2015 financial years have been compared against the benchmarks set in the 2012-2022 Long Term Plan.

Actual results for the 2015/2016 and 2016/2017 financial year are compared against the benchmarks set in the 2015-2025 Long Term Plan.

Key



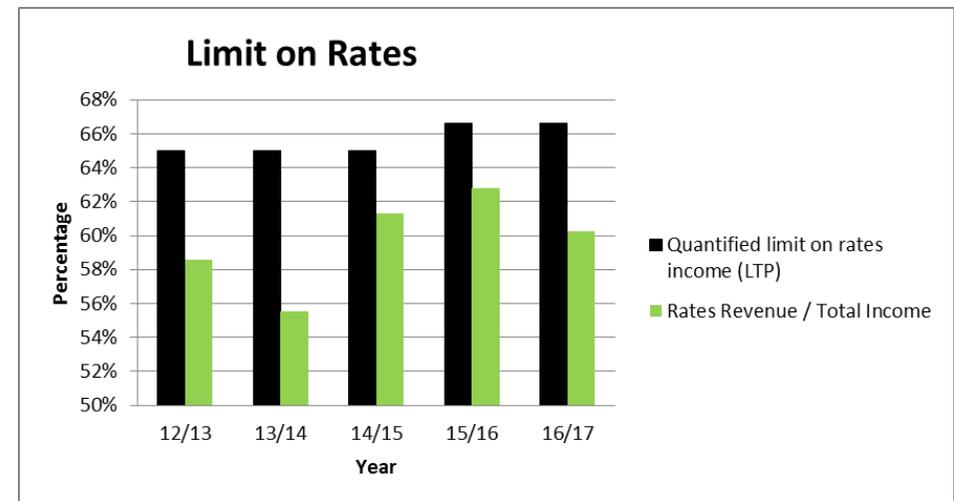
Rates (income) affordability benchmark

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 five years. Rates revenue as a percentage of total revenue decreased in the 2016/2017 year as a result of higher income from forestry sales.

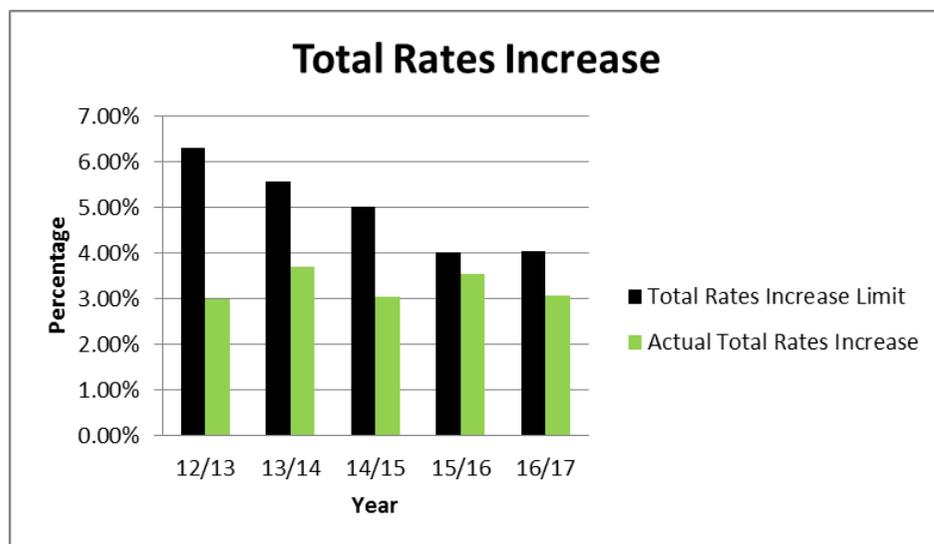
Total rates increase

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 2012/2013, 2013/2014 and 2014/2015 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 2015/2016 and 2016/2017 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

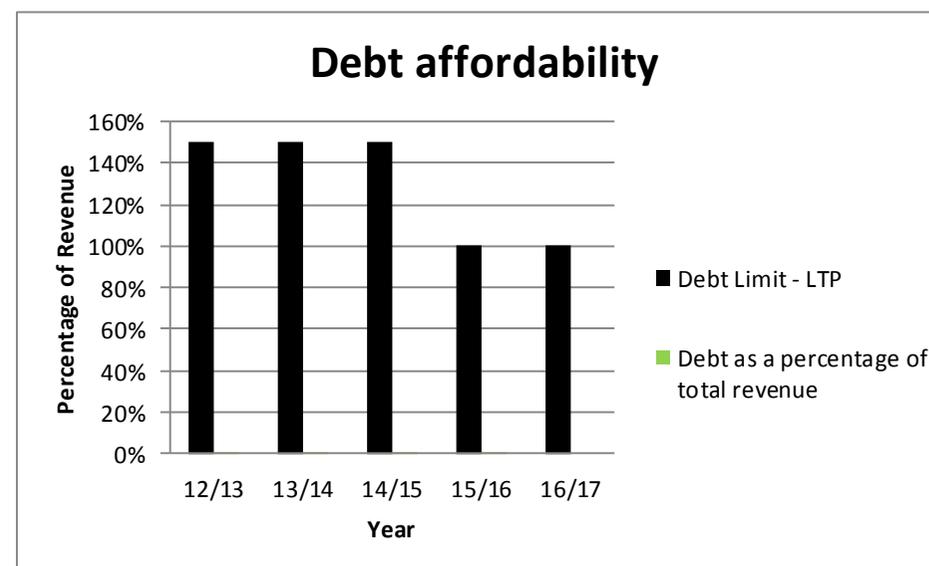
Council meets the debt affordability benchmark if its actual borrowings are within each quantified limit on borrowing.

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.



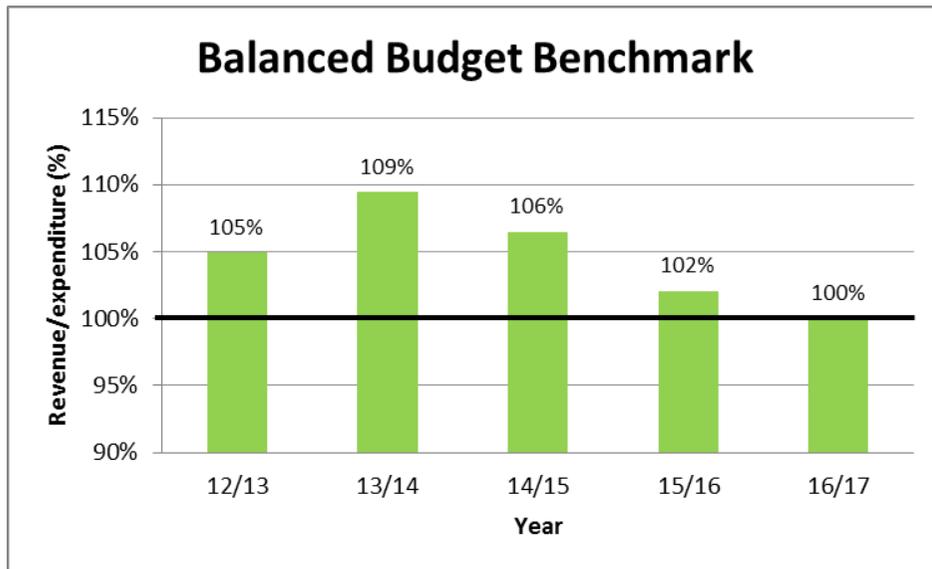
Council has a small finance lease which is classified as debt, (hence the lack of visible actual results). No other external borrowings have been required.

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.

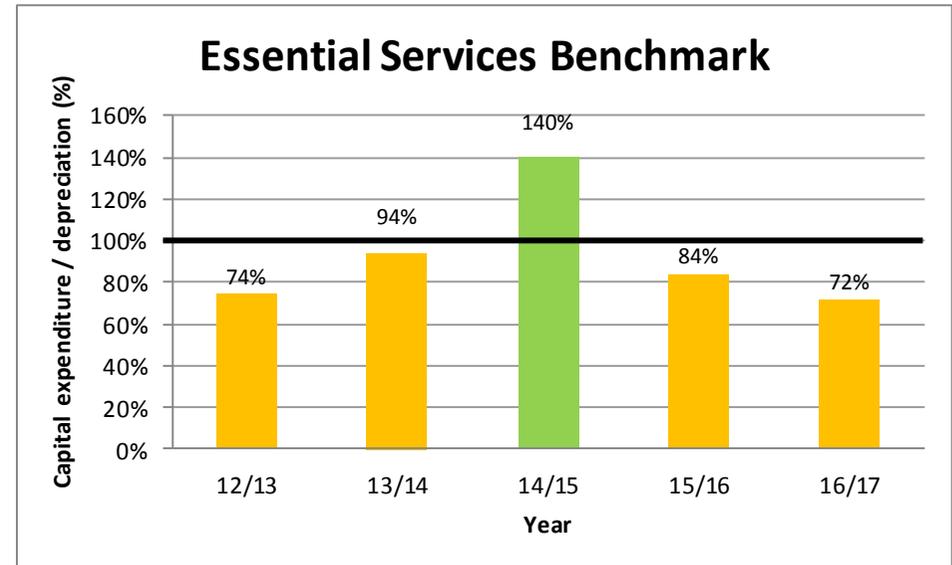
This limit is set by legislation.



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.



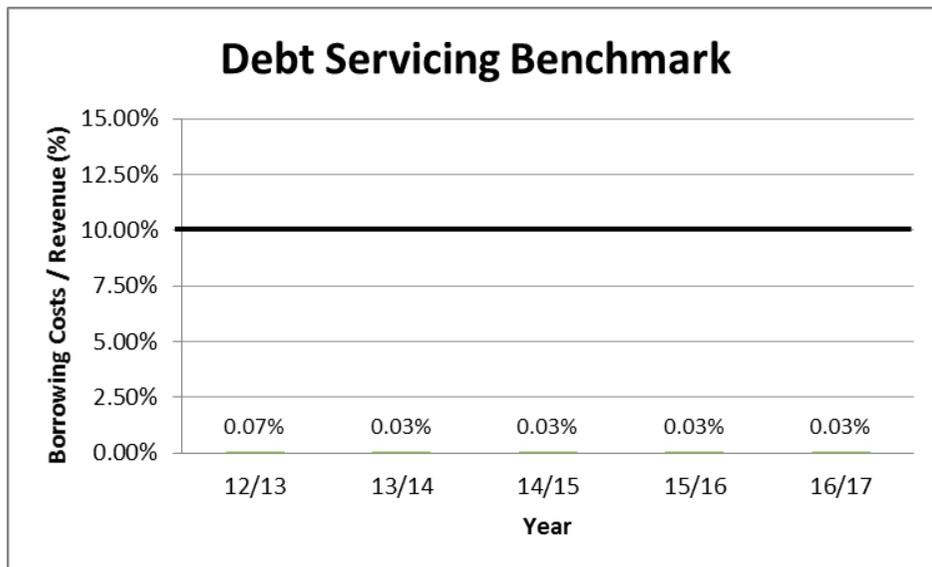
Over time Council's capital expenditure should equal its depreciation, which will mean Council is replacing its assets as they deteriorate, however due to some projects being large it is difficult to assess this on a year by year basis. In the current year Council has not reached the benchmark, primarily due to delays to work on the Around the Mountains Cycle Trail, Southern Scenic Route and the Core Systems Review.

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.



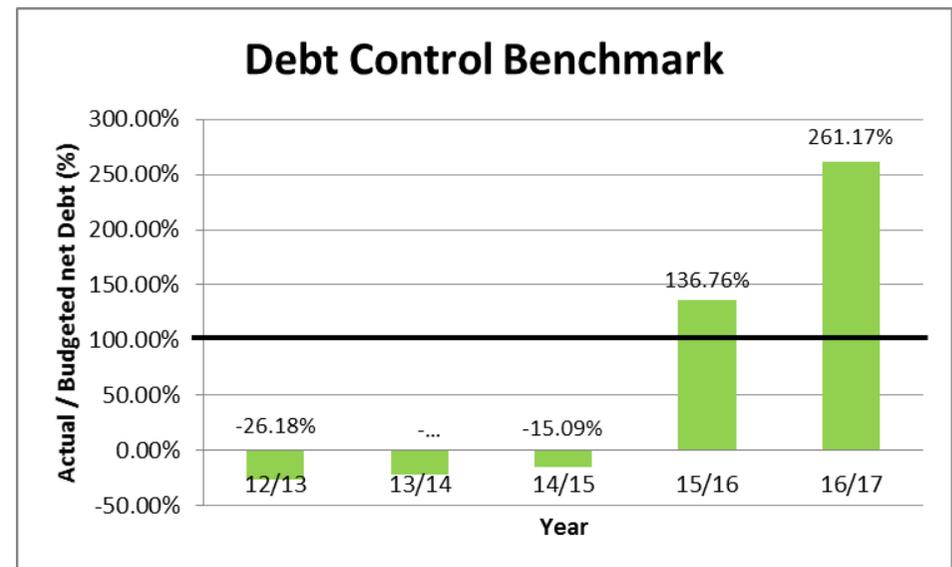
Council currently has minimal debt, which are finance leases. No other external borrowings have been required.

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.



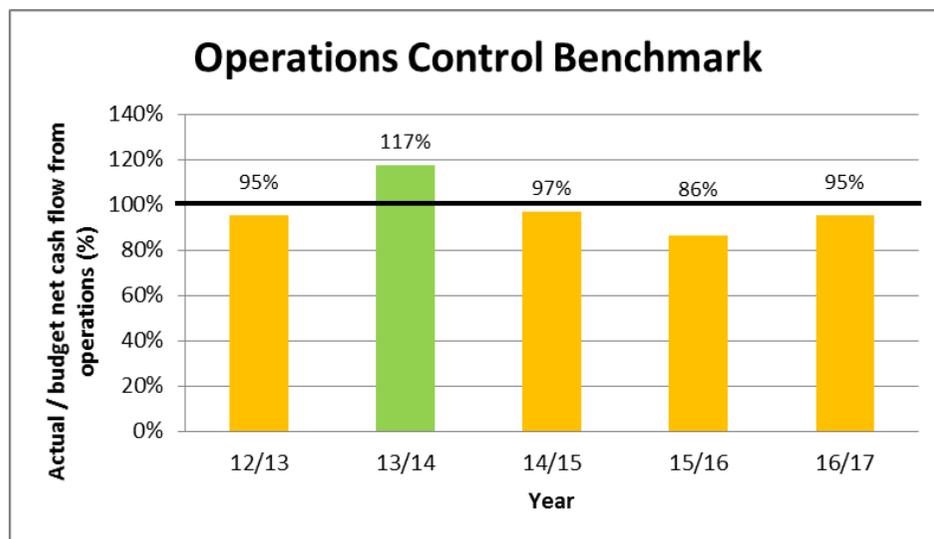
Council maintains a strong balance sheet position with financial assets currently exceeding financial liabilities. In the 2015-2025 10 Year Plan Council were not planning the need for significant debt until 2017/2018. Accordingly in 2016/2017 Council had an actual net financial asset balance of \$12.6M (261%) of the planned net financial asset balance of \$4.8M.

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. However in 2016/2017 year, forestry harvesting costs were \$1.9 million above budget due to increased harvesting.

Shared Services Annual Report statement

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

Health and Safety

Southland District Council remains committed to providing and maintaining a safe and healthy working environment for all workers – this includes employees, contractors, councillors and other visitors. Southland District Council's three top safety risks are driving, contractor safety and working alone.

This Health and Safety policy was developed and agreed in conjunction with the other three Southland councils (Invercargill City Council, Gore District Council and the Southland Regional Council) and expressed a commitment from each council to leadership in health, safety and wellbeing.

The Health and Safety policy is reviewed biennially and the next review is December 2017. The current Health and Safety Policy was signed by the chief executive, the Public Service Association (PSA) health and safety representative and the health and safety co-ordinator on 14 December 2015.

The mission statement is "*Working together for a safer south.*" The vision statement is "*A safer you, a safer me, a safer south.*"

Building Control

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

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 have now been the subject of formal IANZ reaccreditation reviews with all four councils.

IANZ has complimented the shared manual approach and 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 Southland District Council, Environment Southland, Invercargill City Council and Gore District Council. It focuses on ensuring communities are prepared for emergencies and 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.

Information Technology

The IT Shared Services Operations Subcommittee has over the past 12 months undertaken 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:

- Continuation of the CommVault offsite Backup and Recovery project
- Completion of Southland-wide aerial photography including Clutha and Central Otago districts. This data is the cornerstone towards providing a single spatial view of the District
- Initial conversations have been started with potential vendors regarding a Southern Maps Portal
- Retrolens website (a shared service with 11 other councils, including Southland Shared Services) makes use of the historic imagery that we bought in conjunction with Land Information New Zealand. There are more than 600,000 images across New Zealand being digitised over four years
- Working with HR Shared Services scoping out a draft request for proposal for a common Health and Safety system.

Iwi liaison

All four Southland councils have continued to fund and support Te Ao Marama Inc, the agency approved by Te Runanga o Ngāi Tahu, to act on iwi liaison matters in Murihiku/Southland under the Resource Management Act 1991 and the Local Government Act 2002. Since its inception, Queenstown Lakes District Council, Otago Regional Council and Clutha District Council have also joined supporting Te Ao Mārama Inc. The papatipu runanga and the participant councils continue to meet quarterly at the Te Roopū Taiao hui, which provides for excellent partnership and exchange of information. The key focus is to give these meetings more of a strategic focus and less focus on day-to-day operational/retrospective reporting back.

Library consortium

The consortium came together to share a range of services during 2014/2015. 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 Southland District Council is 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 consortium 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.

Regional development

In October 2015, the Southland Mayoral Forum published the Southland Regional Development Strategy (SoRDS). This is a significant community collaborative project.

The major goal of the strategy and its subsequent action plan is to increase the Southland population by 10,000 more people by 2025, through creating more jobs and taking up more development opportunities.

During 2016/2017, investigations started into a range of identified opportunities including sheep milk development, tourism development and aquaculture expansion within the region, amongst a variety of other initiatives. The final outcomes from these investigations were used to develop an action plan which was launched publicly in November 2016.

One of the initiatives in that action plan that has been thoroughly investigated is to create a Southland Regional Development Agency which would integrate the current Venture Southland and be based on a wider community-based organisational structure rather than the present joint committee arrangement run by the three territorial authorities. Input from the public will be sought to the proposal during 2017/2018.

Support for the investigations from the Government, Ngāi Tahu, local industries and businesses and the community means that the momentum gained by the Mayoral Forum will continue into 2017/2018 and beyond.

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 seven local authorities (Southland District Council, Invercargill City Council, Queenstown Lakes District Council, Gore District Council, Clutha District Council, Otago Regional Council and Environment Southland) are active participants and signatories to the Charter of Understanding 'He Huarahi mō Ngā Uri Whakatapu – A Pathway for the Generations Coming Through' with Te Ao Mārama Incorporated. 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 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
Continue to engage Te Ao Mārama as an important stakeholder during its decision-making and consultation processes	Achieved	Te Ao Mārama provided a representative (Muriel Johnstone) and participated as a collaborator in the hearing of submissions on the 2016/2017 Annual 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	Achieved	Regular monthly drop in sessions occurred through the 2016/2017 year.
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	There were no relevant applications where this was undertaken in 2016/2017 year.
Maintain existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties and integrate protocols into the organisation	Achieved	Protocols maintained. Review of the Charter undertaken and endorsed at Te Roopu Taiaio.
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 (subsequent to the 2016 elections this was renamed to the Regulatory and Consents 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 included in the Long Term Plan 2015-2025.
Continue to train new staff and Councillors on marae protocol, local history and related legislation	Not Achieved	No formal training undertaken 2016/2017. New Council elected in 2016 received a formal welcome from Ngai Tahu.
Continue to provide regular 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 2016/2017 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	Work is being developed by Te Ao Marama and progress is likely in the next financial year.

Statement of compliance and responsibility

Compliance

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

The Council and management of 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 Southland District Council, the annual financial statements for the year ended 30 June 2017 fairly reflect the financial position and operations of Southland District Council.



Gary Tong
MAYOR

Date: 27 September 2017



Steve Ruru
CHIEF EXECUTIVE

Date: 27 September 2017

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Southland District Council's annual report for the year ended 30 June 2017

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, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

We completed our work on 27 September 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 84 to 97 and 99 to 150:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2017;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 98, 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 24 to 76:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 24 to 76, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 24 to 76, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 24 to 76, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision (referred to as Activities), as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude

that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 20, 77 to 82 and 151 to 160, but does not include the audited information and the disclosure requirements.

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

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

Independence

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

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of providing independent assurance services in relation to the District Council's debenture trust deed, independent assurance services over alternative coastal route improvements tender process and to provide independent assurance services in relation to the process to select alliance partners for each of the Waimea, Foveaux and Central Area road maintenance contracts, which are compatible with those independence requirements. Other than these engagements 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 last survey period took place in March 2017. The results for this period of the study (n=608) have a margin of error of 3.97% at the 95% confidence level.

Variations to budget Annual Plan 2016/2017

Commentary provided for "Variation from the budget" in each activity group is a comparison between the Annual Plan 2016/2017 and the actual result for 2016/2017.

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 provides a range of community services for residents. These include libraries, cemeteries, public toilets, parks and reserves, community 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 meet 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, work, run a business, live, raise a family, retire and enjoy a safe and satisfying life.

How well we did

Performance targets

The community services activity group has 25 targets. 13 were achieved, eight were not achieved and four were not measured.

Of the eight targets not achieved, five were related to a resident's survey and were close to target, one was waiting for external reports, one was due to a change in focus and one was due to not meeting a financial target.

Projects

There were 67 projects in this activity. Of these 27 were completed, 23 were in progress, 8 were not started, 8 were deferred and 1 was deleted. More detail about the projects is available from the Council on request.

Key highlights

Community assistance

Work schemes

Work schemes continued to assist local communities with local projects. The main projects completed were the Woodlands cemetery berm, re-gravelling the track in the Kamahi reserve and removing noxious weeds at the Edendale cemetery.

Grants and donations

Council established a community committee to decide on Creative New Zealand grants, with representatives from all over Southland District. Community Initiative and Sport NZ grants are now heard by the Community and Policy committee.

Cemeteries

The cemetery bylaw was reviewed on the basis of splitting out policy issues resulting in an updated and more appropriate bylaw. The policy issues were also reviewed and resulted in a new cemetery policy being developed and adopted.

Installation of memorial boards at Council cemeteries continued throughout the District.

The upgrade of the driveway at the Lumsden cemetery project was completed.

Community facilities

Riverton harbour licences have been issued to wharf owners based on the coastal permit granted to Council by Environment Southland. Repairs to the wharves identified in an engineering report are ongoing.

Orawia Community Centre was reroofed, the Manapouri hall was recladded and the Orepuke hall's kitchen was upgraded. The Winton Memorial Hall upgrade was completed and officially opened in October 2016. Public feedback has been positive.

Community housing

The Wyndham, Edendale and Riversdale flats had their exteriors repainted. A number of internal refurbishments were carried out as units throughout the District became vacant.

Occupancy rates remain at a consistently high level.

Library services

The Stewart Island collection was catalogued as part of the integration with the office and library. This was a significant piece of work by library staff and means we have important local resources on the Island protected and managed.

The Vince Boyle Collection was completed and a successful opening was held at Winton. As a result, the Boyle family has donated further precious resources to be catalogued and included in the collection.

The hours for the Winton and Te Anau libraries were reviewed based on demand, with longer Saturday opening and no late nights.

The community library held at Takitimu School in Nightcaps was reviewed based on demand and this has transitioned to a Bookbus service. The Bookbus service will be trialled over six months to assess demand.

Significant investigation has been completed on joining the Kotui consortium for our library system and technical support. Also included in the research is the move to Radio Frequency Identification (RFID) of our collection as was recommended in the 17A review of Library Services in March 2016.

While users of the library services are satisfied and impressed with content, of concern is the number of residents that do not access our library services, which has dropped to 40% of residents visiting the library within 12 months. This highlights our residents may not be aware that libraries offer more than just books, but access to how they can use technology, online databases and tools such as PressReader to stay connected in this digital age.

Visiting authors included Margaret Pullar, Deborah Challinor and Lucy Davey.

Parks and Reserves

Council approved a policy on drones used over Council property. It is an empowering policy with some exceptions primarily around not disturbing neighbours or other users of the parks and reserves.

In 2016/2017 the Riverton skate park shelter was completed, Lions Park playground upgraded and the new pump track in Te Anau developed and opened. The development of the Golden Bay to Trail Park path on Stewart Island was also completed.

At Curio Bay, the wastewater treatment plant and infrastructure has been completed as well as the DOC carpark and the new campground amenities block. Work has started on the construction of the new visitor information centre.

Public toilets

The toilet upgrade to the Colac Bay foreshore has been deferred pending the outcome of the coastal road erosion issues.

The final stages of the Garston toilet upgrade were completed, as was the Riversdale upgrade.

Operational expenditure is increasing for toilets on the District's main tourist routes, reflecting increased visitor numbers.

Airports

The year was generally business as usual at Te Anau Airport Manapouri. There was positive growth in tourist-based air movements. There has been no growth in the number of businesses based at the airport.

Electricity supply

Sales were up 2.7% on the previous year. The peak months were January and February with a secondary peak in early winter (May). This trend is consistent with the previous year.

Operation of the scheme has been relatively trouble-free, although a problem with the latest generator set surfaced. This is being dealt with under warranty.

Grants and Donations Schedule

	2016/2017 Actual \$(000)	2016/2017 Budget (AP) \$(000)
GRANTS		
Gore Kids Hub	5	5
Citizens Advice Bureau	2	2
International Relations Committee	1	11
Gore Counselling Service	1	1
Te Ao Marama Grant	40	40
Life Education Trust	5	5
Miscellaneous Grant	1	-
Southland Indoor Leisure Centre (Stadium maintenance)	75	75
St John Ambulance	1	1
Southland Regional Heritage Committee	525	525
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	-
Waituna Partnership	7	25
Cycling Southland	3	-
Southland Safer Communities	10	10
SCHOLARSHIPS		
Bursaries	7	7
Community Service Award	-	1

	2016/2017 Actual \$(000)	2016/2017 Budget (AP) \$(000)
Debating Competition	-	1
Outward Bound	2	8
FUNDING ASSISTANCE FOR COUNCIL ACTIVITIES		
Santa Parade	-	1
Holiday Programmes	20	20
Destination Fiordland	26	13
ALLOCATION GRANTS		
Community Initiative	88	110
Contributions and Levies	19	15
Creative Communities	30	22
Sport NZ	13	10
Ohai Railway Fund	20	80
Northern Southland Development Fund	8	15
District Heritage	67	63
John Beange	1	8
Stewart Island/Rakiura Visitor Levy	222	133
OTHER		
Southern Rural Fire Authority	296	296
Venture Southland	1,742	1,755
Emergency Management	257	257
TOTAL	3,599	3,585

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	90%	70%	Not Achieved The latest survey was in 2016/2017 and the result was 70%. A number of further engagement methods will be used to inform residents about the availability of grants. Survey undertaken three-yearly. In 2013/2014 the result was 77%.
	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	100% of reports received	4	Not Achieved The result is four. Four of the seven outcome reports have been received.. In 2015/2016 the result was five.
	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%	100%	Achieved The result is 100%. In 2015/2016 the result was 92%.
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	90%	89%	Not Achieved The latest survey was in 2016/2017 and the result was 89%. Whilst the target was not achieved it is very close to the target. Survey undertaken three-yearly. In 2013/2014 the result was 91%.
	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%	100%	Achieved The result is 100%. Of the 913 inspections for the year all met the standard. In 2015/2016 the result was 99.75%.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
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	90%	94%	Achieved The latest survey was in 2016/2017 and the result was 94%. Survey undertaken three-yearly. In 2013/2014 the result was 93%.
	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 The result was 100%. All 63 for the year were up to standard. In 2015/2016 the result was 100%.
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	0	Achieved The result was 0. In 2015/2016 the result was 1.
	Safety Percentage of facilities that meet their statutory requirements	Percentage of Council buildings that hold current warrants of fitness	Council records	100%	100%	Achieved The result was 100%. All buildings are compliant. In 2015/2016 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%	-	Not Measured This survey is only conducted every two years so was not conducted in 2016/2017. In 2015/2016 the result was 42%.
	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	90%	85%	Not Achieved The latest survey was in 2016/2017 and the result was 85%. Survey undertaken three-yearly. In the 2013/2014 survey 85% of residents indicated that they were satisfied with the standard of community centres and 83% were satisfied with the availability.
	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

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
						The result was 100%. All buildings are compliant. In 2015/2016 the result was 100%.
Community housing	Quality Suitable housing which has pleasant surroundings for tenants	Percentage of tenants who believe that the housing facilities are maintained satisfactorily and are suitable for use	Biennial tenants' satisfaction survey	80%	-	Not Measured This survey is only conducted every two years so was not conducted in 2016/2017. The latest survey was conducted in 2015/2016 and the result was that 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%	-	Not Measured This survey is only conducted every two years so was not conducted in 2016/2017. The latest survey was conducted in 2015/2016 and 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 The result was 100%. 129 requests were received and they did meet the timeframes. In 2015/2016 the result was 100%.
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	90%	98%	Achieved The latest survey was in 2016/2017 and the result was 98%. This was a new question in the 2017 survey.
	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	80% (restated from 97% 88,200 titles held in LTP)	75%	Not Achieved The result was 75% (97,071 of 129,711 titles held were less than 10 years old). This target was incorrectly stated in the LTP so has been restated with the correct target.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
						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 2015/2016 year. In 2015/2016 the result was 76%.
	Quality A range of programmes are delivered to meet community needs	Users satisfied with the range of programmes offered	Programme evaluation forms	80%	100%	Achieved The result was 100%. 139 events were offered to members of the public across the District and there were 1860 attendees - all of whom expressed satisfaction with the content and organisation. In 2015/2016 the result was 100%.
	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	52%	40%	Not Achieved The latest survey was in 2016/2017 and the result was 40%. This was a new question in the 2017 survey. This was a new question in the 2015 LTP and while customers may not be visiting in person, we have seen increases in online databases such as PressReader that customers can access from home, free with their library card.
Public Toilets	Quality	Percentage of toilets that are cleaned in accordance with contractual standards	Annual Inspections	100%	100%	Achieved

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Maintain public conveniences in a functional, clean and sanitary condition					The result was 100%. All 180 inspections met standards. In 2015/2016 the result was 100%.
	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	80%	78%	Not Achieved The latest survey was in 2016/2017 and the result was 78%. Whilst the target was not achieved it is very close to the target and the result may reflect the increasing demand within the district. Survey undertaken three-yearly. In 2013/2014 the result was 77%.
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 Audits not needed. In 2015/2016 the result was not measured.
	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%	94.5%	Not Achieved The result was 94.5%. In 2015/2016 the result was 99.93%.
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 2015/2016 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	5	Achieved The result was 5 unplanned interruptions. In 2015/2016 the result was 4.

¹ "Contractual standards" cover lawn mowing, weed removal and equipment inspection and maintenance.

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.

³ "Agreed timeframe" is within two hours.

Funding Impact Statement – Budget Variations

Revenue related to local authorities fuel tax, fines, infringement fees and other receipts were higher than budget due to the harvesting of trees at the Tuatapere Reserve. Payments to staff and suppliers were lower than budget, mainly because of a decision to review the reseal of the Manapouri airport in the current year. Capital expenditure to replace existing assets was lower than budgeted as Council deferred the upgrade of the Invercargill office to future years.

Funding Impact Statement – Community Services

2015/2016 Budget (LTP) (\$000)		2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
	Sources of operating funding			
2,128	General rates, uniform annual general charges, rates penalties	2,119	1,999	2,004
2,655	Targeted rates	2,652	2,786	2,788
71	Subsidies and grants for operating purposes	136	88	70
1,234	Fees and charges	1,286	1,274	1,251
2,927	Internal charges and overheads recovered	2,941	3,058	2,975
867	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	711	914	673
9,881	Total operating funding	9,846	10,119	9,761
	Applications of operating funding			
5,963	Payments to staff and suppliers	5,723	5,980	6,355
-	Finance costs	-	-	-
1,829	Internal charges and overheads applied	2,005	2,059	1,988
1,641	Other operating funding applications	1,461	1,188	1,239
9,434	Total applications of operating funding	9,189	9,227	9,582
448	Surplus (deficit) of operating funding	656	892	179
	Sources of capital funding			
166	Subsidies and grants for capital expenditure	311	73	47
106	Development and financial contributions	31	114	50
510	Increase (decrease) in debt	(255)	233	637
17	Gross proceeds from sale of assets	108	145	10
-	Lump sum contributions	-	-	-
799	Total sources of capital funding	196	565	744
	Applications of capital funding			
	Capital expenditure			
248	▪ to meet additional demand	243	62	50
2,653	▪ to improve the level of service	968	1,840	1,655
577	▪ to replace existing assets	342	133	858
(1,931)	Increase (decrease) in reserves	(416)	(280)	(947)
(300)	Increase (decrease) in investments	(285)	(298)	(693)
1,247	Total applications of capital funding	852	1,457	923
(448)	Surplus (deficit) of capital funding	(656)	(892)	(179)
-	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 and 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 community development area subcommittees (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

Performance targets

This activity group has a total of 17 key performance indicator targets. Eleven targets were achieved, six were not achieved. Of the six targets not achieved, three related to the resident survey and work is planned to improve the results, one related to the Household labour force survey, one related to GDP which had decreased from the previous year and one related to an upgrade in the document management system.

Projects

There were 4 projects in this activity. Of these 2 were in progress, 1 was not started and 1 was deferred. More detail about the projects is available from the Council on request.

Key highlights

Representation and advocacy

A major highlight for the year was the successful running of the triennial elections for the mayor, Council and community boards. The return rate was 46%, which Council is keen to see increased.

Elections were also held at a local level for the CDAs. More than 160 meetings were held throughout the District, including Council, committees and subcommittees, community boards and CDAs.

Council made changes to its committee structure and to the information provided to community boards and CDAs to better reflect changing needs of the District and achieve the Council's work programme.

Work started on two linked projects – a community governance project that will inform the Representation Review. The Representation Review is a statutory requirement that Council must undertake at least once every six years where it reflects on the structure – eg the number of councillors, number of wards, whether it continues to have community boards.

Council has provided advocacy on behalf of the people of the District on a number of issues at both a regional and national level.

Council continued to participate in the development and implementation of the Southland Regional Development Strategy, a local government and private sector initiative led by the Mayoral Forum.

Community development

Council's three new community partnership leaders (CPLs) have been in their positions for a full year. They have enhanced lines of communication between Council, its communities and central government, and developed partnerships between multiple agencies which will help to achieve long-term benefits for the District. Part of their brief is to advise Council and to develop affordable and sustainable projects that align with local and national priorities.

Venture Southland

Venture Southland is the service delivery agent for Council's community development activities.

Venture has, again, 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 Digital Survey was completed, with 214 responses received. The testing of internet speed was completed and a submission made to the Rural Broadband Initiative/Ultra-Fast Broadband/ Mobile Black Spot Fund Crown Fibre process. A review of mobile coverage on state highways and other key routes was carried out. The results are available online. An independent expert review of long-term options for telecommunications in Southland was carried out. Support was being provided for telecommunications providers' submissions to Crown Fibre Holdings. The Digital Strategy action plan is being implemented.

The Southland region continued to have good growth from visitors with total spend up 9% to \$625 million for the year. International guest nights were up 15.8% to 637,346 for the year ended April 2017.

Guest nights within the Southland District are up 10.4% to 753,098 for the year. The total visitor spend was up 15.1% to \$327 million for the year.

All visitor figures are annual year end to the latest month available. This allows comparison of market trends against the previous year however it means that not all the data is for the current month. Data is provided for Southland Region, Territorial Local Authorities (TLAs) and Regional Tourism Organisations (RTOs).

District support

The amalgamation of the Stewart Island area office and library was completed. This project was first identified in 2004 and as a result the library has increased hours of operation and customers are able to source Council information and library service from the one site. Feedback since the integration has been positive.

The Customer Support Strategy has been completed with a vision to provide customers of Southland District Council with a positive, consistent experience where they only have to ask once. The strategy will be implemented over the next five years. A customer-centric process design has been a key strategic initiative, with changes to our most commonly used processes a priority. For example, changing your mailing address can now be completed online.

In 2016/2017, of the 7,268 requests for the year, the top five requests for service (RFS) related to:

1. Change of address
2. Fire permits (this service will now be completed by Fire and Emergency New Zealand)
3. Roothing (gravel, potholes or corrugations)
4. Roothing/community engineer enquiries
5. Wandering dogs

From our customer satisfaction surveys, 98% of people who called the 0800 number found the staff at the first point of contact helpful.

Customers logged requests for service in the following ways:

Face to face	163
Email	622
Letter	83
Phone	5236
Web	804

Corporate Support

People and capability

Health and safety continued to be a focus this year. A health and safety GAP analysis was completed in March 2017. Following this, a health and safety plan was drafted, along with an improvement plan. Council's health and safety commitment is:

We are committed to caring for the wellbeing and safety of our people and those who interact with us. Our goal is for our people to actively think about their own and others safety and wellbeing, so that we deliver safe and effective services to our community and that everyone gets home safe and well.

Leadership development continued including two cohorts of Council leaders undertaking an accelerated leadership programme. This programme is designed to increase leadership capability.

Strategy and Communication

The communications team focus was the development of the Southland District Story, Council's new brand. As part of that work, Community Conversations were held in eight areas around the District with about 200 people attending. Community Conversations will continue as part of Council's engagement strategy, with the next series planned for October-November.

The Southland District Story will be launched in October 2017.

Within the group, significant community engagement activities took place in 2016/2017, including:

- Community Leadership Plans, phase 1: community boards and community development area subcommittees met to discuss what their towns would look like in three, 10 and 30 years, and identify future opportunities.
- Milford Opportunities Project: A strategic business case was submitted to the Ministry for Business, Innovation and Employment. Significant work was done by Council, the Department of Conservation and Milford Sound Tourism into the long-term development of Milford and what it might mean for the infrastructure and services.
- Community Organisation and Volunteer Sector Needs Assessment: A big piece of research conducted on Council's behalf by Venture Southland of the 1800 community organisations and volunteer groups in the District, to identify challenges and possible opportunities to connect groups.
- Stewart Island Facilities: A review of infrastructure on Stewart Island found that facilities were in good condition and well maintained by strong community support. No major issues were identified.

Council's presence on social media continues to grow, with Council's Facebook page increasing in popularity because we are using more video and graphics. Council is also using Flickr and YouTube.

Finance

The Financial Services Team is responsible for the day to day financial transactions of the organisation, setting and collecting rates, statutory reporting (including the annual report and annual budget), compliance reporting (IRD and Statistics NZ) and internal reporting to management, Elected Members and our communities. Finance are also responsible for providing a significant level of information and reporting to the newly formed Finance and Audit Committee.

A focus on making payment of rates easier, has resulted in the implementation of more flexible direct debit options as well as incentives for ratepayers to move to direct debit. Council also undertook a rating sale of a property in the District, the first for a number of years as well as the sale of a number of properties deemed abandoned land.

A new internal initiative referred to as business partnering has been implemented this year, with Finance staff partnering up with activity managers across the organisation. The purpose of this approach is to build stronger relationships, shared knowledge, stronger financial guidance and better information to enable

Information Management

The Information Management team provide business solutions, knowledge management and ICT service delivery across the organisation. A significant areas of focus for the team during 2016/2017 was the Property Digitisation Back Capture Project. This involves transferring the current paper-based property filing system to digital files that will be used in Council's records management system. This will future-proof Council from physical storage issues and reduce risks associated with property files being damaged, misplaced or misfiled.

Seventeen tonnes of paper was removed from the Invercargill office to an offsite storage place. The project is expected to be fully completed by April 2018.

Forestry

The activity is managed by IFS Growth on behalf of Council.

In 2016/2017 there was a big harvest and the return on investment was significantly better than budgeted due to very good log prices and the production tonnage being higher than predicted.

Health and safety is a key focus. There were no lost time or medical treatment injuries in the year. Harvesting crews used the latest technology, minimising the risks to personnel.

The full-year performance for the forestry business has exceeded budgets. This year, 50,010 tonnes were harvested, 7,840 tonnes higher than targeted (up 19% on budget). This includes roadline harvesting in Waikaia Forest, harvesting in Dipton and a week's production in Ohai.

With log sales at \$5.7 million and stable expenditure to budget (\$2.5 million), a \$3.1 million net position resulted.

Tree crop valuation improved during the year. The estate's timber valuation is now \$13.719 million, which is up 6% on 2015/2016. The business unit and forest estate is in a very sound position going forward.

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	85%	86%	Achieved The latest survey was in 2016/2017 and the result was 86%. Survey undertaken three-yearly. In 2013/2014 the result was 76%.
	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	85%	80%	Not Achieved The latest survey was in 2016/2017 and the result was 80%. Survey undertaken three-yearly. In 2013/2014 the result was 82%.
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	Increase from previous year	1.8%	Achieved The result was 1.8%. In 2016/2017 the total number of businesses was 14,022 which is an increase of 1.8% or 246 new businesses from the previous year (2015/2016: 13,776). In 2015/2016 Council reported a 1.24% increase in new businesses.
		Regional unemployment rate below the national average	Household Labour Force Survey	Below national average	5%	Not Achieved The result was 5% which was the same as the national average based on the Stats NZ figures for the March 2017 quarter. In 2015/2016 the national average was 5.7% and Southland was 4.6%, which was 1.1% the below the national average.
	Economic activity Enhance economic growth	Increase in GDP from the Southland region	Regional Gross Domestic Product Report	Increase from previous year	-1%	Not Achieved The result was a 1% decrease (which equates to \$52 million). Southland's regional GDP was \$5.129 billion in March 2016, down

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
						from \$5.181 billion in March 2015 as reported in the Statistics NZ Regional GDP figures published in March 2017. Please note that the GDP figure reported in the Council's 2015/2016 Annual Report was provisional (\$4.9 billion) and has since been updated to \$5.181 billion.
	Promotion Promote Southland District	Increase in Southland's population	Statistics New Zealand Sub-national population estimates	Increase from previous year	0.72%	Achieved The result was 0.72%. Southland's estimated population in 2016 was 98,000 which is an increase 700 people (0.72%) over 2015 (97,300). In 2015/2016 the result was 0.7%. The population figure is sourced from Stats NZ subnational population estimates for year ended 30 June 2016).
		Increase in number of visitor nights in the region	MBIE Regional Tourism Estimates and Commercial Accommodation Monitor	5%	10.4%	Achieved The result was 10.4%. 753,098 guest nights for the year, which equates to a 10.4% increase from the previous year for Southland District. In 2015/2016 the result was a 14.6% increase (based on 682,317 guest nights for the year ended April 2016).
		Increase in tourist accommodation occupancy rates	MBIE Regional Tourism Estimates and Commercial Accommodation Monitor	2%	11.4%	Achieved The result was 11.4%. In 2016/2017 the occupancy rate was 40.2% for the year ended June 2016, compared to 36.1% for year ended June 2016.
District support	Access Access to services during normal business hours	Percentage of residents satisfied with the hours of operation	Triennial residents' satisfaction survey	90%	97%	Achieved The latest survey was in 2016/2017 and the result was 97%. Survey undertaken three-yearly. In 2013/2014 the result was 96%.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	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 2015/2016 the result was 92%.
		Percentage of customers satisfied with response times ¹	Annual customer service survey	80%	98%	Achieved The result was 98%. In 2015/2016 the result was 98%.
		Percentage of customers satisfied with the outcome of enquiries ¹	Annual customer service survey	80%	84%	Achieved The result was 86%. In 2015/2016 the result was 86%.
	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 2015/2016 the result was 88%.
	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%	73%	Not Achieved The result was 73%. Of the 6,247 actions, 4,557 were completed within timeframe. In September 2016 we upgraded to Records Manager 8.3. Staff now receive a reminder e-mail 2 days before the action becomes overdue. In 2015/2016 the result was 72%.
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	85%	75%	Not Achieved The latest survey was in 2016/2017 and the result was 75%. This is expected to increase by the next survey with an increase in the number of engagement methods utilised to increase readership. Survey undertaken three yearly. In 2013/2014 the result was 86%.
	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 stories	46 stories	Achieved 46 stories for the year. In 2015/2016 the result was 41.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	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	80%	69%	Not Achieved The latest survey was in 2016/2017 and the result was 69%. Survey undertaken three yearly. In 2013/2014 the result was 69%.
<p>¹ Monthly targeted survey conducted by Customer Services Officer.</p> <p>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.</p>						

Funding Impact Statement – Budget Variations

Other receipts were higher than budgeted due to changes to the way forestry income is disclosed, strong log prices and increased harvesting. Payments to staff and suppliers are higher than budget due to changes to the way forestry expenditure is disclosed and costs associated with additional forestry harvesting. Capital expenditure to improve level of service was lower than budget due to the core system review being deferred, although this is partially offset by additional expenditure required for the digitisation project.

Funding Impact Statement - District Leadership

2015/2016 Budget (LTP) (\$000)		2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
	Sources of operating funding			
9,209	General rates, uniform annual general charges, rates penalties	9,220	9,837	9,881
693	Targeted rates	692	665	666
84	Subsidies and grants for operating purposes	84	107	1591
-	Fees and charges	39	35	31
12,376	Internal charges and overheads recovered	11,849	13,889	13,972
2,903	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	4,746	6,542	3,090
25,265	Total operating funding	26,630	31,075	29,231
	Applications of operating funding			
12,098	Payments to staff and suppliers	13,346	14,754	15,763
-	Finance costs	-	-	-
9,154	Internal charges and overheads applied	9,027	10,650	10,569
2,609	Other operating funding applications	2,353	2,187	2,224
23,862	Total applications of operating funding	24,726	27,591	28,556
1,403	Surplus (deficit) of operating funding	1,904	3,484	675
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
22	Development and financial contributions	10	10	-
(421)	Increase (decrease) in debt	(2,321)	942	2,562
5	Gross proceeds from sale of assets	11	38	67
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
(393)	Total sources of capital funding	(2,300)	990	2,629
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
2,126	▪ to improve the level of service	331	1,327	3,146
146	▪ to replace existing assets	43	212	334
(1,185)	Increase (decrease) in reserves	(1,070)	2,597	(392)
(76)	Increase (decrease) in investments	300	338	217
1,010	Total applications of capital funding	(396)	4,474	3,305
(1,403)	Surplus (deficit) of capital funding	(1,904)	(3,484)	(675)
-	Funding balance	-	-	-

¹ includes all other operating funding 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.

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

Performance targets

This activity has two targets. One of the targets was achieved and one was not measured.

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.

Council staff continue to support Emergency Management Southland, including performance of roles such as controller and public information managers when required.

While thankfully the 2016/2017 year was relatively quiet for local emergencies, staff assisted the velvet leaf response in late 2016 and participated in several valuable training exercises, including the national tsunami response Exercise Tangaroa.

Some changes to the Civil Defence and Emergency Management Act strengthened the importance of the welfare and recovery roles of Emergency Management Southland. A national civil defence review was under way, and EMS also prepared and finalised its regional civil defence plan for 2017-2022.

Emergency Management Southland is leading Project AF8, a national initiative to develop a plan to manage the effects of a magnitude 8 earthquake on the Alpine Fault.

EMS welcomed the appointment of a further advisor, adding capability to the team.

Rural Fire

Central government decided to merge rural and urban fire services from 1 July 2017. Since its creation, Southland District Council has had two members on the Southern Rural Fire Authority (SRFA) board.

From 1 July 2017 the SRFA will become part of the new national entity Fire and Emergency New Zealand (FENZ). Staff assisted FENZ team members to ensure the transition to the new entity goes as smoothly as possible. Transition of the rural and urban sectors into FENZ is planned over a three to five-year period.

FENZ 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.

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)	75-80% in 2016 assessment	74.2%	Not Measured In 2015/2016 the result was 74.2. 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	Minimum of 50%	57%	Achieved The result is 57% for residents and farmers 52%. In 2015/2016 the result was 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%)').

Funding Impact Statement – Budget Variations

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

Funding Impact Statement – Emergency Management

2015/2016 Budget (LTP) (\$000)		2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
	Sources of operating funding			
666	General rates, uniform annual general charges, rates penalties	660	661	666
-	- Targeted rates	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-
-	- Fees and charges	-	-	-
1	Internal charges and overheads recovered	6	5	1
59	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	59	51	51
725	Total operating funding	725	717	718
	Applications of operating funding			
-	- Payments to staff and suppliers	2	-	-
-	- Finance costs	-	-	-
162	Internal charges and overheads applied	154	162	165
546	Other operating funding applications	546	553	553
709	Total applications of operating funding	702	716	718
17	Surplus (deficit) of operating funding	23	2	-
	Sources of capital funding			
-	- Subsidies and grants for capital expenditure	-	-	-
-	- Development and financial contributions	-	-	-
(316)	Increase (decrease) in debt	(316)	-	-
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
-	- Other dedicated capital funding	-	-	-
(316)	Total sources of capital funding	(316)	-	-
	Applications of capital funding			
	Capital expenditure			
-	- to meet additional demand	-	-	-
-	- to improve the level of service	-	-	-
-	- to replace existing assets	-	-	-
(299)	Increase (decrease) in reserves	(293)	2	-
-	- Increase (decrease) in investments	-	-	-
(299)	Total applications of capital funding	(293)	2	-
(17)	Surplus (deficit) of capital funding	(23)	(2)	-
-	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 in. 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 throughout 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

Performance targets

This activity group has 18 key performance indicator targets. Eight were achieved and 10 were not achieved with the key reasons for non-achievement explained in the table below.

Key highlights

Building control

Council's Building Consent Authority (BCA) Accreditation was renewed by International Accreditation New Zealand in March 2017.

The audit identified one corrective action required, which was being addressed, enabling Council to continue to issue building consents for a further two years.

The Building (Earthquake Prone Amendments) Act 2016 was enacted towards the end of 2016. This creates a strengthened regime for the control of buildings deemed earthquake prone, based on risk zones (high, medium or low, which generally follow proximity to the Alpine Fault in Southland). Southland District is one of the few councils with all three risk zones in its area.

The bulk of the provisions of this act take effect from 1 July 2017 and, along with other councils, Southland District Council will have an expanded role in earthquake-prone building management in the future.

The department has been successful in reducing the overall number of outstanding building consents. The practice of following up on pre-2004 building consents will continue in the coming year.

The Fencing of Swimming Pools Act 2016 puts extra requirements on Council to inspect swimming pools every three years and maintain a register of pools in its area.

Resource management

Edendale Bypass

A Notice of Requirement to realign State Highway 1 to the west of the Edendale Fonterra dairy factory (the Edendale Bypass) was received in February 2017. This application was publicly notified and received 20 submissions. An independent hearing commissioner heard the application on 17 August 2017 and on 4 September recommended that NZTA confirm the Notice of Requirement subject to conditions. NZTA has accepted the recommendation and Council has provided the recommendation to all submitters and land owners affected by the Notice of Requirement who now have a right of appeal to the Environment Court.

District Plan review

Mediation on the Proposed Southland District Plan was put on hold while the Proposed Regional Policy Statement was being resolved. Now that mediation has been settled mediation is scheduled for 7-11 August. If the appeals on the Proposed District Plan can't be resolved through mediation it is likely that any remaining issues will get resolved through an Environment Court hearing. It is likely that all the remaining appeals will be resolved before the end of the calendar year.

RMA changes

The Resource Legislation Amendment Act 2017, passed in April 2017, is the largest suite of amendments to the Resource Management Act since its enactment in 1991. This has significant implications for all councils, with some key changes being:

- Inclusion of natural hazards management as a matter of national importance
- New provisions to seek to streamline consenting processes, and a shorter time frame for processing simple consents
- New national planning standards introduced, aimed at creating greater consistency between planning documents and streamlining plan-making
- Changes to the tests around notification of applications, which is likely to lead to fewer applications being publicly notified in the future.

Land and Water Plan

Council's officers submitted on Environment Southland's Proposed Water and Land Plan in 2016. There are likely to be implications for the re-consenting of local authority infrastructure if the plan is adopted. The resource management team was involved in preparing evidence for joint submissions with Invercargill City Council and Gore District Council in September.

Animal Control

Significant educational and systems work was completed in preparation for the new dog control registration discounts. These discounts are a significant change and are intended to encourage responsible dog ownership, and reduce wandering and aggression incidents.

A consequence of the new discounts is the significance of written warning as part of the escalation process. A dog owner that receives a written warning will not be eligible for the responsible owner discount for two years. This provides dog control officers with another compliance option that is of lesser significance than an infringement.

Further, more dogs are being microchipped as a direct result of the discounts, with microchipping being one of the criteria for receiving the responsible owner discount.

Multiple dogs licensing was successfully implemented during this period. This was a new licensing system introduced by the Dog Control Bylaw 2015, in order to provide a more effective level of control for dog owners with more than two dogs particularly in urban areas.

The team completed an analysis of attacks in the District over a three-year period. Council's Regulatory and Consents Committee endorsed the recommendations arising, including the provision of free gate signs, identification/smart monitoring of higher risk properties, identification of unregistered dogs, and possibly an amnesty (subject to a further report to the Committee).

Council's Animal Control section entered into a contract with Invercargill City Council to enable warranted Invercargill City Council staff to provide animal control services in Southland District. This provides better responsiveness and business continuity for times when Southland District Council's two animal control officers are unavailable due to other callouts or annual leave.

Environmental Health

A key focus has been the implementation of the Food Act 2014. All food businesses are required to transition to a new model of regulation within three years, by 2019. The first group of businesses required to transfer by June 2016 were those that hold an alcohol on-licence.

All food businesses that were required to transfer to the new Food Act 2014 regime by 30 June 2017 have done so.

The new legislation has a strong quality control focus. The food control plan that higher risk food businesses are required to use are in effect quality manuals. Similarly, Councils are being required to transition to operate under a quality manual as well. Council is expected to have its quality system fully implemented in 2019.

Council initiated a system of working together with the other alcohol regulatory agencies in Southland. Some outcomes of this are expected to be improved consistency and application processes. Council also has a combined Local Alcohol Policy with the Gore and Invercargill councils, with a key policy being uniform operating hours in the region.

The successful freedom camping patrol shared service with DOC continued in the Te Anau Basin. This has largely eliminated freedom camping in Te Anau. Changes to the freedom camping rules in Waikawa have reduced the problems that were occurring there previously. Lumsden continued with trialling the expanded freedom camping area, to allow better management and control of freedom camping in the town.

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%	93%	<p>Not Achieved The result was 93%. The actual timeframes are shorter than the timeframes in the Act of which we achieved our 98% targets. The current system is paper based and linear. The target should be achieved when we move to an electronic system.</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>1,006</td> <td>918</td> </tr> <tr> <td>PIMs</td> <td>9</td> <td>8</td> </tr> <tr> <td>LIMs</td> <td>554</td> <td>554</td> </tr> <tr> <td>COA</td> <td>13</td> <td>13</td> </tr> <tr> <td>Total</td> <td>1,582</td> <td>1,493</td> </tr> </tbody> </table> <p>In 2015/2016 the result was 99%.</p>	Type	Applications received	Issued in timeframes	Building consent	1,006	918	PIMs	9	8	LIMs	554	554	COA	13	13	Total	1,582	1,493
	Type	Applications received	Issued in timeframes																					
	Building consent	1,006	918																					
	PIMs	9	8																					
LIMs	554	554																						
COA	13	13																						
Total	1,582	1,493																						
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%	99%	<p>Achieved The result was 99%. Of the 841 inspections, 829 inspections were carried within timeframe. In 2015/2016 the result was 97.34%.</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	80%	76%	<p>Not Achieved The result was 76%. This was not achieved but in the survey there were a lot of positive comments. While Council achieved 98% of the statutory timeframes this does not meet our customers' expectations so we need to improve our systems to meet their needs by moving to an electronic system. In 2014/2015 the result was 78%.</p>																			
Quality	Number of proven liability claims against Council	Report to Council	0	0	<p>Achieved The result was 0. In 2015/2016 the result was 0.</p>																			

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Ensure building work complies with the Building Code to ensure communities are safe					
	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%	13%	Achieved The result was 13%. 90 audits undertaken of 683 compliance schedule items for the financial year. In 2015/2016 the result was 10.4%.
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	75% (dog)	78%	Achieved The latest survey was in 2016/2017 and the result was 78%. Survey undertaken three-yearly. In 2013/2014 the result was 71%.
		Percentage of residents satisfied with the service provided (stock)	Triennial residents' satisfaction survey	85% (stock)	91%	Achieved The latest survey was in 2016/2017 and the result was 91%. Survey undertaken three-yearly. In 2013/2014 the result was 84%.
	Responsiveness All complaints are addressed in a timely manner	Percentage of complaints investigated within set timeframes ²	Customer service system (Pathway)	85%	98%	Achieved The result was 98%. Of the 964 requests, 949 were within timeframes. In 2015/2016 the result was 90%.
	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	49	Not Achieved The result was 49. The reason for the reduction is the number of microchipping sessions has reduced. Council now focuses 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 2015/2016 the result was 48.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
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	80%	67%	Not Achieved The result was 67%. The result is similar to the previous survey and we are putting measures in place such as electronic lodgement and better guidance for applicants lodging consents. It is also worth noting that there is a high proportion of applicants seeking consent that do not have any previous experience and therefore their knowledge and expertise may affect their satisfaction. This was not measured in 2015/2016. The result in 2014/2015 is 66.7%.
	Efficiency Ensure consents are processed efficiently	Percentage of applications processed within required timeframes ⁵	Customer service system (Pathway)	95%	88%	Not Achieved The result was 88%. 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. In 2015/2016 the result was 89%.
	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	Report produced	Achieved The result was a report was produced. The requirement under the RMA to report on the effectiveness of the Proposed District Plan after five years is based on the date the plan is made operative. While the Proposed District Plan is not fully operative, a report was prepared and presented to the Regulatory and Consents committee in May 2017.
	Responsiveness	Percentage of complaints where investigation commenced within five working days	Customer service system (Pathway)	100%	89%	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 result was 89%. Of the nine complaints received for the year, eight were investigated on time, there was a delay with the other one due to officers not being available to respond. In 2015/2016 the result was 73%.
	Quality Monitor resource consents to ensure that they comply with conditions	Percentage of consents requiring monitoring that are monitored	Customer service system (Pathway)	100%	3%	Not Achieved The result was 3%. One of the 29 were monitored. Council delayed some monitoring over the reporting timeframe due to other priorities. In 2015/2016 the result was 100%.
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%	99% 79% 88%	Achieved Staff helpfulness Outcome Time taken In 2015/2016 the result was: Staff helpfulness 97% Outcome 88% Time taken 90%
	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 result was 99.6%. 245 premises inspected from 246 registered premises. The reason is because this food business has transferred to a new risk based measure that Council is not yet approved by the MPI to verify, and subsequently postponed. In 2015/2016 the result was 99.6%.
	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%	71%	Not Achieved The result was 71%. Of the 507 applications, 361 were processed within 35 working days. Reasons are (1) the licence renewal backlog continues to be reflected in this result (2) some errors in the holds-data not being loaded (3) applications relating to managers and special licences did achieve 90%. In 2015/2016 the result was 74%.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	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%	93%	Not Achieved The result was 93%. 220 of the 236 complaints were investigated within two days. The main reasons for this result are failure to reach after hours ranger and officers delay in responding. In 2015/2016 the result was 88%.
<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>						

Funding Impact Statement – Budget Variations

Payments to staff and suppliers are less than budgeted mainly due to the District Plan being on hold as a result of an appeal. Other than this there were no significant variances between the budget and the actual results.

Funding Impact Statement – Regulatory Services

2015/2016 Budget (LTP) (\$000)		2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
	Sources of operating funding			
1,778	General rates, uniform annual general charges, rates penalties	1,780	1,736	1,731
-	- Targeted rates	-	-	-
4	Subsidies and grants for operating purposes	15	11	10
2,194	Fees and charges	1,937	1,950	2,016
313	Internal charges and overheads recovered	255	336	435
97	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	101	48	63
4,386	Total operating funding	4,089	4,081	4,255
	Applications of operating funding			
3,029	Payments to staff and suppliers	2,819	2,340	2,998
-	- Finance costs	-	-	-
1,260	Internal charges and overheads applied	1,205	1,390	1,456
2	Other operating funding applications	(5)	51	2
4,291	Total applications of operating funding	4,020	3,781	4,456
95	Surplus (deficit) of operating funding	69	299	(201)
	Sources of capital funding			
-	- Subsidies and grants for capital expenditure	-	-	-
-	- Development and financial contributions	-	-	-
(892)	Increase (decrease) in debt	(875)	(461)	(461)
25	Gross proceeds from sale of assets	7	34	9
-	- Lump sum contributions	-	-	-
-	- Other dedicated capital funding	-	-	-
(867)	Total sources of capital funding	(869)	(427)	(452)
	Applications of capital funding			
	Capital expenditure			
-	- to meet additional demand	-	-	-
-	- to improve the level of service	58	17	-
107	- to replace existing assets	67	6	41
(879)	Increase (decrease) in reserves	(924)	(160)	(334)
-	- Increase (decrease) in investments	-	9	(360)
(771)	Total applications of capital funding	(800)	(128)	(653)
(95)	Surplus (deficit) of capital funding	(69)	(299)	201
-	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 4,970km, the second largest of any territorial authority in the country, second only to Auckland metro. Council also owns and manages 1088 bridges, 201km of footpaths, 236 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

Performance targets

This activity has six targets. The activity achieved three of the targets that were measured for the year. One was not measured and two were not achieved. The target that was not achieved was due to a reporting timing faults. The actual customer service performance or network service delivery was not compromised or found lacking.

Projects

There were 31 projects in this activity. Of these 11 were completed, 9 were in progress, 9 were not started and 2 were deleted. More detail about the projects is available from the Council on request.

Key highlights

Road Safety

Council installed seven new guardrails at various locations. These sites were assessed and prioritised using Council's safety barrier/embankment risk assessment tool.

Active flashing school signs were also installed at Otautau School after the location was evaluated as meeting the NZTA assessment criteria.

Roading network

LED streetlights have been installed at Wallacetown with the complete network to be switched to LEDs in 2017/2018, pending funding approval from the NZ Transport Agency.

Council renewed the roading alliance maintenance contracts with Waimea and Central being awarded to Southroads and Foveaux awarded to Fulton Hogan. These contracts run for seven years starting on 1 July 2017.

In 2016/2017, Southland District Council:

- Resurfaced 161km of road, covering a total of 1,097,016 square metres of road surface. This was 113% of the area that was budgeted to be resurfaced.
- Carried out 6km of rehabilitations, or 120% of the area budgeted to be rehabilitated. The additional 1km was due to heavy vehicle activity which resulted in pavement stress causing the section of road to fail.
- Placed around 75,000 cubic metres of gravel, covering around 768km of road.

Claycrete trials

A clay soil-binding chemical product called Claycrete is being trialled at three sites, to see if it is a viable, cheaper alternative to sealing and/or oiling roads for dust suppression. It is the first such trial of the product in New Zealand, and is being sponsored by Claycrete Aotearoa. The trials are being held at Chewings Road, Lintley Road and the railway station at Lumsden, and are providing useful information about Southland conditions which will help to dictate whether Claycrete is a viable roading solution for the District.

Key projects

Around the Mountains Cycle Trail

Stage one from Kingston to Mossburn has now been open for three years and the section from Mossburn to Centre Hill is also complete.

Council considered options to finish the Around the Mountains Cycle Trail. One option is to temporarily complete the trail from Centre Hill to Walter Peak as a “Heartland Ride,” using the existing Centre Hill and Mavora Lakes roads. This would mean Council could market the trail as a complete ride while considering how to develop it to “Great Ride” standard, which Council is contractually obliged to do.

Sealing the last section of the Catlins Road

Council approved the seal extension of the Alternative Coastal Route.

The total project cost was approved at \$9.5 million, including construction, land purchases, safety review and monitoring costs. Work began in May 2017, with \$900,000 spent in the 2016/2017 year. The project is expected to be completed in 2018.

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. <i>Mandatory measure 1</i>	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	Reduce by 1	No change	Not Achieved In 2015/2016 the total was 16 and in 2016/2017 the total was 16. In 2015/2016 the result was 16 but was reported at 14 because the information was updated after the report was published due to a lag in the Crash Analysis system.
	Accessibility and road condition Roads to provide a smooth and comfortable ride quality. <i>Mandatory measure 2</i>	The average quality of ride on a sealed local road network, measured by smooth travel exposure	HSD surveys ¹	97%	100%	Achieved The result was 100%. The survey is undertaken biennially due to cost effectiveness for a small Council with a large roading network. In 2015/2016 (the last time the survey was carried out) the result was 100%.
	Road maintenance <i>Mandatory measure 3</i>	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	98%	112%	Achieved The result was 112% (sealed area 1,097,016m ²). In 2015/2016 the result was 103%.
	Footpath conditions <i>Mandatory measure 4</i>	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	80%	-	Not measured Results not available as the condition survey was not completed due to other priorities. A process is being refined for the future with consistent timing of the survey to be done in conjunction with the RoadRoid survey. In 2015/2016 the result was 90%.

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Response to service requests <i>Mandatory measure 5</i>	The percentage of customer service requests relating to roads and footpaths to which the Council responds within the timeframe ²	Customer service system (Pathway)	95%	80%	Not Achieved The result was 80%. Part of reason for not achieving the KPI is the time lag between sign off on the RFS compared to when the field staff return completed job forms for at the end of the day. This particularly impacts request with very short turnaround times i.e. less than 24hrs. 924 of the 1149 were within timeframes. In 2015/2016 the result was 80%.
	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%	90.47%	Achieved The result was 90.47% (interim result). In 2015/2016 the result was 90.70%.

¹ "Smooth and comfortable" for sealed roads means roads that meet the NAASRA counts are lower than 220 for urban roads and 120 for rural roads.

² 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.

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.

Funding Impact Statement – Budget Variations

Payments to staff and suppliers are significantly above budget as a result of costs associated with stage 8 and 9 of the Around the Mountains Cycle Trail (AMCT) being expensed, rather than capitalised (\$1.9m). Subsidies and grants for capital purposes and application of capital funding are lower than budget due to the process of tendering the Alternative Coastal Route project, delays in several bridge replacement projects and the deferral of AMCT project.

Funding Impact Statement - Roads and Footpaths

2015/2016 Budget (LTP) (\$000)		2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
13,790	Targeted rates	13,862	13,958	13,943
6,223	Subsidies and grants for operating purposes	6,163	6,323	6,187
13	Fees and charges	12	10	17
545	Internal charges and overheads recovered	600	211	355
530	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	659	873	532
21,101	Total operating funding	21,296	21,375	21,034
	Applications of operating funding			
11,699	Payments to staff and suppliers	11,193	14,655	11,882
-	Finance costs	-	-	-
1,534	Internal charges and overheads applied	1,413	1,229	1,352
20	Other operating funding applications	-	20	-
13,253	Total applications of operating funding	12,606	15,904	13,234
7,848	Surplus (deficit) of operating funding	8,689	5,471	7,800
	Sources of capital funding			
10,737	Subsidies and grants for capital expenditure	4,904	6,941	9,597
-	Development and financial contributions	8	(2)	65
685	Increase (decrease) in debt	(1,535)	(178)	4,781
-	Gross proceeds from sale of assets	-	-	8
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
11,421	Total sources of capital funding	3,377	6,761	14,451
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	8	-
8,621	▪ to improve the level of service	2,704	(174)	12,345
10,771	▪ to replace existing assets	8,661	11,830	11,613
(123)	Increase (decrease) in reserves	702	566	(1,707)
-	Increase (decrease) in investments	-	2	-
19,269	Total applications of capital funding	12,067	12,232	22,251
(7,848)	Surplus (deficit) of capital funding	(8,689)	(5,471)	(7,800)
-	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 administered by WasteNet Southland, a joint committee of 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

Performance targets

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

Of the two targets not achieved, one was an opinion survey which was close to target, the other was waste diverted from landfill by weight which depends on the amount that people recycle. Council (via WasteNet) will be carrying out more educational initiatives to encourage people to recycle more.

Projects

There was one project in this activity which was completed during the year. . More detail about the projects is available from the Council on request.

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.

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	90%	94%	Achieved The latest survey result was in 2016/2017 and the result was 94%. Survey undertaken three yearly. In 2013/2014 the result was 93% for wheelie bins.
	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	80%	83%	Achieved The latest survey result was in 2016/2017 and the result was 83%. Survey undertaken three yearly. In 2013/2014 the result was 78% for transfer stations location.
	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	80%	75%	Not Achieved The latest survey was in 2016/2017 and the result was 75%. These are largely consistent with previous years and may provide an indication that a number of residents would like to see longer opening hours. Survey undertaken three yearly. In 2013/2014 the result was 66% for transfer station opening hours.
	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	80%	82%	Achieved The latest survey was in 2016/2017 and the result was 82%. Survey undertaken three yearly. In 2013/2014 the result was 79% for recycling drop-off centres location.

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%	36%	Not Achieved. The result was 36%. 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 2015/2016 was 51%.
	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)	40%	40%	Achieved. The result was 40%. Of the 3454.76 tonnes of waste, 2029.47 was diverted from landfill. The result for 2015/2016 was 56%.
	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	29	Achieved. The result was 29. The result for 2015/2016 was 20.

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.

Funding Impact Statement – Budget Variations

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

Funding Impact Statement – Solid Waste

2015/2016 Budget (LTP) (\$000)		2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
4,061	Targeted rates	4,060	4,128	4,139
88	Subsidies and grants for operating purposes	117	120	88
182	Fees and charges	200	238	187
199	Internal charges and overheads recovered	204	247	239
21	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	59	59	20
4,551	Total operating funding	4,640	4,791	4,673
	Applications of operating funding			
3,175	Payments to staff and suppliers	3,191	3,144	3,154
-	Finance costs	-	-	-
1,088	Internal charges and overheads applied	1,046	1,166	1,199
-	Other operating funding applications	1	-	-
4,262	Total applications of operating funding	4,238	4,310	4,353
289	Surplus (deficit) of operating funding	402	482	321
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
(275)	Increase (decrease) in debt	(275)	(301)	(301)
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
(275)	Total sources of capital funding	(275)	(301)	(301)
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
-	▪ to improve the level of service	33	40	-
14	▪ to replace existing assets	-	-	-
-	Increase (decrease) in reserves	94	141	20
-	Increase (decrease) in investments	-	-	-
14	Total applications of capital funding	127	181	20
(289)	Surplus (deficit) of capital funding	(402)	(482)	(321)
	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 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

Performance targets

This activity has ten targets. The activity achieved five of the targets. One target was not achieved because there was 113 complaints about the stormwater system and four targets were not measured.

The target that wasn't achieved related to complaints due to a large number of requests caused by bad weather events.

The targets that weren't measured were because resource consents had not been issued by Environment Southland at that stage.

Projects

There were 7 projects in this activity. Of these 4 were completed, 21 was in progress and 2 were deferred. More detail about the projects is available from the Council on request.

Key highlights

Council is continuing its upgrade work on stormwater assets to comply with national standards, with further work carried out in a number of communities including Riverton and Winton.

Council is focused on ensuring the continued protection of the environment and has applied for resource consents for stormwater discharges in 17 townships. These were being processed by Environment Southland with draft conditions expected in 2017/2018.

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

Council submitted on a number of the Plan's objectives and rules that are likely to have an impact on how the stormwater activity will be managed. We are due to speak in support of our submission in September 2017. Once decisions are made and the provisions of the Plan fully adopted Council will have a clearer picture on what is required to develop a method for monitoring the stormwater assets and their performance.

Staff carried out extensive investigative work in a number of townships to help improve quality of data for the stormwater activity.

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)	80%	85%	Achieved The result was 85%. 96 of the 113 were completed within timeframes. In 2015/2016 the result was 85%.
	Quantity Provide a drainage system with adequate capacity to protect public and property from major storms <i>Mandatory measure 1</i>	(a) The number of flooding events that occur in a territorial authority district. (internal flooding only)	Customer service system (Pathway)	Less than 5	0	Achieved The result was 0. There were no internal flooding events that affected habitable floors. In 2015/2016 the result was 0.
		(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)	Less than 1	0	Achieved The result was 0. There were no internal flooding events that affected habitable floors. In 2015/2016 the result was 0.
	Management of environmental impacts Compliance with the Council's resource consents for discharge from its stormwater system <i>Mandatory measure 2</i>	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	0	-	Not Measured As Environment Southland has not yet put in place resource consent limits for these systems, the compliance measures are unable to be reported on. In 2015/2016 the result was not measured.
		(b) Infringement notices	Formal correspondence from Environment Southland	0	-	Not Measured As above (a).
		(c) Enforcement orders	Formal correspondence from Environment Southland	0	-	Not Measured As above (a).
		(d) Convictions Received by the territorial authority in relation those resource consents.	Formal correspondence from Environment Southland	0	-	Not Measured As above (a).

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Responsiveness Prompt response to any instance of flooding <i>Mandatory measure 3</i>	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)	90%	-	Achieved. The mandatory measure methodology defines flooding events as those that affect "habitable floors". There have been no flooding of habitable floors for the year and as such the result is reported as achieved. In 2015/2016 the result was not measured.
	Customer satisfaction Reliability: Provide a reliable stormwater system <i>Mandatory measure 4</i>	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)	15	10	Achieved The result was 10. In 2015/2016 the result was 14. 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)	Less than 60	113	Not Achieved The result was 113. There was large number of requests due to bad weather events. In 2015/2016 there were 88 complaints.
¹ The action taken timeframe is within 24 hours. Response means someone will contact customer either by phone or visit the property.						

Funding Impact Statement – Budget Variations

There are no significant variations from budget.

Funding Impact Statement - Stormwater

2015/2016 Budget (LTP) (\$000)		2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
251	Targeted rates	250	283	284
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	1	2	-
57	Internal charges and overheads recovered	56	56	58
-	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	40	-	-
308	Total operating funding	348	340	342
	Applications of operating funding			
131	Payments to staff and suppliers	64	105	141
-	Finance costs	-	-	-
103	Internal charges and overheads applied	99	112	117
-	Other operating funding applications	-	-	-
234	Total applications of operating funding	164	217	258
74	Surplus (deficit) of operating funding	184	123	84
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
(6)	Increase (decrease) in debt	173	(15)	8
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
(6)	Total sources of capital funding	173	(15)	8
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
180	▪ to improve the level of service	12	30	50
75	▪ to replace existing assets	280	65	41
(187)	Increase (decrease) in reserves	65	4	(1)
-	Increase (decrease) in investments	-	9	2
68	Total applications of capital funding	357	109	92
(74)	Surplus (deficit) of capital funding	(184)	(123)	(84)
-	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. They 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

Performance targets

This activity has eight targets. The activity achieved all eight targets that were measured for the year.

Projects

There were 19 projects in this activity. Of these 6 were completed, 10 were in progress, 2 were not started and 1 was deferred. More detail about the projects is available from the Council on request.

Key highlights

Council is focused on continuing to maintain 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.

Resource consents were finalised for Riversdale and Nightcaps.

There are some delays in contractor availability for desludging and disposal due to high demand for the specialised contractors and suitable weather.

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

Council submitted on a number of the plan’s objectives and rules that are likely to have an impact on how the wastewater activity will be managed and are due to speak in support of our submission in September 2017. Once decisions are made and the provisions of the plan fully adopted Council will have a clearer picture on what is required to develop a method for monitoring the wastewater assets and their performance, as well as planning for future upgrades.

Key projects

Te Anau wastewater upgrade

The peer review of the proposed Te Anau wastewater upgrade is now largely complete with the report finding no fundamental flaws with the proposal. On the basis of the review and the potential lack of suitable alternative land for disposal Council is proceeding with the development of the business case in support of the consented Kepler block scheme but may consider any potential suitable alternative sites should they become available.

Oban wastewater scheme

Work is under way to extend the disposal area for the Oban wastewater scheme. This involves laying out additional pipework within the designated disposal area and connecting it to existing infrastructure through a series of valves and adjoining pipework.

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. <i>Mandatory measure 1</i>	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	<1	0	Achieved A target of less than 1 per 1000 connections equates to 9 events and we had 5 so this is achieved. The result is 0 when expressed as a whole number per 1000 connections. The number of overflows is 5. The number of connected rated properties is 8939. In 2015/2016 the result was 0.
		Discharge compliance Minimise effects on the environment. <i>Mandatory measure 2</i>	Compliance with the resource consents for discharge from its wastewater system measured by the number of: a) Abatement notices	Formal correspondence from Environment Southland	0	0
		b) Infringement notices	Formal correspondence from Environment Southland	0	0	Achieved As above (a).
		c) Enforcement orders	Formal correspondence from Environment Southland	0	0	Achieved As above (a)
		d) Convictions Received by the Council in relation to those resource consents	Formal correspondence from Environment Southland	0	0	Achieved As above (a).
	Fault response time <i>Mandatory measure 3</i>	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	95%	100%	Achieved The result was 100% (17 minutes). In 2015/2016 the result was 100% (26 minutes).

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed																																
		(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	95%	100%	Achieved The result was 100% (28 minutes). In 2015/2016 the result was 50% (6 hours and 58 minutes).																																
	Customer satisfaction Relates to non-urgent situations. Customers are satisfied with the quality of the wastewater service. <i>Mandatory measure 4</i>	The total number of complaints received by the Council about any of the following: a) Wastewater odour b) Wastewater system faults c) Wastewater system blockages d) The Council's response to issues with its wastewater system (expressed per 1000 connections to the TA's sewerage system)	HANSEN – Asset Management system report	5.5 in total made up of <table border="1"> <tr> <td>a) odour</td> <td><1</td> </tr> <tr> <td>b) faults</td> <td>1.5</td> </tr> <tr> <td>c) blockages</td> <td>2</td> </tr> <tr> <td>d) response</td> <td><1</td> </tr> </table>	a) odour	<1	b) faults	1.5	c) blockages	2	d) response	<1	4	Achieved The result was 4 (when expressed as a whole number per 1000 connection (as detailed in the table below): <table border="1"> <thead> <tr> <th></th> <th>No</th> <th>Target</th> <th>Per 1000</th> </tr> </thead> <tbody> <tr> <td>a) odour</td> <td>12</td> <td><1</td> <td>1 (15/16: 0)</td> </tr> <tr> <td>b) faults</td> <td>2</td> <td>1.5</td> <td>0 (15/16: 0)</td> </tr> <tr> <td>c) blockages</td> <td>20</td> <td>2</td> <td>2 (15/16: 1)</td> </tr> <tr> <td>d) response</td> <td>0</td> <td><1</td> <td>0 (15/16: 0)</td> </tr> <tr> <td>Total</td> <td>34</td> <td><25</td> <td>4 (15/16: 2)</td> </tr> </tbody> </table> The number of connected rated properties is 8939.		No	Target	Per 1000	a) odour	12	<1	1 (15/16: 0)	b) faults	2	1.5	0 (15/16: 0)	c) blockages	20	2	2 (15/16: 1)	d) response	0	<1	0 (15/16: 0)	Total	34	<25	4 (15/16: 2)
a) odour	<1																																					
b) faults	1.5																																					
c) blockages	2																																					
d) response	<1																																					
	No	Target	Per 1000																																			
a) odour	12	<1	1 (15/16: 0)																																			
b) faults	2	1.5	0 (15/16: 0)																																			
c) blockages	20	2	2 (15/16: 1)																																			
d) response	0	<1	0 (15/16: 0)																																			
Total	34	<25	4 (15/16: 2)																																			

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).

Funding Impact Statement – Budget Variations

Targeted rates are higher than budgeted as a number of ratepayer have chosen to repay their Sewerage Loan Targeted Rate in full during the year. Payments to staff and suppliers are higher than budgeted due to additional costs in relation to the peer review of the Te Anau wastewater option and additional maintenance costs. Internal charges and overheads applied are lower than budget as the actual internal loans at the start of financial year were lower than budgeted. Capital expenditure is under budget for the year with projects relating to Te Anau and Riversdale deferred to future years.

Funding Impact Statement - Wastewater

2015/2016 Budget (LTP) (\$000)		2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
3,576	Targeted rates	3,647	3,855	3,781
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	9	13	-
2,277	Internal charges and overheads recovered	1,371	103	94
58	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	60	69	60
5,911	Total operating funding	5,087	4,039	3,935
	Applications of operating funding			
1,645	Payments to staff and suppliers	1,954	1,848	1,734
-	Finance costs	-	-	-
2,742	Internal charges and overheads applied	1,840	559	681
-	Other operating funding applications	-	4	-
4,387	Total applications of operating funding	3,795	2,410	2,415
1,525	Surplus (deficit) of operating funding	1,292	1,629	1,520
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
984	Increase (decrease) in debt	122	(561)	658
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
984	Total sources of capital funding	122	(561)	658
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	68	31
923	▪ to improve the level of service	654	385	1,233
1,424	▪ to replace existing assets	627	317	480
161	Increase (decrease) in reserves	134	298	432
-	Increase (decrease) in investments	-	-	-
2,508	Total applications of capital funding	1,415	1,068	2,178
(1,525)	Surplus (deficit) of capital funding	(1,292)	(1,629)	(1,520)
-	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 wellbeing 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 increased safety of residents throughout 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

Performance targets

This activity has 10 targets. The activity achieved seven targets and three targets were not achieved. Of those not achieved reasons included gaps in data for very short periods of time resulting in non-compliances being recorded, one was an area with high water losses, one was the methodology used for drinking water per person calculations and one was that there was a new process in place to ensure completion of hydrant testing for all urban areas.

Projects

There were 29 projects in this activity. Of these 10 were completed, 13 were in progress and 6 were deferred. More detail about the projects is available from the Council on request.

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.

Environment Southland has consulted on its proposed Water and Land Plan. It requires Council to more actively manage and monitor its water supplies to ensure water is managed to main suitable targets in relation to quality and quantity.

Council submitted on a number of the plan's objectives and rules that are likely to have an impact on how the water supply activity will be managed. We are due to speak in support of our submission in September 2017. Once decisions are made and the provisions of the plan fully adopted Council will have a clearer picture on what is required to develop a method for monitoring the water supply and their performance.

Havelock North Inquiry update

The Government has established an inquiry into issues relating to the contamination of the Havelock North water supply last year.

Water and waste staff were working through understanding the implications of the findings in relation to the 13 community water supplies for which we have responsibility.

Key projects

Stage two of the renewal of the water mains in Winton was completed in 2016/2017. This cost \$1 million and is part of a three-year upgrade programme. Old asbestos pipes were replaced with new high-density polythene pipes. The final stage involves replacing articulated piping around the northern parts of Winton. Council has budgeted \$1.1 million in the 2017/2018 year to do this.

The Council continued with its District-wide water metering project which involves tracking water production and use across nine urban schemes. The Council is in its second year of this seven year project and completed District metering at Tuatapere and Otatau during 2016/2017.

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 <i>Mandatory measure 1</i>	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	100%	100%	Achieved 13 of 13 were compliant. See the table below for details (please note these are interim results to be confirmed by the Drinking Water Assessor report). In 2015/2016 the result was 11 of 13 were compliant (restated from the interim result reported in the Annual Report where 13 of 13 were compliant). <table border="1"> <thead> <tr> <th>Scheme</th> <th>Met</th> </tr> </thead> <tbody> <tr><td>Edendale</td><td>Y</td></tr> <tr><td>Wyndham</td><td>Y</td></tr> <tr><td>Lumsden/Balfour Rural</td><td>Y</td></tr> <tr><td>Lumsden</td><td>Y</td></tr> <tr><td>Manapouri</td><td>Y</td></tr> <tr><td>Mossburn</td><td>Y</td></tr> <tr><td>Nightcaps</td><td>Y</td></tr> <tr><td>Ohai</td><td>Y</td></tr> <tr><td>Otautau</td><td>Y</td></tr> <tr><td>Riverton</td><td>Y</td></tr> <tr><td>Te Anau</td><td>Y</td></tr> <tr><td>Tuatapere</td><td>Y</td></tr> <tr><td>Winton</td><td>Y</td></tr> </tbody> </table>	Scheme	Met	Edendale	Y	Wyndham	Y	Lumsden/Balfour Rural	Y	Lumsden	Y	Manapouri	Y	Mossburn	Y	Nightcaps	Y	Ohai	Y	Otautau	Y	Riverton	Y	Te Anau	Y	Tuatapere	Y
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Te Anau	Y																															
Tuatapere	Y																															
Winton	Y																															
		(b) Part 5 of the drinking-water standards (protozoal compliance criteria)	Water Outlook and WINZ monthly report	100%	23%	Not Achieved 3 of the 13 schemes were compliant. Compliance with protozoal standards is reliant on continuous monitoring of critical processes in the water treatment plant.																										

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed																																										
						<p>Non-compliance can result from a single 2-3 minute gap in recording data, however this does not mean that the water is not safe. Council is currently upgrading its SCADA base station to improve the reliability of reporting which is expected to resolve reporting issues when data is interrupted. See the table below for more detailed explanations (please note these are interim results to be confirmed by the Drinking Water Assessor report). In 2015/2016 the result was 9 of 13 compliant.</p> <table border="1"> <thead> <tr> <th>Scheme</th> <th>Met</th> <th>Reason</th> </tr> </thead> <tbody> <tr> <td>Edendale</td> <td>N</td> <td>Data Gap and three instances of a UV lamp falling below dosing criteria for a short period of time (rectified within one hour).</td> </tr> <tr> <td>Wyndham</td> <td>N</td> <td>Data Gap</td> </tr> <tr> <td>Lumsden/ Balfour Rural</td> <td>N</td> <td>Data Gap</td> </tr> <tr> <td>Lumsden</td> <td>N</td> <td>Data Gap</td> </tr> <tr> <td>Manapouri</td> <td>N</td> <td>Data Gap</td> </tr> <tr> <td>Mossburn</td> <td>N</td> <td>Data Gap and one instance of a filter fault causing spike in turbidity (rectified within one hour).</td> </tr> <tr> <td>Nightcaps</td> <td>Y</td> <td></td> </tr> <tr> <td>Ohai</td> <td>Y</td> <td></td> </tr> <tr> <td>Otautau</td> <td>N</td> <td>Data Gap</td> </tr> <tr> <td>Riverton</td> <td>N</td> <td>Data Gap</td> </tr> <tr> <td>Te Anau</td> <td>Y</td> <td></td> </tr> <tr> <td>Tuatapere</td> <td>N</td> <td>Data Gap</td> </tr> <tr> <td>Winton</td> <td>N</td> <td>Data Gap</td> </tr> </tbody> </table>	Scheme	Met	Reason	Edendale	N	Data Gap and three instances of a UV lamp falling below dosing criteria for a short period of time (rectified within one hour).	Wyndham	N	Data Gap	Lumsden/ Balfour Rural	N	Data Gap	Lumsden	N	Data Gap	Manapouri	N	Data Gap	Mossburn	N	Data Gap and one instance of a filter fault causing spike in turbidity (rectified within one hour).	Nightcaps	Y		Ohai	Y		Otautau	N	Data Gap	Riverton	N	Data Gap	Te Anau	Y		Tuatapere	N	Data Gap	Winton	N	Data Gap
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	<p>Quality Provide urban water supplies that are safe and promote public health. Maintenance of the reticulation network <i>Mandatory measure 2</i></p>	<p>The percentage of real water loss from the Council's networked reticulated system (including a description of the methodology used to calculate this)¹</p>	<p>Water Loss Strategy (October 2014)</p>	<p>35%</p>	<p>36%</p>	<p>Not Achieved The result was 36%. The major water loss area was identified as Te Anau so for the future a focus will be on correcting this and installing a District metered area. In 2015/2016 the result was 36%.</p>																																										

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
	Responsiveness Provide effective and timely response to reactive maintenance issues <i>Mandatory measure 3</i>	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)	100%	100%	Achieved The result was 27 minutes. In 2015/2016 the result was 100% (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)	100%	100%	Achieved The result was 2 hours 57 minutes. In 2015/2016 the result was 100% (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 (4 hours) ² , and	HANSEN – Asset Management system report (four hours)	90%	100%	Achieved The result was 100% (1 hour 50 minutes). In 2015/2016 the result was 100% (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(24 hours) ³	HANSEN – Asset Management system report (24 hours)	90%	100%	Achieved The result was 100% (22 hours and 6 minutes). In 2015/2016 the result was 100% (19 hours 9 minutes).
	Customer satisfaction Provide water that is pleasant to all of the senses <i>Mandatory measure 4</i>	The total number of complaints received by the Council about any of the following: a) Drinking-water clarity b) Drinking-water taste c) Drinking-water odour d) Drinking water pressure or flow	HANSEN – Asset Management system report	<25 in total made up of: a) clarity <1 b) taste <1 c) odour <1 d) pressure / flow 20	5	Achieved The total of 25 combines clarity, taste, odour, pressure or flow, continuity of supply and response complaints. The result is 5 when expressed as a whole number per 1000 connection (as detailed in the table below):

What we do	Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed																																
		e) Continuity of supply f) The local authority's response to any of these issues (expressed per 1,000 connections to the local authority's networked reticulated system.		e) continuity 1 f) response 1		<table border="1"> <thead> <tr> <th></th> <th>No</th> <th>Target</th> <th>Per 1000</th> </tr> </thead> <tbody> <tr> <td>a) clarity</td> <td>9</td> <td><1</td> <td>1 (15/16: 0)</td> </tr> <tr> <td>b) taste</td> <td>0</td> <td><1</td> <td>0 (15/16: 1)</td> </tr> <tr> <td>c) odour</td> <td>0</td> <td><1</td> <td>0 (15/16: 0)</td> </tr> <tr> <td>d) pressure / flow</td> <td>8</td> <td>20</td> <td>1 (15/16: 1)</td> </tr> <tr> <td>e) continuity</td> <td>18</td> <td>1</td> <td>2 (15/16: 1)</td> </tr> <tr> <td>f) response</td> <td>0</td> <td>1</td> <td>0 (15/16: 0)</td> </tr> <tr> <td>Total</td> <td>35</td> <td><25</td> <td>5 (15/16: 3)</td> </tr> </tbody> </table> <p>The number of rated properties is 7415.</p>		No	Target	Per 1000	a) clarity	9	<1	1 (15/16: 0)	b) taste	0	<1	0 (15/16: 1)	c) odour	0	<1	0 (15/16: 0)	d) pressure / flow	8	20	1 (15/16: 1)	e) continuity	18	1	2 (15/16: 1)	f) response	0	1	0 (15/16: 0)	Total	35	<25	5 (15/16: 3)
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	Quality Provide urban water supplies that are safe and promote public health <i>Mandatory measure 5</i>	The average consumption of drinking-water per day per resident within the Council district.	Water Balance Survey	845 litres (restated from LTP target 416 litres)	790 litres	Achieved The 2015-2025 LTP stated the target at 416 litres (which was the target for total amount of water used). Council has restated this in the Annual Report target column (845 litres) which is based on the total amount of water produced to ensure that this matches the guidance around mandatory measure reporting. The difference between the total amount of water produced versus used relates to water lost between the source and house connections. In 2015/2016 the result was reported as 418 litres (which equates to 790 litres per person per day using the updated methodology).																																
	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%	75%	Not Achieved The result was 75%. There is a new process in place to ensure completion of testing for all urban areas. In 2015/2016 the result 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.

Funding Impact Statement – Budget Variations

Payments to staff and suppliers are lower than budgeted due to reduced electricity and maintenance costs. Internal charges and overheads applied are lower than budget as the actual internal loans at the start of financial year were lower than budgeted. Capital expenditure is under budget due to projects being deferred to 2017/2018 or future years.

Funding Impact Statement - Water supply

2015/2016 Budget (LTP) (\$000)		2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
3,342	Targeted rates	3,329	3,680	3,657
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	12	12	-
1,378	Internal charges and overheads recovered	1,949	44	34
1	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	-	-	1
4,722	Total operating funding	5,290	3,735	3,692
	Applications of operating funding			
1,911	Payments to staff and suppliers	1,892	2,033	2,152
-	Finance costs	-	-	-
1,892	Internal charges and overheads applied	2,462	608	673
-	Other operating funding applications	(1)	2	-
3,803	Total applications of operating funding	4,353	2,643	2,825
919	Surplus (deficit) of operating funding	937	1,092	867
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
949	Increase (decrease) in debt	1,287	552	2,911
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
949	Total sources of capital funding	1,287	552	2,911
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
374	▪ to improve the level of service	1,199	515	1,379
1,255	▪ to replace existing assets	738	1,107	2,504
239	Increase (decrease) in reserves	287	21	(105)
-	Increase (decrease) in investments	-	-	-
1,868	Total applications of capital funding	2,224	1,644	3,778
(919)	Surplus (deficit) of capital funding	(937)	(1,092)	(867)
-	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 and the Department of Conservation with the assistance of Environment Southland 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 2016-2019. 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). It 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 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 (SOI), 2016-2019. 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/Piopiotaahi. 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/Piopiotaahi.
- 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/Piopiotaahi.
- 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 2016-2019.

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's role as a voice for the Milford community
- Maintain closer relationships with Milford infrastructure providers
- Provide clear information to concessionaires regarding intentions and implementation of trust policies
- Communicate with concessionaires and inquire of any planned activities they desire over the next three years.

Advocacy:

- Advocate on behalf of the Milford community to central government, Environment Southland, Department of Conservation, Southland District Council, iwi and other authorities.

The planned activities of the trust in 2016/2017* were:

- Advocate and assist with other organisations for improvements in the public facilities at Deepwater Basin through the Concept Plan for this area.
- Working with other organisations to advocate for public toilets and shelter at the airport and completion of the walking track to the Lodge.
- Assist Milford Community Association in the development of Cleddau Village Recreation area which is to accommodate village green/community centre.
- Provide funding for medical support, services and facilities for Milford ERT station.
- Continuation of funding of Team Leader Emergency Services.
- Assist with the redevelopment of the Bowen Falls walkway if this project is to proceed.
- Implement changes to any charging mechanism with all stakeholders in regard to the way fees are apportioned this includes undertaking a review of the trust with stakeholders including concessionaires.
- Engage with NZTA for the development of the walking track from the airport to Deepwater Basin Road, car parking at the rock climbing area etc.
- Advocate the continuation of maintaining beautification and roading within the village.

**Please note that there was an error in Southland District Council's Annual Plan 2016/2017 in relation to the planned activities. The final SOI for 2016/2017 had an updated list of activities. The SOI information was not updated in Council's Annual Plan before adoption. However, the planned activities have been used in this Annual Report from the adopted 2016/2017 Statement of Intent.*

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/Piopirotahi each year.	Agenda/minute records on file.	1	1	Achieved. The result was one held on 7 December 2016. In 2013/2014 the result was one.
Keep the Milford Sound/Piopirotahi 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	1	Not Achieved. The result was one. No meaningful projects were completed that required reporting. The Milford community are receiving updates from the Milford community association's representative via a local Milford Facebook page. In 2015/2016 the result was zero.

Level of Service	Key Performance Indicator	Measurement Source	Target	Result	How Council Performed
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. Meetings held on 19 August, 7 December, 20 February and 19 May. In 2015/2016 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. In 2015/2016 the result was 100%.

Sources of Funding *Southland District Council*

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 2015/2016 \$	Actual 2016/2017 \$	Budget 2016/2017 \$
Operational Costs:			
Management/Administration ¹	16,306	17,195	32,058
Operations and maintenance	-	-	2,500
Projects:			
Project Development (Planning)	-	-	5,000
Cleddau Village Recreation Reserve		53,758	20,000
Cleddau Village Recreation Building	476	-	110,000
Bowen Falls	-	-	-
Emergency Service Provider	43,312	43,634	44,880
Total (funded from Milford Community)	60,094	114,587	214,438

Table 2: Milford Community Trust Representatives		
Designation	Name	Term Expires
Independent Chair	Michael Schuck	30 June 2017
Councillor	Ebel Kremer	8 October 2016
Milford Community Association Elected Representative	Brad Johnstone	30 June 2017
Milford community appointee	Tim Holland	30 June 2018
Milford community appointee	Jason Steele	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% 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 2016/2017, the total amount sought from concessionaires was \$130,105 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. 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".

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 4,500 square metres, including the observatory. The Southland Museum and Art Gallery Trust Board receives annual grants from the Southland Regional Heritage Committee (Southland District Council and Invercargill City Council). The purpose of the regional heritage committee is to establish and preserve the regional heritage of Murihiku/Southland.

Income is also generated from the Southland Museum and Art Gallery's shop (Momento), café (Pyramid on Gala), donations and entry fees for special touring exhibitions. The Southland Museum and Art Gallery Trust owns the museum and art gallery building and collections. There are more than 74,800 items held in the collections, some of which are important in terms of regional, national and international significance.

Ownership and control of the organisation

The Southland Museum and Art Gallery Trust Board is a Council-Controlled Organisation with ten members and two 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. 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 2017).

Invercargill City Council	Cr D J Ludlow
Invercargill City Council	Cr I L Esler (Chair)
Invercargill City Council	Cr T M Biddle
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 4,500 square metres, including the observatory. There are more than 74,800 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.

Key highlights

The museum operation enjoyed a busy and interesting year. The refresh of the World War I exhibition was a highlight, as was the showing of art exhibitions which have been based on local collections. These included *Full Noise* and the Southland Art Foundation exhibition *In Residence*. From museum collections came *Something Borrowed Something Blue* and photographic exhibitions *Invercargill*, *Our Children* and *Southern Performers*. The museum's approach to exhibitions changed in 2016/2017. The museum is utilising its own collections more and developing exhibitions in-house rather than sourcing travelling exhibitions. This is in line with community expectations. With the assistance of funding from the Regional Heritage Committee the museum and art gallery employed an extra trained museum cataloguer to assist with a project to re-catalogue and package its collection. This project is a necessary pre-requisite to any future shifting of the collection to make way for a redevelopment of the museum building.

Key performance measures and targets

Objective	Goal	Baseline	Target Levels of Performance 2016/2017	2016/2017 Output
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	<ul style="list-style-type: none"> Annual visitor numbers exceed 200,000 per annum. 	Achieved 232,580 visitors. Visitor numbers are down compared with last year but still above the baseline. <i>(2015/2016: Achieved: 248,463)</i>
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.	<ul style="list-style-type: none"> *A minimum of 6 short-term, out-of-house exhibitions, including 4 in the community access gallery, are presented annually. In-house exhibitions shall fill the remaining gallery time. 	Achieved 11 short term exhibitions including 7 in the Community Access Gallery. <i>(2015/2016: Achieved: 13 including 8 in the community gallery)</i>
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.	Temp in range (19°C ± 1°C) 100% of time Humidity in range (50% ± 5%) 100% of time	<ul style="list-style-type: none"> Prepare for building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines. 	Not achieved The result is 95%. Some temperature and humidity excursions due to faulty equipment. Temp in range (19°C ± 1°C), 95% of time. Humidity in range (50% ± 5%), 95% of time. (2015/2016: Achieved: 100% of time)

*Please note that there was an error in the targets stated in Southland District Council's Annual Plan 2016/2017 in relation to short-term exhibitions. The target included in the Annual Plan was 12. The final Statement of Intent 2016/2017 had a target of 6. The SOI information was not updated in Council's Annual Plan before adoption. However, the key performance indicator target of 6 has been used in this Annual Report and is from the adopted Statement of Intent 2016/2017

Financial Information

This section presents the financial statements for the 2016/2017 year, comparing actuals to budget. These include statements of comprehensive income, changes in equity, financial position and cashflows. Following the statements are notes explaining these in more detail. The section also includes the Accounting Policies used to prepare the financial information.

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 activity groups (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 2017. The financial statements were authorised for issue by Council on 27 September 2017.

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 and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LGFRP): 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 and 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 2017, 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

▪ 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.

(h) Trade and other receivables

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

(i) 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.

(j) Impairment of financial assets

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

(k) 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.

(l) 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		Depreciation	
Asset Category	(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		Depreciation	
Asset Category	(years)	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		Depreciation	
Asset Category	(years)	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 2017. This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2017.

Appropriately qualified personnel from Waugh Infrastructure Management Limited have completed a revaluation as at 30 June 2017 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 2017.

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.

(m) 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.

(n) 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:

Estimated Economic Life Asset Category	(years)	Depreciation	
		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:

Should the land be deforested (ie: the land is changed from forestry to some other purpose), a deforestation penalty will arise.

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.

(o) Forestry assets

Forestry assets are revalued independently annually at fair value less estimated point of sale costs. Appropriately qualified personnel from Woodlands Pacific Consulting Limited completed a revaluation as at 30 June 2017. 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.

(p) 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, 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.

(q) Creditors and other payables

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

(r) 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.

(s) 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.

(t) Internal Borrowings

Information about internal borrowings are provided on page 122. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

(u) Budget figures

The budget figures are those approved by SDC in its 2015-2025 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.

(v) 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.

(w) 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.

(x) 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 2017:

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.

(y) 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 2017

	Note	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
Income				
Rates revenue	1	41,907	43,160	43,539
Other revenue	2	10,935	13,346	7,353
Interest and dividends		483	552	81
NZ transport agency funding		11,129	13,382	15,326
Grants and subsidies		975	632	1,864
Other gains/(losses)	3	1,715	935	94
Development and financial contributions	4	49	121	115
		67,193	72,129	68,372
Expenditure				
Employee benefit expenses	5	10,548	11,085	11,400
Depreciation and amortisation	9	20,229	21,832	22,083
Finance costs		20	22	20
Other council expenditure	6	34,980	39,063	35,798
		65,777	72,002	69,301
SURPLUS/(DEFICIT) BEFORE TAX				
		1,416	127	(929)
Income tax benefit	8	-	-	-
SURPLUS/(DEFICIT) AFTER TAX				
		1,416	127	(929)
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Financial assets at fair value through other revenue and expense	10	1,272	(67)	-
Gain/(Loss) on property, plant and equipment revaluations	10	415	95408	21,718
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		3,103	95,469	20,789

Explanations of major variances against budget can be found in Note: 33.
The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2017

	Note	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
Balance at 1 July		1,386,039	1,389,142	1,401,785
Total comprehensive revenue and expense for the year		3,103	95,469	20,789
Balance at 30 June		1,389,142	1,484,611	1,422,574

*Explanations of major variances against budget can be found in Note: 33.
The accompanying notes form part of these financial statements*

Statement of Financial Position as at 30 June 2017

	Note	2015/2016 Actual (\$'000)	2016/2017 Actual (\$'000)	2016/2017 Budget (AP) (\$'000)
Equity				
Retained earnings	10	727,869	724,745	724,923
Asset revaluation reserves	10	628,115	723,523	670,509
Fair value reserves	10	1,983	1,916	712
Other reserves	11	31,174	34,427	26,430
		1,389,142	1,484,611	1,422,574
Current assets				
Cash and cash equivalents	12	5,715	9,773	(2,780)
Trade and other receivables	13	5,854	7,714	7,448
Inventories	14	99	107	84
Other financial assets	15	12,512	10,271	302
		24,180	27,866	5,054
Non-current assets				
Property, plant and equipment	16	1,358,060	1,450,334	1,413,302
Intangible assets	17	2,178	2,181	5,454
Forestry assets	18	12,951	13,724	11,707
Work in progress	16	2,779	1,735	-
Other financial assets	15	4	4	1,004
		1,375,972	1,467,978	1,431,467
TOTAL ASSETS		1,400,152	1,495,844	1,436,521
Current liabilities				
Trade and other payables	19	6,697	7,152	8,076
Contract retentions and deposits		448	387	1,230
Employee benefit liabilities	20	1,341	1,426	1,295
Development & financial contributions	21	2,287	2,169	2,244
Provision for decommissioning	23	65	14	7
Borrowings	22	-	-	-
		10,838	11,149	12,852
Non-current liabilities				
Employee benefit liabilities	20	147	64	135
Provision for decommissioning	23	25	20	23
Borrowings	22	-	-	937
		172	84	1,095
TOTAL LIABILITIES		11,010	11,232	13,947
NET ASSETS		1,389,142	1,484,611	1,422,574

Explanations of major variances against budget can be found in Note: 33.
The accompanying notes form part of these financial statements

Statement of Cashflows for the year ended June 2017

	Note	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
Cash flows from operating activities				
Receipts from rates revenue		42,185	43,382	43,539
Receipts from NZ transport agency funding		11,129	13,758	15,326
Interest and dividends		483	547	81
Contribution from developers		(16)	5	-
Receipts from other revenue		14,986	11,532	9,646
Payment to suppliers & employees		(46,112)	(48,006)	(46,340)
Interest paid		(20)	(22)	(20)
GST (net)		571	(25)	-
Net cash inflow (outflow) from operating activities		23,206	21,172	22,232
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		246	211	94
Receipts from sale of investments		-	2,174	-
Purchase of property, plant and equipment		(17,189)	(19,671)	(32,620)
Acquisition of investments		(10,275)	-	-
Purchase of intangible assets		75	207	(3,141)
Net cash inflow (outflow) from investing activities		(27,144)	(17,078)	(35,667)
Cash flows from financing activities				
Proceeds from borrowings		-	-	937
Payments of development contributions		(6)	(37)	(23)
Net cash inflow (outflow) from financing activities		(6)	(37)	913
Net increase/(decrease) in cash and cash equivalents		(3,943)	4,056	(12,521)
Cash and cash equivalents at the beginning of the year		9,658	5,715	9741
Cash and cash equivalents at the end of the year	12	5,715	9,771	(2,780)

The accompanying notes form part of these financial statements

Funding Impact Statement for all activities for the year ended 30 June 2017

2015/2016 Budget (AP) (\$000)		2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
	Sources of operating funding			
14,282	General rates, uniform annual general charges, rates penalties	13,780	14,233	14,282
29,258	Targeted rates	28,491	29,354	29,258
7,201	Subsidies and grants for operating purposes	6,514	6,649	7,201
3,501	Fees and charges	3,498	3,533	3,501
81	Interest and dividends from investments	465	532	81
4,336	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	6,393	8,512	4,336
58,659	Total operating funding	59,141	62,813	58,659
	Applications of operating funding			
43,309	Payments to staff and suppliers	40,185	44,858	43,309
20	Finance costs	20	22	20
4,036	Other operating funding applications	4,377	4,020	4,036
47,365	Total applications of operating funding	44,582	48,900	47,365
11,294	Surplus (deficit) of operating funding	14,559	13,913	11,294
	Sources of capital funding			
9,644	Subsidies and grants for capital purposes	5,217	7,014	9,644
115	Development and financial contributions	49	121	115
937	Increase (decrease) in debt	(6)	-	937
94	Gross proceeds from sale of assets	126	216	94
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
10,790	Total sources of capital funding	5,386	7,352	10,790
	Applications of capital funding			
	Capital expenditure			
81	▪ to meet additional demand	243	138	81
19,809	▪ to improve the level of service	5,951	3,981	19,809
15,871	▪ to replace existing assets	10,756	13,669	15,871
(3,744)	Increase (decrease) in reserves	(1,259)	3,253	(3,744)
(9,933)	Increase (decrease) in investments	4,254	224	(9,933)
22,084	Total applications of capital funding	19,945	21,264	22,085
(11,294)	Surplus (deficit) of capital funding	(14,559)	(13,913)	(11,294)
	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

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)	2016/2017 Budget (AP) (\$000)
Surplus/(deficit) of operating funding from funding impact statement	14,559	13,913	11,294
Depreciation	(20,229)	(21,832)	(22,083)
Subsidies and grants for capital purposes	5,217	7,014	9,644
Development and financial contributions	-	-	115
Gain on Sale	85	157	94
Forestry revaluation	1,620	773	-
Emission Trading Units	47	-	-
Finance Lease Amortisation	6	-	-
Landfill Contingency	5	5	7
Internal Capital Costs	67	122	-
Add 42% of Venture	39	(25)	-
Net Surplus (deficit) before tax in Statement of Revenue and Expense	1,416	127	(929)

Notes to the Financial Statements (for the year ended 30 June 2017)

1. Rates revenue

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
General rates	32,561	33,317
Targeted rates attributable to activities		
Water	3,039	3,354
Wastewater	3,571	3,752
Refuse	2,296	2,347
Septic tank cleaning	2	2
Rates penalties	439	388
Total revenue from rates	41,907	43,160

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 \$369,517 (2016: \$381,472), 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 2015 Actual (\$000)	1 July 2016 Actual (\$000)
Number of rating units within the Southland District	20,749	20,471
Total rateable capital value within the Southland District	18,104,828	21,632,872
Total rateable land value within the Southland District	12,592,569	15,556,618

2. Other revenue

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Regulatory income	1,482	1,524
Other income (including Council's 42% share in Venture Southland)	2,273	2,924
Provision of services	366	406
Rental and hire income	644	660
User charges	1,857	1,805
Sales revenue	3,969	5,658
Fines and infringements	67	54
Targeted water rates	277	314
Total other revenue	10,935	13,346

3. Other gains/(losses)

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Gain/loss) on changes in fair value of forestry assets (Note 18)	1,620	773
Gain/(loss) on disposal of property, plant and equipment	85	162
Total gains/(losses)	1,715	935

4. Exchange/non-exchange revenue

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Exchange revenue	7,918	10,157
Non-exchange revenue	59,274	61,972
Total revenue	67,193	72,129

5. Employee benefit expense

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Salaries and wages	10,224	10,769
Defined contribution plan employer contributions	317	401
Increase/(decrease) in employee entitlements	7	(86)
Total employee benefit expense	10,548	11,085

Employer contributions to defined contribution plans include contributions to KiwiSaver.

6. Other council expenditure

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Audit fee - Southland District Council Annual Report	113	115
Audit fee - Venture Southland Group Annual Report	17	17
Other assurance services from Audit NZ	-	33
Grants	4,038	3,537
Contractors	19,195	21,142
Insurance	344	309
Consultants and legal fees	1,835	1,365
Operating lease costs	325	286
Donations	37	95
Inventories	2	-
Impairment of receivables	7	57
Loss on fair value of emission trading units	-	-
Other	9,066	12,106
Total other expenses	34,980	39,063

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 \$312,761 (2016: \$304,009), plus a discretionary performance bonus of \$13,617 (2016: Nil).

For the year ended 30 June 2017, the total annual cost, including fringe benefit tax, to SDC of the remuneration package being received by the Chief Executive is calculated at \$329,322(2016: \$305,091).

Elected representatives	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Mayor: Tong, Gary (including FBT and private use of motor vehicle)^	119	122
Bailey, Lyall (resigned October 2016)	31	10
Baird, Stuart	25	26
Dillon, Brian*	25	29
Dobson, Rodney (resigned October 2016)	31	9
Douglas, John*	27	26
Duffy, Paul* (incl FBT)	35	36
Ford, Bruce	25	26
Frazer, Darren* (appointed October 2016)	-	18
Harpur, George^	25	26
Keast, Julie*	25	30
Kremer, Ebel	25	29
Macpherson, Gavin*^	30	32
Paterson, Neil*	25	26
Perham, Nicholas (appointed October 2016)	-	18
Annual cost	448	463

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 (2016: \$100) and \$80 per hour for members (2016: \$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 (2016: \$78) and \$51 per hour for members (2016: \$51).

Travel and other reimbursements are excluded from the above totals.

Total annual remuneration band for employees as at 30 June:	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
< \$60,000	72	72
\$60,000 - \$79,999	39	32
\$80,000 - \$99,999	24	33
\$100,000 - \$119,999	6	8
\$120,000 - \$139,999	6	5
\$140,000 - \$340,000	8	10
Total employees	155	160

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 115 (2016: 106) full-time employees, with the balance of staff representing 26 (2016: 24) full-time equivalent employees. As at 30 June 2017 there were nine vacant positions (2016: six). 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

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Community services	1,479	1,464
District leadership	488	448
Emergency Management	-	-
Regulatory Services	59	68
Roads and Footpaths	14,332	15,994
Solid Waste Management	119	113

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Stormwater	402	411
Wastewater	1,845	1,873
Water Supply	1,489	1,441
Total directly attributable depreciation and amortisation by group of activity	20,213	21,811
Depreciation and amortisation not directly related to group activities	16	20
Total depreciation and amortisation expense	20,229	21,832

10. Changes in equity and reserves

Retained earnings	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
As at 1 July	725,199	727,869
Transfer from other reserves (note 11)	1,254	(3,253)
Transfer from reserves	-	-
Transfer to fair value through statement of comprehensive revenue and expense reserve	-	-
Operating surplus for the year	1,416	127
As at 30 June	727,869	724,743

Asset Revaluation Reserves	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
As at 1 July	627,700	628,115
Revaluation surplus/(deficit)	415	95,408
As at 30 June	628,115	723,523
Asset revaluation reserves consist of:	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Infrastructural assets		
Wastewater system	42,152	43,151

Asset Revaluation Reserves	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Water system	26,935	27,790
Stormwater system	14,051	14,250
Roading network	544,971	638,327
Artwork	6	6
Total	628,115	723,523

Fair value through statement of comprehensive revenue and expense reserve	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
As at 1 July	711	1,983
Net revaluation gains/(losses)	1,272	(67)
Transfer to retained earnings	-	-
Reclassification to surplus/(deficit) on disposal	-	-
As at 30 June	1,983	1,916

Fair value through statement of comprehensive revenue and expense reserve consist of:	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Share revaluation reserve	296	305
Emission Trading Unit revaluation reserve	1,687	1,611
Total	1,983	1,916

11. Other reserves

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
As at 1 July	32,429	31,174
Transfers from/(to) retained earnings	(1,255)	3,253
As at 30 June	31,174	34,427

Reserves consist of:	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
General reserves	27,948	31,096
Allocation committees	3,226	3,330
Total	31,174	34,427

See note 34 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:	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Cash at bank and in hand	693	959
Short term deposits and other investments maturing within three months	5,021	8,814
Total cash and cash equivalents	5,715	9,773

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 \$3.8 million (2016 \$3.7 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

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Rates receivables	2,229	1,907
General receivables	687	1,054
Other receivables	2,586	4,433
Prepayments	405	390
	5,907	7,785
Less provision for doubtful debts	(54)	(70)
Net trade and other receivables	5,854	7,715
Total receivables comprise:		
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,322	2,923
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	2,532	4,791

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	2016 Gross (\$000)	2016 Impairment (\$000)	2016 Net (\$000)	2017 Gross (\$000)	2017 Impairment (\$000)	2017 Net (\$000)
Not past due for 2017	4,159	-	4,159	6,310	-	6,310
Past due 1-60 days	129	-	129	98	-	98
Past due 60-120 days	7	-	7	105	-	105
Past due > 120 days	1,612	(53)	1,559	1,271	(70)	1,201
Total	5,907	(53)	5,854	7,784	(70)	7,715

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.

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Individual impairment	53	70
Collective impairment	-	-
Total Provision for impairment	53	70

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:

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Past due 1-60 days	-	-
Past due 60-120 days	-	-
Past due > 120 days	53	70
Total individual impairment	53	70

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

14. Inventories

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Roading	77	85
Other	22	22
	99	107

The carrying amount of inventories held for consumption that are measured at current replacement cost as at 30 June 2017 amounted to \$106,735 (2016: \$98,991). The write-down of inventory during the year was \$207 (2016: \$1,569). There have been no reversals of write-downs (2016: \$Nil). The carrying amount of inventories pledged as security for liabilities is \$Nil (2016: \$Nil).

15. Other financial assets

Current portion	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Short term deposits with maturities 1 - 3 months from 30 June	5,630	3,525
Short term deposits with maturities 4 - 12 months from 30 June	5,870	6,320
Short term loans	700	92
Unlisted shares in Civic Assurance*	17	21
Unlisted shares in Milford Sound Development Authority*	295	313
Total current portion	12,512	10,271

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.

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	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
External loans with maturities greater than one year	4	4
Investments with maturities greater than one year	-	-
Total non-current portion	4	4
Total other financial assets	12,516	10,275

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:

	2016 Short term deposits (\$000)	2016 Other Term deposits (\$000)	2016 Stocks & Bonds (\$000)	2016 Total (\$000)	2017 Short term deposits (\$000)	2017 Other Term deposits (\$000)	2017 Stocks & Bonds (\$000)	2017 Total (\$000)
Short term deposits with maturities three months or less from 30 June*	11,171	-	-	11,171	10,220	-	-	10,220
weighted average effective interest rate	2.44%				3.40%			
Short term deposits with maturities of four - 12 months from 30 June*	5,350	-	-	5,350	6,625	-	-	6,625
weighted average effective interest rate	3.30%				3.59%			
	16,521	-	-	16,521	16,845	-	-	16,845

* 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

2016/2017 Actual	Cost Revaluation 1 Jul 2016 (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2017 (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul 2016 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2017 (\$000)	Carrying Amount 30 Jun 2017 (\$000)	Carrying Amount 1 Jul 2016 (\$000)
Operational assets													
Art	69	-	-	-	-	69	-	-	-	-	-	69	69
Buildings	14,022	1,158	-	(24)	-	15,156	(6,270)	(361)	8	-	(6,622)	8,535	7,752
EDP hardware	1,035	79	-	-	-	1,114	(793)	(160)	-	-	(953)	161	242
Furniture and fittings	565	129	-	-	-	693	(402)	(51)	-	-	(453)	240	163
Improvements	5,767	228	-	-	-	5,995	(4,246)	(357)	-	-	(4,603)	1,392	1,521
Land	10,860	14	-	(4)	-	10,870	-	-	-	-	-	10,870	10,860
Library	1,872	214	-	(133)	-	1,954	(924)	(174)	133	-	(965)	989	948
Motor vehicles	1,791	50	-	(284)	-	1,558	(809)	(241)	228	-	(821)	737	983
Office equipment	183	-	-	-	-	183	(173)	(2)	-	-	(175)	8	10
Other equipment	265	9	-	(5)	-	270	(235)	(12)	2	-	(245)	24	30
Other plant	1,338	40	-	(44)	-	1,334	(563)	(83)	44	-	(602)	732	775
Landfill sites	115	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	457	-	-	-	-	457	(452)	(4)	-	-	(455)	2	5
	38,341	1,922	-	(494)	-	39,769	(14,983)	(1,443)	415	-	(16,010)	23,760	23,358
Infrastructural assets as valuation													
Bridges	100,494	351	-	-	19,497	120,342	-	(2,215)	-	-	(2,215)	118,126	100,494
Footpaths	17,748	63	-	-	418	18,229	-	(567)	-	-	(567)	17,662	17,748
Wastewater other	63,096	1,139	-	-	610	64,845	-	(1,068)	-	-	(1,068)	63,777	63,096
Wastewater plant	14,325	615	-	-	389	15,329	-	(805)	-	-	(805)	14,524	14,325
Water other assets	40,319	1,344	-	-	250	41,912	-	(894)	-	-	(894)	41,018	40,319
Water plant	12,453	278	-	-	605	13,337	-	(547)	-	-	(547)	12,790	12,453
Stormwater system	17,623	95	-	-	198	17,916	-	(411)	-	-	(411)	17,506	17,623
Unsealed roads	396,240	2,727	-	-	15,951	414,917	-	(3,286)	-	-	(3,286)	411,631	396,240
Cycle trail	7,527	28	-	-	201	7,756	-	(143)	-	-	(143)	7,613	7,527
Sealed roads	659,805	10,056	-	-	57,080	726,942	-	(9,530)	-	-	(9,530)	717,412	659,805
Street lighting	2,090	6	-	-	180	2,276	-	(119)	-	-	(119)	2,157	2,090
	1,331,719	16,703	-	-	95,379	1,443,800	-	(19,584)	-	-	(19,584)	1,424,217	1,331,719
Marine	870	-	-	(2)	-	869	(382)	(34)	-	-	(416)	453	489

2016/2017 Actual	Cost Revaluation 1 Jul 2016 (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2017 (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul 2016 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2017 (\$000)	Carrying Amount 30 Jun 2017 (\$000)	Carrying Amount 1 Jul 2016 (\$000)
Runways	5,059	-	-	-	-	5,059	(4,084)	(488)	-	-	(4,572)	487	975
	5,930	-	-	(2)	-	5,928	(4,466)	(522)	-	-	(4,988)	940	1,464
Total SDC	1,375,990	18,625	-	(495)	95,379	1,489,498	(19,449)	(21,549)	415	-	(40,582)	1,448,916	1,356,541

2016/2017 Actual	Cost Revaluation 1 Jul 2016 (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2017 (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul 2016 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2017 (\$000)	Carrying Amount 30 Jun 2017 (\$000)	Carrying Amount 1 Jul 2016 (\$000)
SIESA													
Land	61	-	-	-	-	61	-	-	-	-	-	61	61
Buildings	784	-	-	-	-	784	(244)	(14)	-	-	(258)	526	540
Improvements	29	-	-	-	-	29	(8)	(1)	-	-	(9)	20	21
Plant	3,440	24	-	-	-	3,464	(2,715)	(103)	-	-	(2,818)	646	725
Vehicles	132	-	-	-	-	132	(77)	(10)	-	-	(87)	45	55
Other Equipment	4	-	-	-	-	4	(2)	-	-	-	(2)	2	2
SIESA Total	4,450	24	-	-	-	4,474	(3,045)	(128)	-	-	(3,173)	1,300	1,404
Venture Southland													
Furniture and fittings	44	15	-	(10)	-	49	(27)	(4)	9	-	(21)	28	17
Office equipment	34	3	-	(5)	-	32	(16)	(7)	5	-	(19)	13	18
Other equipment	32	8	-	(2)	-	38	(16)	(5)	1	-	(19)	19	16
Set up cost	42	-	-	-	-	42	(42)	-	-	-	(42)	-	-
Venture Southland Trust vehicles	23	8	-	(9)	-	22	(4)	(1)	-	-	(5)	16	20
Building	51	-	-	-	-	51	(16)	(1)	-	-	(17)	34	35
Charitable trust	11	-	-	-	-	11	(2)	(1)	-	-	(4)	7	9
Venture total	236	33	-	(25)	-	244	(122)	(20)	16	-	(127)	118	114
Total SIESA & Venture	4,686	58	-	(25)	-	4,718	(3,167)	(148)	16	-	(3,300)	1,418	1,518
TOTAL GROUP	1,380,676	18,682	-	(520)	95,379	1,494,216	(22,616)	(21,697)	431	-	(43,882)	1,450,334	1,358,060

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

Work in progress

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

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Buildings	559	30
Cycle Trails	1,721	89
Improvements	-	231
Information Systems	275	1,378
Marine	-	7
Wastewater	224	-
Total	2,779	1,735

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 (2016: \$Nil).

Insurance of assets

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

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Total value of all assets that are covered by insurance contracts	55,238	55,292
Maximum amount to which these assets are insured	151,881	153,449
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	1,315,969	1,408,650
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	2015/2016 Actual (\$000)		2016/2017 Actual (\$000)
Opening cost at 1 July	208		92
Additions	21		214
Disposals	(127)		-
Closing cost at 30 June	103		306
Accumulated amortisation and impairment	(11)		(135)
Net Book Value at 30 June	92		172

Emission Trading Units	2015/2016 Actual (\$000)	2016/2017 Units	2016/2017 Actual (\$000)
Opening balance at 1 July	777	116,805	2,085
Additions	1,308	-	-
Disposals	-	-	-
Change in market value 30 June	-	-	(76)
Closing balance at 30 June	2,085	116,805	2,009
Accumulated amortisation and impairment	-		-
Net Book Value at 30 June	2,085		2,009
Total Intangible Assets	2,178		2,181

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 \$17.20 per unit (2016: \$17.85)

Emission Trading Units 2017	Pre-1990 Forest	Post-1989 Forest	Total
Productive area (hectares)	1,384	116.8	1,500.8
NZUs opening balance 1 July	82,914	33,891	116,805
NZUs allocated/transferred during the year	-	-	-
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	33,891	116,805

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

Post-1990 Forests

No units (2016: 2,611 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 \$17.20 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

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Balance at 1 July	11,331	12,951
Increase due to purchases	-	-
Gains/(losses) arising from changes attributed to physical changes	1,210	1,101
Gains/(losses) arising from changes attributed to price changes	2,220	1,994
Decreases due to harvest	(1,810)	(2,322)
Balance at 30 June	12,951	13,724

SDC owns 1,839 hectares of forest in five areas: Dipton, Gowan Hill, Ohai, Ohai 2 and Waikaia, which are managed as one forest. The tree crop covers 1,416 hectares (2016: 1,423 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 2017, Council sold 77.7 hectares of timber for \$5.52million (2016: 68.1 hectares of timber for \$3.97 million).

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

- Council instructed Woodlands Pacific Consulting Limited (Woodlands Pacific), to independently value its forestry assets. Woodlands Pacific 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 2017.

Valuation Conventions

- A pre-tax discount rate of 7.5% (2016: 8%) 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;
- Woodlands Pacific 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

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	5,456	5,743
Total	5,456	5,743
<i>Payables and deferred revenue under non-exchange transactions</i>		
Income taxes payable	154	160
Other taxes payable (ie GST and FBT)	45	33
Grants payable	141	120
Other	901	1,096
Total	1,241	1,409
Total trade and other payables	6,697	7,152

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

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Current		
Holiday pay accrual	1,133	1,158
Long service leave	24	21
Wages accrual	184	248
	1,341	1,426
Non-current		
Retirement gratuity	128	53
Long service leave (potential)	19	11
	147	64
Total employment entitlements	1,488	1,490

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% (2016: 7.0%) and an inflation rate of 3.0% (2016: 3.0%) were used.

21. Development and financial contributions

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Roading contributions	399	399
Wastewater contributions	972	972
Water contributions	439	439
Reserves contributions	477	360
Total development and financial contributions	2,287	2,169

22. Borrowings

Internal loans

Internal loans total \$20.2 million (2016: \$19.99 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 5.72 percent (2016: 6.25 percent).

A summary of these internal loans by group activity follows:

Internal loans

	Balance 2016 (\$000)	New Advances (\$000)	Total Repayments (\$000)	Interest Paid (\$000)	Balance 2017 (\$000)
Community Services	4,668	699	781	234	4,586
District Leadership	252	1,287	30	14	1,509
Regulatory Services	461	-	461	-	-
Roads and Footpaths	178	-	178	3	-
Solid Waste	270	-	37	15	233
Stormwater	283	-	15	16	268
Wastewater	7,565	-	815	422	6,751
Water Supply	6,316	710	169	358	6,857
	19,991	2,696	2,485	1,061	20,204

23. Provisions

Provisions are represented by:	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Opening balance - Landfill aftercare provision	44	39
Unused amounts reversed during the year	(5)	(5)
Closing balance - Landfill aftercare provision	39	34
Other Provisions	51	-

Provisions are represented by:	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
	90	34
Current	65	14
Non-Current	25	20
Closing balance	90	34

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 (2016: 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:	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Share of Income	2,139	2,167
Share of Expenses	(2,121)	(2,211)

Council's interest in Venture Southland is represented by:	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Share of surplus/(deficit)	18	(44)
Share of:		
Current Assets	1,153	1,266
Non-Current Assets	117	122
Current Liabilities	(764)	(923)
Equity	506	465

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.

The original Heads of Agreement under which Venture Southland was established was for a period of five (5) years from 1 July 2001. This agreement has been renewed at varying intervals since. In August 2017, Southland District, and Gore District Council gave notice under clause 4.1 of the Venture Southland Agreement, of their intention to withdraw from the Venture Southland Agreement 2014-2017.

On Monday 4 September, the four Southland Council's put out a consultation document regarding the future delivery of regional development. This document proposes the creation of a Southland Regional Development Agency as a Council Controlled Organisation, which would incorporate Venture Southland's operations. The new agency would initially comprise of the current Venture Southland operations and staff, however the Board and Chief Executive would determine the appropriate on-going staffing. The consultation period closes on 2 October 2017.

As at the date of authorising these financial statements, there are uncertainties as to Venture Southland's future.

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 2017 of \$569,430 (2016: \$721,951).

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)

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Operating Surplus	1,416	127
Add/(Less) Non-Cash Items		
Depreciation and Amortisation	20,229	21,832
Forestry Revaluation	(1,620)	(773)
Emission Trading Units received	(971)	-
Add/(Less) Movements in Working Capital Items		
Trade and Other Receivables	4,309	(1,785)
Interest Receivable	-	(5)
Inventories and Work in Progress	2	(8)
Trade and Other Payables	(710)	385
Provision	51	(51)
Net GST	571	(25)
Development & Financial Contributions	(65)	(116)
Other		
Movement in Employee Benefit Liabilities	78	2
(Gains)/Losses on Disposal of Investments	(79)	(227)
Movement in Provision for Decommissioning	(5)	(19)
Movement in Work in Progress (Non-Current)	-	1,835
Net Cash Inflow/(Outflow) from Operating Activities	23,206	21,172

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 15. There are no interest rate options or interest rate swap agreements in place at 30 June 2017 (2016: 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	2015/2016 Actual (\$000)		2016/2017 Actual (\$000)	
	+100bps	-100bps	+100bps	-100bps
Cash and Cash Equivalents	(\$150)	\$150	(\$88)	\$88
Borrowings	-	-	-	-

- **Explanation of Sensitivity Analysis**

Cash and cash equivalents include short-term deposits at call totalling \$8.8 million (2016: \$15.0 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 \$88,142 (2016: \$150,210).

Council has a bank advance facility of \$5.0 million. This can be drawn down on when required. At 30 June 2017, the loan facility was not used. Therefore, there is no interest rate risk (2016: 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	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Cash and Cash Equivalents	12	13,710	9,773
Trade and Other Receivables	13	8,921	7,715
Other Financial Assets (excluding shares in companies)	15	2,512	9,941
Total Credit Risk		24,513	27,429

	Note	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Cash at Bank and Term Deposits			
AA-	12	13,710	17,773
Total Cash at Bank and Term Deposits		13,710	17,773
Other Financial Assets			
AA-	15	1,500	1,845
Total Financial Assets		1,500	1,845

- **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 2017
Financial Assets					

	Note	Less than 1 Year	1 Year	2 - 5 Years	Total 2017
Cash and Cash Equivalents	12	9,773	-	-	9,773
Trade and Other Receivables	13	7,715	-	-	7,715
Other Financial Assets (excluding shares in companies)	15	17,157	-	-	9,845
Financial Liabilities					
Trade and Other Payables	19	7,152	-	-	7,152
Borrowings	22	-	-	-	-

	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	-	-	-	-

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	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Funding provided by SDC	1,789	1,807
Services provided by SDC	228	232
Accounts payable to SDC	368	382
Accounts receivable from SDC	4	3

Venture Southland	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Key Management Personnel	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Councillors	\$448	\$462
Remuneration	13	13
Full-time equivalent members		
<i>Executive Leadership Team, including the Chief Executive</i>		
Remuneration	\$1,367	\$1,528
Full-time equivalent members	7.3	8.0
Total Key Management Personnel Compensation	\$1,815	\$1,990
Total Full-time equivalent personnel	20.3	21.0

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

On 31 July 2017, Council were served with a notice of proceeding from the High Court of New Zealand under the Judicial Review Procedure Act 2016 in the matter of the setting of a targeted rate under the Local Government (Rating) Act 2002. The proceedings relate to 2016/2017 district wastewater rates totalling \$12,591 (GST inclusive). Council has filed a statement of defence and a case management conference occurred on 11 September, however at the date of this report, a trial date has not been set.

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 2017 total \$1.5 million (2016: \$1.07 million). Specific details are as follows:

(a) Guarantees

There are no guarantees at 30 June 2017 (2016: 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 (2016: \$955,000). 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 2017 (2016: 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 2017 44.5 (2016: 46.0) 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 \$538,842 (2016: \$143,469). All 46.0 hectares of forest will be replanted by the end of September 2017.

(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 2017 (2016: Nil).

Contingent assets

There were no contingent assets as at 30 June 2017 (2016: Nil).

(a) Joint venture

Venture Southland does not have any contingent assets as at 30 June 2017 (2016: 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.

	2015/2016 Actual (\$000)	2016/2017 Actual (\$000)
Capital commitments		
Commitments for capital expenditure contracted, but not provided for		
Property	938	-
Water System	-	144
Sewerage System	115	119
Roading	9,297	28,570
	10,350	28,833
Operating commitments		
Commitments for non-cancellable operating leases and other operating commitments		
Not later than one year	14,387	14,874
Later than one year and not later than two years	2,478	23,125
Later than two years and not later than five years	2,473	38,269
Later than five years	-	-
	19,338	76,268
Other commitments		
Iwi funding	39	41
Regional Heritage	458	544
	497	585

Council has agreed to fund other commitments in the 2017/2018 financial year of \$ 0.74 million (2016: \$2.44 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 2017. 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	2015/2016 Actual (\$000)	2016/2017 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	174	164
Later than one year and not later than two years	192	90
Later than two years and not later than five years	24	17
	390	271

31. Severance payments

For the year ended 30 June 2017, the Council made no (2016: three) severance payments to employees totalling \$Nil (2016: \$131,534).

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	2016/2017 Actual (\$000)
Revenue (excluding asset development revenue)	(a)	(3,763)
Asset Development Revenue		
- Development and Financial Contributions	(b)	6
Expenditure	(c)	(2,701)
Net impact of variance on surplus(deficit)		1,056
Revaluation surplus	(d)	73691
Total variance in Statement of comprehensive revenue and expense		74,680

Explanatory Notes

Statement of comprehensive revenue and expense

(a) Revenue

Statement of Comprehensive Revenue and Expense

Overall revenue was \$3.8 million more than budgeted mainly due to:

\$ 6.0 million additional other revenue primarily due to increased forestry harvesting being undertaken, resulting in forestry sales which exceeded budget.

\$ 0.8 million additional other gains/(losses) due to the increase in the forestry valuation being higher than anticipated.

Offset by:

\$2.0 million less grants from NZTA overall, due to the process of tendering of the Alternative Coastal Route project and delay in several bridge replacement projects

\$1.2 million less grants and subsidies received than budgeted, \$ 0.5 million of this is associated with the Around the Mountains Cycle Trail.

(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.

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 in line with the budget, with no material variance reflecting this.

(c) Expense

Overall operating expenditure was \$ 2.5 million more than budgeted primarily due to:

\$3.0 million more other council expenditure, predominantly due to costs associated with the increased forestry harvesting (\$1.9million) and costs associated with stage 8 and 9 of the Around the Mountains Cycle Trail being expensed (\$1.9million).

(d) Revaluation surplus

Overall revaluation surplus was \$74.6 million more 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 more than those budgeted (\$ 21.7 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 \$36.8 million more than budgeted, predominantly as a result of the higher-than-budgeted revaluation of infrastructural assets and less capital works completed than anticipated.

34. Schedule of financial reserves

Restricted reserves

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdrawals Out (\$000)	Closing Balance 30/6/2017 (\$000)
District Reserves								
Holding		SDC - Officers Association	District Support	Held on behalf of SDC Officer's Association	1	0	0	1
Assets & Services		Waste Minimisation	Solid Waste Management	Waste Minimisation reserve	154	9	0	163
Environment & Community		Dog and Animal Control	Animal Control	Residual funds from Dog and Animal Control Activity	244	5	(156)	94
John Beange		John Beange	Community Assistance	Funding available in Edendale and Wyndham Area	36	0	(1)	36
Sthld Joint Mayoral Fund		Sthld Joint Mayoral Fund	Community Assistance	Residual Funds from Southland Flood Relief	168	2	0	170
Allocation Committee		Com Development Fund	Community Assistance	Development of Community Facilities, Recreational Opportunities and events	236	15	0	250
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	270	9	0	279
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	7	0	(5)	1
Allocation Committee		SPARC	Community Assistance	To subsidise travel costs for people 5-19 years of age participating in regular sporting competition	2	0	(2)	0
Allocation Committee		Meridian Contribution	Community Assistance	Support Northern Southland community initiatives by way of grants	325	10	(8)	327
Allocation Committee		Ohai Railway Board	Community Assistance	Support Ohai community initiatives by way of grants	1,828	0	(27)	1,801
Allocation Committee		Ohai/Nightcaps Doc	Community Assistance	Medical services within Ohai and Nightcaps, including local ambulance	36	1	0	37
Allocation Committee		District Heritage Grant	Community Assistance	Support the heritage in the district area.	34	1	(7)	28
Allocation Committee		Fonterra Res Contribution	Community Assistance	Support to the Te Tipua community initiatives by way of grants	284	116	0	400
Allocation Committee		Stewart Island Visitor Levy	Community Assistance	Stewart Island Visitor Levy funds	83	0	(62)	21
Specific		ECNZ - Projects	District Support	Funds available for future projects in accordance with ECNZ requirements	21	0	0	21
Total Restricted District Reserves					3,730	168	(267)	3,631

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
Local Reserves								
	Wallacetown	Cemetery Bequest	Cemetery	Wallacetown Cemetery	71	2	(4)	70
Total Restricted Local Reserves Wallacetown					71	2	4	70
	Winton	Birthing Centre	Community Facilities	Winton Birthing Centre	3	2	0	6
	Winton	Medical Centre Equip	Community Facilities	Winton Medical Centre	38	17	0	56
Total Restricted Local Reserves Winton					41	19	0	62
Total Restricted Local Reserves					113	22	(4)	131
Total Restricted Reserves					3,843	190	(271)	3,762

Council created – General

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
District Reserves								
	Council	Global	District Support	General Reserve	904	25	0	929
	Council	District Operations	District Support	General Reserve	992	1,293	(505)	1,780
	Council	Strategic Assets Reserve	District Support	Offset Rates	9,432	0	(924)	8,508
Total Council Created General District Reserves					11,328	1,318	(1,429)	11,217
Total Council Created -General Reserves					11,328	1,318	(1,429)	11,217

Council created – Special

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
District Reserves								
	Asset & Services	Community Housing	Community Housing	Operational reserve for community housing	138	73	(104)	108
	Asset & Services	Community Task Force	Community Assistance	Operational reserve for community task force	26	0	0	26
	Asset & Services	Forestry Council Reserve	Forestry	Residual funds from forestry activities	2,593	0	0	2,593
	Asset & Services	Forestry Reserve	Forestry	Residual funds from forestry activities	100	3259	(773)	2,586

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
	Asset & Services	Gravel Reserves	Roads and Footpath	Ensure Council has sufficient funds available for reinstatement of Council's pits	478	14	(73)	420
	Asset & Services	Depreciation Motor Vehicle	Various	Fund Motor Vehicle Fleet Replacements	513	309	(45)	778
	Asset & Services	Depreciation Buildings	Various	Fund Building Replacements	12	38	(0)	50
	Asset & Services	Depreciation IT	Various	Fund IT Replacements	20	92	(5)	106
	Asset & Services	Depreciation Matuku	Water Supply	Fund Matuku Water Scheme Replacements	1	1	0	2
	Asset & Services	Depreciation Public Conveniences	Various	Fund Public Conveniences Replacements	2	66	(65)	3
	Asset & Services	Depreciation Te Anau Rural Water	Water Supply	Fund Te Anau Rural Water Scheme Replacements	13	50	(10)	53
	Asset & Services	Depreciation Waste Management	Waste management	Fund Waste Management Replacements	3	20	(15)	8
	Asset & Services	Depreciation Wheelie Bin	Waste management	Fund Wheelie Bin Replacements	5	32	(21)	15
	Asset & Services	Depreciation Sewerage	Sewerage	Fund Sewerage Replacements	0	1,263	(1,038)	225
	Asset & Services	Depreciation Rooding	Rooding	Fund Rooding Replacements	0	6,413	(6,144)	269
	Asset & Services	Public Toilets Capital Pro Reserve	Various		0	184	(182)	2
	Asset & Services	Property Development	Various	Balancing fund for sales and operational building expenditure	612	63	(97)	578
	Asset & Services	Proposed Wastewater	Wastewater	Operational account for proposed Wastewater	485	0	0	485
	Asset & Services	Proposed Water	Water Supply	Operational account for proposed water	540	0	0	540
	Asset & Services	Rooding	Roads and Footpath	Rate smoothing reserve	50	1,085	(13)	1,121

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
	Asset & Services	Road Safety Community	Roads and Footpath	Funding accrued from programmes not completed by year end	3	(5)	0	(1)
	Asset & Services	Waste Management	Solid Waste Management	General waste reserve	16	116	0	132
	Asset & Services	Water Schemes	Water Supply	Development for water schemes	576	18	(62)	532
	Asset & Services	District Wastewater	Wastewater	Development for Wastewater schemes	164	144	0	308
	Asset & Services	District Stormwater	Stormwater	Stormwater Investigations	7	0	(7)	0
	Asset & Services	District Water	Water	Development for Water schemes	181	6	(23)	163
	Asset & Services	Wastewater Contribution	Wastewater	Development for building Wastewater	6	0	0	6
Total Council Created - Special Reserves Assets & Services					6,542	13,243	(8,677)	11,108
	Chief Exec	SDC/DOC Joint Project	District Support	Residual funds from past joint projects for future projects	61	0	0	61
	Chief Exec	Around the Mountains	Roading and Transport	Around the Mountains Cycle Trail	(3,861)	(235)	(505)	(4,601)
Total Council Created - Special Reserves Chief Exec					(3,800)	(235)	(505)	(4,540)
	Policy and Community	Waimumu Field Day	Corporate Support	Fund Council's Field Day every three years	0	16	0	16
	Policy and Community	Community Outcomes	Strategy and Communication	Contribute Southland Regional Development Strategy	83	3	(5)	81
	Policy and Community	Elections	Representation and Advocacy	Fund Council's election costs every three years	22	0	(22)	0
Total Council Created - Special Reserves Policy and Community					105	18	(27)	97
	Development and Financial	Parks Contribution	Parks and Reserves	Contribution to capital activity - Parks and Reserves	127	4	(1)	129
	Development and Financial	Roading Contribution	Roading and Transport	Contribution to capital activity - Rooding and transport	285	9	(9)	285

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
	Development and Financial	Wastewater Contribution	Wastewater	Contribution to capital activity - Wastewater	382	11	(68)	325
	Development and Financial	Water Contribution	Water Supply	Contribution to capital activity - Water	99	3	0	102
Total Council Created - Special Reserves Development and Financial Contributions					892	28	(78)	841
	Environment & Community	Alcohol Licensing	Environmental Health	Residual funds from Alcohol Licensing	54	2	(14)	41
	Environment & Community	Health Licensing	Environmental Health	Residual funds from Health Licensing	(18)	(1)	(12)	(31)
	Environment & Community	Corporate Uniforms	District Support	Staff uniform subsidies	24	0	0	24
Total Council Created - Special Reserves Environment & Community					60	0	(26)	34
	Holding	Milford Flood Protect	Corporate Support	Residual funds from Milford Flood Protection	45	0	0	45
	Holding	International Relationship	Community Assistance	Residual funds from International Relationship activities	32	11	0	43
	Holding	Stewart Island Heritage Building	Community Assistance	Set up for new Heritage Building	8	0	0	9
Council Created - Special Reserves Holding					85	11	0	97
	Specific	Biodiversity Initiative	Community Assistance	Funds set aside for future biodiversity initiatives	21	0	0	21
	Specific	Disaster Recovery	Community Assistance	Funds set aside in case of disaster in accordance with insurance requirements	1,409	0	0	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	0	0	19
Council Created - Special Reserves Specific Reserves					1,448	0	0	1,448

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
Total Council Created - Special District Reserves					5,334	13,066	(9,314)	9,085

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
Local Reserves								
	Athol	General	Various	Athol General Purpose	37	4	(3)	39
	Athol	Community Centres	Community Centres	Athol Hall	3	3	0	6
Council Created - Special Reserves Athol					41	7	(3)	45
	Balfour	Community Centres	Community Centres	Balfour Hall	0	0	0	0
	Balfour	General	Various	Balfour General Purpose	96	2	(4)	95
Council Created - Special Reserves Balfour					96	2	(4)	95
	Browns	Community Centres	Community Facilities	Balfour Hall	0	1	0	2
	Browns	General	Various	Balfour General Purpose	42	3	(0)	45
Council Created - Special Reserves Browns					43	5	(0)	47
	Brydone	Community Centres	Community Facilities	Brydone Hall	(0)	(0)	(0)	(0)
Council Created - Special Reserves Brydone					(0)	(0)	(0)	(0)
	Clifden	Community Centres	Community Facilities	Clifden Hall	24	2	0	26
	Clifden	Rec Reserve Committee	Parks and Reserves	Clifden Reserves	37	7	0	44
Council Created - Special Reserves Clifden					61	9	0	70

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
	Colac Bay	Community Centres	Community Facilities	Colac Bay Hall	7	3	0	10
	Colac Bay	General	Various	Colac Bay General Purpose	29	29	6	(2)
					36	9	(2)	43
	Dipton	Cemetery	Cemetery	Dipton Cemetery	12	1	0	13
	Dipton	General	Various	Dipton General Purpose	52	2	(1)	53
	Dipton	Stormwater	Stormwater	Dipton Stormwater	20	1	0	22
	Dipton	Community Centres	Community Facilities	Dipton Hall	21	2	0	22
	Council Created - Special Reserves Dipton				105	6	(1)	110
	Drummond	General	Various	Drummond General Purpose	8	1	0	9
	Drummond	Rec Reserve Committee	Parks and Reserves	Drummond Reserves	10	1	0	11
	Council Created - Special Reserves Drummond				18	2	0	20
	Edendale	Cemetery	Various	Edendale Cemetery	14	0	(05)	10
	Edendale	Community Centre	Community Facilities	Edendale Hall	127	33	0	159
	Edendale	Grant Hall Upgrade	Community Facilities	Edendale Hall Upgrade	133	2	(133)	2
	Edendale	Pool	Various	Edendale Pool	(0)	1	0	1
	Edendale-Wyndham	Footpaths	Various	Footpaths	18	31	0	48
	Edendale-Wyndham	General	Various	General Purpose	103	24	(22)	106
	Edendale-Wyndham	Stormwater	Stormwater	Stormwater	361	12	0	373
	Wyndham	Community Centre	Community Facilities	Wyndham Community Centre	2	(0)	(12)	(10)
	Council Created - Special Reserves Edendale-Wyndham				758	103	(171)	690

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
	Five Rivers	Community Centre	Community Facilities	Five Rivers Hall	12	2	0	14
Council Created - Special Reserves Five Rivers					12	2	0	14
	Fortrose	Community Centre	Community Facilities	Fortrose Hall	3	1	0	4
Council Created - Special Reserves Fortrose					3	1	0	4
	Garston	Special Projects	Various	Garston General Purpose	19	7	0	26
Council Created - Special Reserves Garston					19	7	0	26
	Gorge Road	Gorge Road Local	Various	Gorge Road General Purpose	0	0	0	0
	Gorge Road	Gorge Road General	Various	Gorge Road General Purpose	29	4	0	32
Council Created - Special Reserves Gorge Road					29	4	0	32
	Hokonui	Community Centre	Community Facilities	Hokonui Community Centre	6	1	0	7
Council Created - Special Reserves Hokonui					6	1	0	7
	Limehills	Hall Improvement	Community Facilities	Limehills Hall	9	2	0	10
	Limehills	General	Various	Limehills General Purpose	9	1	0	10
	Limehills	Stormwater	Stormwater	Limehills Stormwater	59	2	(18)	43
Council Created - Special Reserves Limehills					77	5	(18)	64
	Longbush	Community Centre	Community Facilities	Longbush Community Centre	4	0	0	4
Council Created - Special Reserves Longbush					4	0	0	4
	Lumsden	Footpaths	Roading and Footpaths	Lumsden Footpaths	40	13	0	53
	Lumsden	General	Various	Lumsden General Purpose	116	3	(78)	41
	Lumsden	Property Sales	Various	Lumsden General Purpose	5	0	0	6

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
	Lumsden	Stormwater	Stormwater	Lumsden Stormwater	93	9	0	103
	Lumsden	Community Centre	Community Facilities	Lumsden Community Centre	2	6	0	9
Council Created - Special Reserves Lumsden					257	32	(78)	211
	Manapouri	Frasers Beach	Parks and Reserves	Frasers Beach Reserve	81	2	(16)	67
	Manapouri	General	Various	Manapouri General Purpose	109	24	(53)	79
	Manapouri	Community Centre	Community Facilities	Manapouri Community Centre	18	1	0	19
	Manapouri	Swimming Pool Area	Parks and Reserves	Manapouri Pool	10	4	0	14
Council Created - Special Reserves Manapouri					218	31	(70)	179
	Mararoa/Waimea Ward	Mararoa/Waimea Ward	Various	Mararoa/Waimea Ward	345	12	(41)	316
Council Created - Special Reserves Mararoa/Waimea Ward					345	12	(41)	316
	Mataura Island	Community Centre	Community Facilities	Mataura Island Community Centre	4	0	(0)	5
Council Created - Special Reserves Mataura Island					4	0	(0)	5
	Matuku	Rural WS General	Water Supply	Matuku Water	6	0	(0)	7
Council Created - Special Reserves Matuku					6	0	(0)	7
	Menzies Ferry	Community Centre	Community Facilities	Menzies Ferry Community Centre	1	1	0	2
Council Created - Special Reserves Menzies Ferry					1	1	0	2
	Mokoreta/Redan	Community Centre	Community Facilities	Mokoreta/Redan Community Centre	7	4	0	11
Council Created - Special Reserves Mokoreta/Redan					7	4	0	11
	Mossburn	General	Various	Mossburn General Purpose	100	8	(5)	102
	Mossburn	Community Centre	Community Facilities	Mossburn Community Centre	0	0	0	0

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
Council Created - Special Reserves Mossburn					100	8	(5)	102
	Nightcaps	McGregor Park	Parks and Reserves	Nightcaps McGregor Park	96	15	(3)	108
	Nightcaps	Community Centre	Community Facilities	Nightcaps Community Centre	3	2	0	5
	Nightcaps	General	Various	Nightcaps General Purpose	15	2	(3)	14
	Nightcaps	Stormwater - OPR	Various	Nightcaps General Purpose	0	8	0	8
Council Created - Special Reserves Nightcaps					114	27	0	135
	Ohai	Community Centre	Community Facilities	Ohai Community Centre	6	4	0	10
	Ohai	General	Various	Ohai General Purpose	123	4	(11)	115
	Ohai	Stormwater	Stormwater	Ohai Stormwater	142	5	(2)	144
Council Created - Special Reserves Ohai					271	12	(13)	270
	Orawia	Community Centre	Community Facilities	Orawia Community Centre	19	6	(19)	6
Council Created - Special Reserves Orawia					19	6	(19)	6
	Orepuki	General	Various	Orepuki General Purpose	28	3	(1)	30
	Orepuki	Community Centre	Community Facilities	Orepuki Community Centre	7	0	(2)	5
Council Created - Special Reserves Orepuki					35	3	(2)	36
	Oreti	Community Centre	Community Facilities	Oreti Community Centre	14	8	0	21
Council Created - Special Reserves Oreti					14	8	0	21
	Otapiri/Lora	Community Centre	Community Facilities	Otapiri/Lora Community Centre	24	7	0	31
Council Created - Special Reserves Otapiri/Lora					24	7	0	31
	Otautau	Baths	Community Facilities	Otautau Pool	54	10	0	63

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
	Otautau	Brightwood Develop Co	Community Facilities	Otautau Financial Contribution	15	0	0	15
	Otautau	CB Conference	Community Facilities	Community board conference	6	0	0	6
	Otautau	Forestry	Forestry	Holt Park Forestry	165	5	(1)	170
	Otautau	General	Community Facilities	Otautau General Purpose	103	22	(9)	115
	Otautau	Bowling Club	Community Facilities	Bowling Club	1	0	0	1
	Otautau	Stormwater	Stormwater	Otautau Stormwater	197	27	0	224
	Otautau	Community Centre	Community Facilities	Otautau Community Centre	17	8	0	25
Council Created - Special Reserves Otautau					557	73	(10)	620
	Riversdale	Fire Bore	Various	Riversdale General Purpose	5	0	0	6
	Riversdale	General	Various	Riversdale General Purpose	86	(8)	(9)	69
Council Created - Special Reserves Riversdale					91	(8)	(9)	75
	Riverton	Cemetery Maintenance	Cemetery	Riverton Cemeteries	33	9	0	42
	Riverton	Doc Profits Lib Sale	Various	Riverton Projects	60	2	0	62
	Riverton	General	Various	Riverton General Purpose	309	116	(48)	377
	Riverton	Riverton Harbour General	Community Facilities	Riverton Harbour	91	3	(4)	90
	Riverton	Parks & Res Develop	Parks and Reserves	Riverton Parks and Reserves	22	7	0	29
	Riverton	Property Sales	Various	Riverton General Purpose	293	10	5	307
	Riverton	War Memorial	Parks and Reserves	Riverton War Memorial	8	2	0	10
	Riverton	Stormwater Headworks	Stormwater	Riverton Stormwater	0	1	0	1

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
	Riverton	Taramea Bay/Rocks Development	Community Facilities	Taramea Cay Foreshore	39	1	(11)	29
	Riverton	Taramea Howells Point	Community Facilities	Taramea Howells Point	12	3	0	15
Council Created - Special Reserves Riverton					868	153	(59)	962
	Ryal Bush	Community Centre	Community Facilities	Ryal Bush Community Centre	(0)	6	0	5
Council Created - Special Reserves Ryal Bush					(0)	6	0	5
	SIESA	Operations	SIESA	SIESA Operations	494	0	0	494
Council Created - Special Reserves SIESA					494	0	0	494
	Stewart Island	General	Various	Stewart Island General Purpose	171	46	(10)	206
	Stewart Island	Waste Management	Various	Stewart Island General Purpose	19	4	0	23
	Stewart Island	Jetties	Various	Stewart Island Jetties	117	128	(42)	203
Council Created - Special Reserves Stewart Island					307	178	(53)	433
	Te Anau	Te Anau Carpark Res	Various	Te Anau General Purpose	23	1	0	23
	Te Anau	Cemetery Improvements	Cemeteries	Te Anau Cemetery	1	0	0	2
	Te Anau	General	Various	Te Anau General Purpose	454	172	(77)	549
	Te Anau	Luxmore	Various	Luxmore Subdivision	1,020	34	0	1,054
	Te Anau	Manapouri Airport	Te Anau Manapouri Airports	Te Anau Manapouri Airports	30	33	0	63
	Te Anau	Rural WS General	Water Supply	Te Anau Water	97	3	1	102
	Te Anau	Stormwater	Various	Te Anau General Purpose	442	19	0	461
	Te Anau	Sandy Brown Loan	Loan	Loan to Ratepayers	(14)	2	0	(12)

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
Council Created - Special Reserves Te Anau					2,053	265	(76)	2,242
	Thornbury	Community Centre	Community Facilities	Thornbury Community Centre	4	4	0	7
	Thornbury	General	Various	Thornbury General Purpose	22	2	(0)	23
Council Created - Special Reserves Thornbury					25	6	(0)	30
	Tokanui	General	Various	Tokanui General Purpose	46	8	(2)	52
	Tokanui	Community Centre	Community Facilities	Tokanui Community Centre	2	5	0	7
Council Created - Special Reserves Tokanui					48	13	(2)	59
	Tuatapere	Water Meridian Contract	Various	Tuatapere General Purpose	7	0	0	7
	Tuatapere	Community Centre	Community Facilities	Tuatapere Community Centre	17	4	0	21
	Tuatapere	General - OPR	Various	Tuatapere General Purpose	0	0	0	0
	Tuatapere	General	Various	Tuatapere General Purpose	208	63	(9)	261
	Tuatapere	Property	Various	Tuatapere General Purpose	3	0	0	3
	Tuatapere	Waiau River Collection	Various	Tuatapere Waiau River	1	(0)	0	1
Council Created - Special Reserves Tuatapere					235	67	(9)	292
	Tussock Creek	Community Centre	Community Facilities	Tussock Creek Community Centre	0	0	0	1
Council Created - Special Reserves Tussock Creek					0	0	0	1
	Waianiwa	Community Centre	Community Facilities	Waianiwa Community Centres	11	3	(0)	14
Council Created - Special Reserves Waianiwa					11	3	(0)	14
	Waiau/Aparima Ward	Arboretum Reserve	Various	Arboretum Reserve	13	0	(2)	12
	Waiau/Aparima Ward	Wairio Cemetery	Cemeteries	Wairio Cemetery	53	2	0	55

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
	Waiau/Aparima Ward	Wairio Town General	Various	Wairio General Purpose	5	0	(0)	5
	Waiau/Aparima Ward	Wairio Reserve	Various	Wairio Reserve	7	0	0	7
	Waiau/Aparima Ward	Takitimu Reserve	Various	Takitimu Reserve	29	1	(7)	23
	Waiau/Aparima Ward	Tuatapere Ward Pool	Various	Tuatapere Ward Pools	8	10	0	18
	Waiau/Aparima Ward	Cosy Nook	Various	Cosy Nook General Purpose	11	3	0	14
	Waiau/Aparima Ward	Hirstfield Reserve	Various	Hirstfield Reserve General Purpose	11	5	0	16
	Waiau/Aparima Ward	Waiau/Aparima Ward	Various	Waiau/Aparima Ward	276	12	(29)	259
	Waiau/Aparima Ward	Calcium Cemetery	Cemeteries	Calcium Cemetery	20	1	(5)	16
Council Created - Special Reserves Waiau/Aparima Ward					432	35	(43)	425
	Waihopai/Toetoes Ward	Waihopai/Toetoes Ward	Various	Waihopai/Toetoes Ward	246	15	(68)	193
Council Created - Special Reserves Waihopai Toetoes Ward					246	15	(68)	193
	Waikaia	Dickson Park	Parks and Reserves	Waikaia General Purpose	13	2	0	14
	Waikaia	General	Various	Waikaia General Purpose	95	13	(22)	85
	Waikaia	Museum Donations	Community Facilities	Waikaia Museum	2	0	0	2
	Waikaia	Refuse Removal	Solid Waste Management	Waikaia General Purpose	9	0	0	9
	Waikaia	Stormwater	Stormwater	Waikaia Stormwater	92	6	0	98
Council Created - Special Reserves Waikaia					211	21	(22)	210
	Waikawa/Niagara	Community Centre	Community Facilities	Waikawa/Niagara Community Centres	15	2	0	17
Council Created - Special Reserves Waikawa/Niagara					15	2	0	17
	Waitane Glencoe	Res Reserve Committee	Parks and Reserves	Waitane Glencoe Reserves	1	0	0	1

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
Council Created - Special Reserves Waitane Glencoe					1	0	0	1
	Wallacetown	General	Various	Wallacetown General Purpose	200	12	(31)	181
	Wallacetown	Stormwater	Stormwater	Wallacetown General Purpose	40	3	0	43
Council Created - Special Reserves Wallacetown Ward					240	15	(31)	224
	Winton	Community Centre	Community Facilities	Winton Community Centres	139	9	(147)	0
	Winton	General	Various	Winton General Purpose	272	25	(13)	284
	Winton	Medical Centre General	Community Facilities	Winton Medical Centre	54	2	0	56
	Winton	Multi Sports	Parks and Reserves	Winton Sports Complex	5	1	0	6
	Winton	Property Sales	Various	Winton General Purpose	713	28	(388)	352
	Winton	Res Capital Development	Various	Winton General Purpose	192	5	(99)	97
	Winton	Stormwater	Stormwater	Winton Stormwater	133	4	(32)	104
Council Created - Special Reserves Winton					1,507	72	(680)	900
	Winton/Wallacetown Ward	Winton/Wallacetown Ward	Various	Winton/Wallacetown Ward	471	15	(25)	461
Council Created - Special Reserves Winton/Wallacetown Ward					471	15	(25)	461
	Woodlands	General	Various	Woodlands General Purpose	124	5	(33)	96
	Woodlands	Septic Tank Rates	Wastewater	Woodlands Septic Tank Cleaning	10	0	(0)	10

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2016 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2017 (\$000)
			Council Created - Special Reserves Woodlands		133	6	(33)	106
			Total Council Created - Special Local Reserves		10,670	1,249	(1,555)	10,364
			Total Council Created - Special Reserves		16,004	14,315	(19,449)	19,449
			Total Restricted		3,843	190	(271)	3,762
			TOTAL RESERVE FUNDS		31,174	15823	(12570)	34,427

Other Information

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 current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions cost effectively 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 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 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 (eg roads, wastewater disposal, water, stormwater) and community infrastructure (eg 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

Council consists of a Mayor and 12 Councillors elected by Southland District residents/ratepayers every three years.

Council believes its democratic election ensures it is able to operate in the best interests of the District. 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

Committees have been established by Council to assist with conducting the business of Council; these are listed on page 153.

Community Boards

Council has eight Community Boards which prepare local budgets, recommend local rates and make decisions on issues specifically delegated by Council. Council has a policy of decentralising responsibilities, where practical, to ensure 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 Area Subcommittees (CDAs) 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 Council.

Water Supply Subcommittees

Council has constituted three 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

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 every three months.

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	Executive Committee Chair: Mayor G Tong Regulatory and Consents Committee Chair: Cr MacPherson Services and Assets Committee Chair: Cr Dillon Finance and Audit Committee Chair: Cr Kremer Community and Policy Committee Chair: Cr Keast Te Anau Wastewater Discharge Project Committee Chair: Mayor G Tong	Venture Southland Advisory Subcommittee Venture Southland Joint Committee Southland Civil Defence Emergency Management Group WasteNet (WasteNet Management Advisory Group) Southland Regional Heritage Committee Southland Regional Land Transport Committee
Community Development Area Subcommittees	Council Membership on external organisations	Council Subcommittees
Athol Balfour Browns Centre Bush/Limehills Colac Bay Dipton Garston Gorge Road Lumsden Manapouri Mosburn Nightcaps Ohai Orepuki Riversdale Thornbury Tokanui Waikaia Woodlands	Age Concern Southland Destination Fiordland Discover Fiordland Heritage Trust Gore and Districts Community Counselling Centre Inc Milford Development Authority Limited Pioneer Women's Memorial Trust (Gore) Predator Free Rakiura Governance Group Rakiura Heritage Centre Trust Regional Community Road Safety Network Shared Services Forum Southland Community Wastebusters Trust Southland Indoor Leisure Centre Charitable Trust Southland Medical Foundation Southland Regional Heritage Building and Preservation Trust Te Roopu Taiao Waiau Working Party Waituna Partners Group	Ohai Railway Fund Riverton Harbour Stewart Island Jetties Around the Mountains Cycle Trail Project Stewart Island/Rakiura Visitor Levy Committee Northern Southland Development Fund Ohai and Nightcaps District Doctors House and Surgery
Water Supply Subcommittees	Council-Controlled Organisations	Youth Representation
Te Anau Basin Five Rivers Matuku	Southland Museum and Art Gallery Trust Milford Community Trust	Southland District Youth Council

**Council
Mayor and 12 Councillors**



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Council Operations

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 Council staff.
- 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.

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 People and Capability	Building Control Dog and Animal Control Environmental Health Emergency Management Iwi Liaison Liquor Licensing Resource Management	Customer Services District Support Library Services	Communications Community Development Governance Grants and Donations Strategy and Policy	Cemeteries Community Facilities Community Housing Forestry Parks and Reserves Public Conveniences Roading and Transport Sewerage Stormwater Solid Waste Management Stewart Island Electrical Supply Authority (SIESA) Te Anau Airport Manapouri Water Supply Work Schemes	Finance	Information Technology Knowledge Management Digital Assets

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 (eg 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 the Council such as roads, drains, parks and buildings.

Asset Acquisition: Capital expenditure on assets. Usually because of extra demand or to improve the level of service provided.

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 (ie greater than 12 months) financial position of Council. Items include the repayment of loan principal, transfer of funds to reserve accounts and the purchase or construction of assets.

Capital Expenditure: Money spent to build or buy a new asset or to improve the standard of an existing asset.

Capital Financing: This includes transactions that have an effect on the 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 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% or more of the voting rights or appoint 50% or more of the directors.

Current Assets: Assets which can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors and operational investments.

Current Liabilities: Creditors and other liabilities due for payment within the financial year. Public debt to be refinanced within the financial year is excluded.

Delineation: Visual road markings such as marker posts and reflective cat's eyes.

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 ie water, sewerage, 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, eg depreciation. The Council pays for capital expenditure projects each year instead of accumulating depreciation funding for replacements in the future.

Operating Expenditure: Money spent to deliver a service, maintain an asset, or any other expenditure, which does not buy, or build on, a new asset.

Operating Revenue: Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. For example, New Zealand Transport Agency subsidies, rental income, permits and fees.

Operating Surplus/(Deficit): The expressions “operating surplus” and “operating deficit” are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude “capital” items such as the receipt or repayment of loans, the cost of capital works and transfers to and from reserves. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid and depreciation.

Optimisation Strategies: Looking at ways to get the most out of assets.

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 on 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, eg sewerage, or by community mandate, eg 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 wellbeing of the District.

Significance Policy: Sets out how Council determines how significant a project or decisions are and therefore the level of consultation and analysis required.

Significant Decision: A Council decision that has a high degree of importance in terms of economic, social, environmental, or cultural wellbeing.

SOLGM: Society of Local Government Managers.

Special Consultative Procedure: A process required by the Local Government Act 2002. This sets out a series of steps that a local authority must take when consulting on certain types of decisions.

Statutory/Legislative Requirements: Requirements identified and defined in law.

Survey - Residents: The residents’ survey 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 (Long Term Plan or LTP): 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 on 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, sewerage and stormwater reticulation.



SOUTHLAND
DISTRICT COUNCIL
Te Rohe Pōtae o Murihiku