



Annual Report 2017/2018

SOUTHLAND
DISTRICT COUNCIL
Te Rohe Pōtae o Murihiku



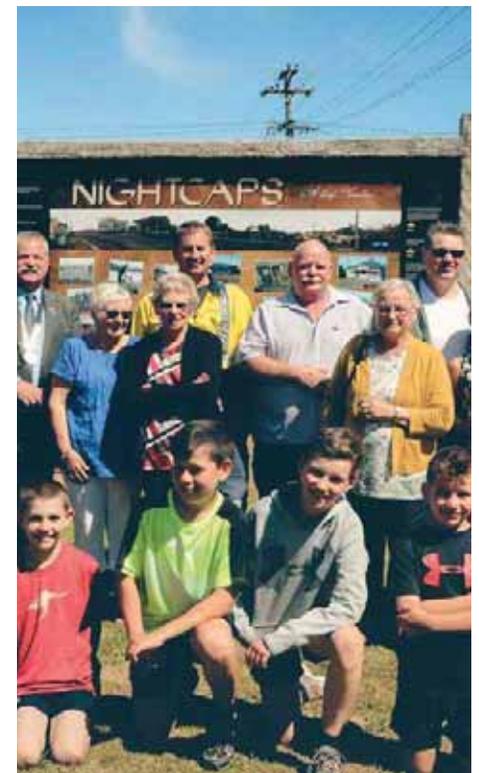
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A DEFINING YEAR

Kia ora everyone. We're pleased to introduce Southland District Council's Annual Report for 2017/2018.



It was a defining year for Council in many ways. With the adoption of our Long Term Plan 2018-2028 and the decisions Council made on the key issues we consulted on, we are in a position to look at 2017/2018 as a year in which some bold, proactive measures were taken to forge a path forward.

We've talked a lot in the past couple of years about the challenges ahead. We think this LTP and the body of work done this year have 'set in stone' a plan of action on how Council will meet those challenges.

The LTP includes our new Strategic Framework, which represents a significant change in focus for

Council. Our vision of 'Southland – one community offering endless opportunities' signals a District-wide approach as we look to work in partnership with our communities for a better Southland.

This approach has been used in several ways in the past 12 months, where Southland District Council

has worked collaboratively with other agencies to achieve great community outcomes.

Notable examples include the multi-faceted work that culminated in the opening of the Tumu Toka Curisocape visitor centre at Curio Bay, the Milford Opportunities project,

MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE



the establishment of the Whakamana te Waituna trust and Stewart Island community planning – as well as ongoing work on the Southland Regional Development Strategy.

In all of these instances we've been able to show that when Southlanders unite for a common purpose we can make big things happen. This has not gone unnoticed at central government level, where there is real interest in seeing what results can be delivered by the Milford project, in particular.

It does not hurt the region as a whole that Southland, coast to coast, is blessed with some pretty desirable landscape – from Milford Sound at one end to Curio Bay at the other. Our open spaces are valuable currency.

Southlanders choose to live here because our open spaces offer a unique lifestyle, and visitors choose to come here because our open spaces offer a unique experience. Taking care of these wonderful resources sustainably and for everyone's enjoyment is a top priority for Southland District Council.

This was very much at the forefront of Council's thinking when it completed an open space priority setting project during the year and used this work to determine the level of funding that it should set aside for strategic design and development of the District's open spaces.



Alongside this, the initial stages of a hugely influential body of community future planning work was started during the year. This work, which looks at the demographic and economic changes affecting our communities, will continue over the next year and be used to inform future

decisions about the development of our District and the services we provide.

Sealing the Catlins coastal road, at 23km our biggest roading project in many years, was all but completed in 2017/2018, and Council signed off on a plan to finish the Around the Mountains Cycle Trail.

Our six-yearly Representation Review, which was completed during the year, enabled Council to formulate a plan on how to plug the gaps in representation in the District while building a model that will give our communities the opportunity to have a greater say in their future.

Within the organisation we strived to do better.

A lot of emphasis this year went on improving internal systems and processes in order to serve our customers, our residents and ratepayers, more efficiently and effectively. Our customer support team made some big changes that have improved the experience of interacting with Council.

Not the least of the changes you will have noticed was the public launch of our Southland District Story in October 2017, with new signage, a fresh new logo and a new promise to our residents and ratepayers: we will lead the way in working together for a better Southland.

Yes, it was a big year and there's much more to come. As our LTP document says, we're just getting started, Southland.

Gary Tong and Steve Ruru

WHAT'S 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 Long Term Plan (LTP) 2015-2025, how much it cost to do this and how we paid for it.

Audit New Zealand gives its opinion on whether the financial statements fairly reflect 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.

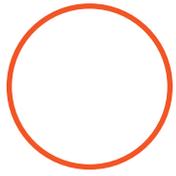
This document reports on Council's activities during the year
1 July 2017 to 30 June 2018.



Valuing our Future

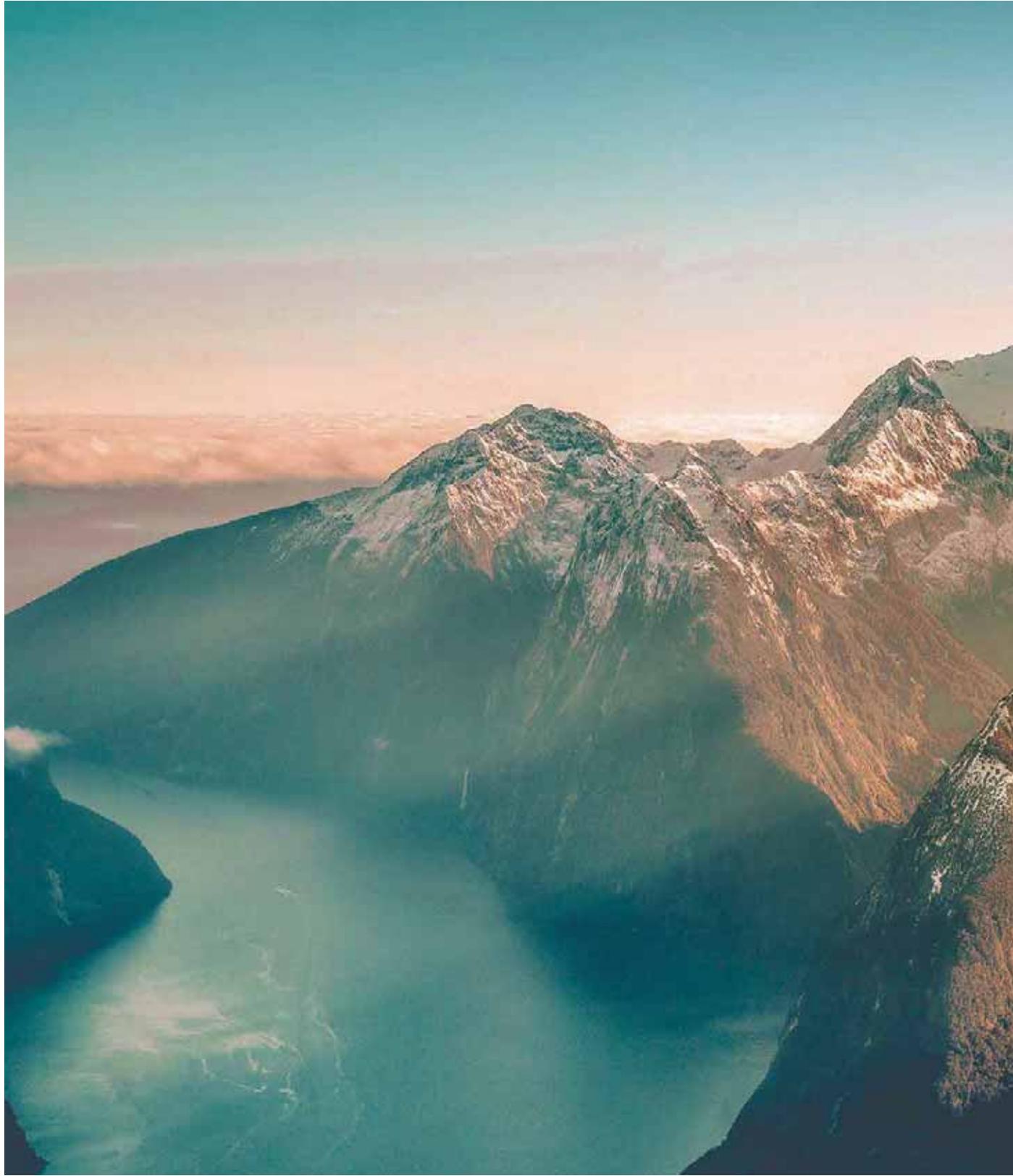
Sometimes you just need to stop and look around to see the true value in and appreciate this very special place we call Southland. It is what we do that defines us ...

Mayor Gary Tong



MISSION

Working together for
a better Southland ...





VISION

**To have thriving,
healthy Southland
communities ...**

SOUTHERN SCENIC ROUTE



Phase one of an integrated development package on the southernmost stretch of the Southern Scenic Route was largely completed in 2017/2018.





The official opening of the Tumu Toka Curioscape visitor centre at Curio Bay was the culmination of a 14-year, \$2.5 million project initiated by the South Catlins Charitable Trust and completed in partnership with Southland District Council and the Department of Conservation (DOC), with support from Venture Southland (VS), the Awarua rūnanga, and local volunteers.

The visitor centre development was carried out in conjunction with a body of related work, including the commissioning of a new wastewater treatment plant at Curio Bay, and construction of a new car park and amenities block.

As well, Council progressed sealing of the Catlins Alternative Coastal Route to near completion during the year, providing a safer, smoother journey for residents and visitors.

The next stage of development at this visitor hot spot will focus on the Curio Bay headland and camping ground.



With projections pointing to continued growth in visitor numbers to the southern region, the Curio Bay/Catlins project was part of a significant amount of work done by Council in 2017/2018 to enhance the Southern Scenic Route, and improve the visitor experience throughout the wider District.

To this end Council made a successful application to the Ministry of Business, Innovation and Employment's (MBIE) new Tourism Infrastructure Fund (TIF). Council applied for and received \$220,565 to help upgrade Lumsden's historic railway precinct, a project that will enable better management of freedom camping in the town's centre.

An application was being put together for the second TIF funding round. If successful, this money would be used to help fund the visitor component of the Te Anau wastewater scheme and a bundle of Southern Scenic Route projects covering Waikawa Domain, Monkey Island, Clifden Bridge and Te Anau.



SOUTHLAND DISTRICT COUNCIL STORY



The new Southland District Council Story was publicly launched on Monday 2 October 2017.

All the Council offices, libraries and vehicles have new signage, and there are new 'Welcome' signs at the District boundaries.

The formal launch of the rebranding project is just the beginning of the story for Southland District Council, though.

Our pledge to our communities is that we will lead the way in working together for a better Southland.

We serve the people of the Southland District with our leadership, and will always consider how best we can meet their needs.

This ethos is reflected in a wide range of collaborative work carried out in the District throughout 2017/2018.



MILFORD OPPORTUNITIES



While this is still in its early stages, the Milford Opportunities Project is nationally significant. Southland District Council is working closely with stakeholders and agencies to develop a plan that will ensure the Milford experience is outstanding for years to come and continues to create benefit for Fiordland National Park, the region and New Zealand.

The governance group includes Council, MBIE, Queenstown Lakes District Council (QLDC), DOC, Ngāi Tahu, Distinction Hotels, Real Journeys and the NZ Transport Agency (NZTA).

This multi-agency partnership model is being closely watched by government ministers as a possible model for other major projects around the country.







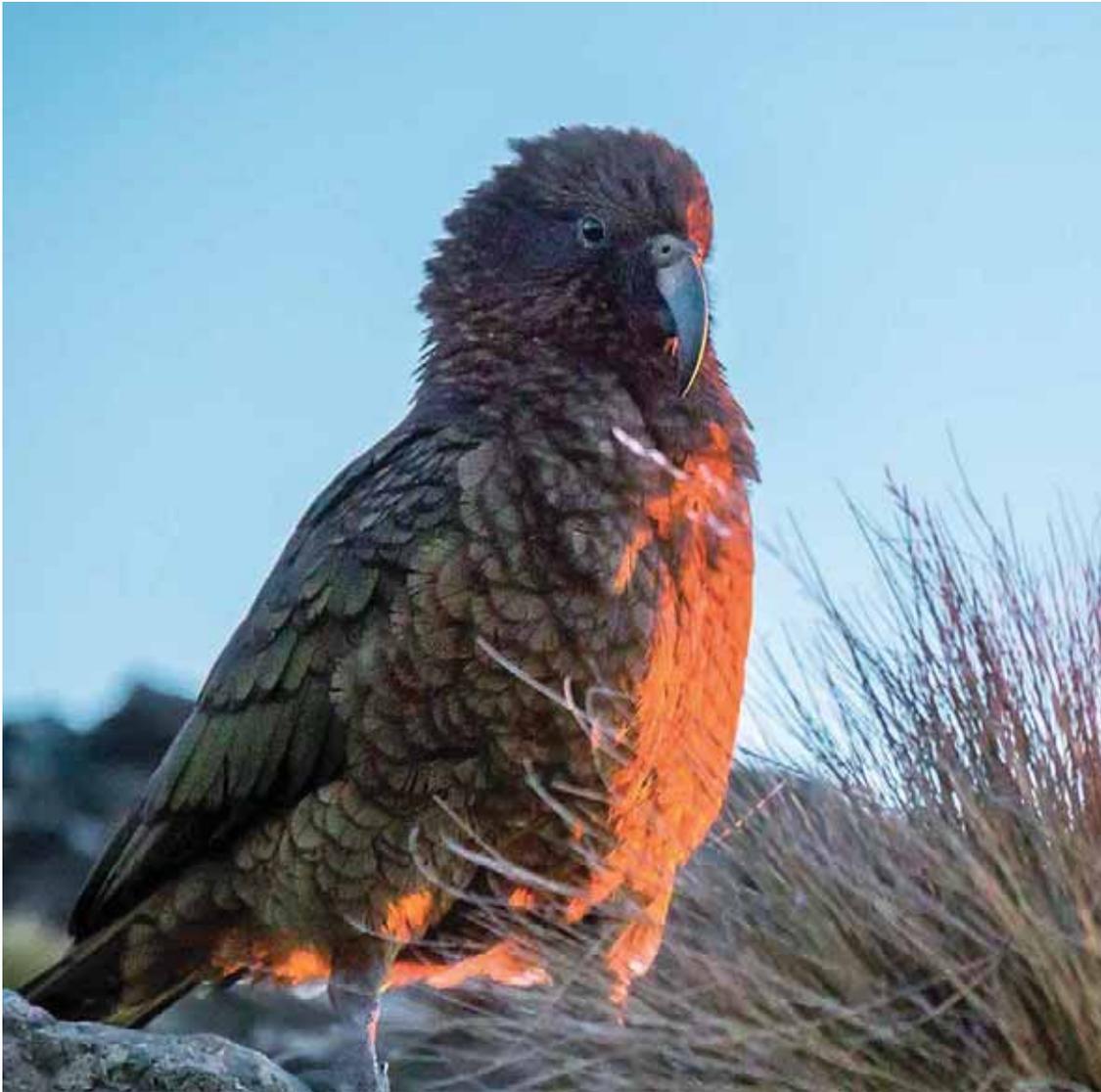
WHAKAMANA TE WAITUNA TRUST



Council approved the formation of a new trust to lead the implementation of the strategy and action plan that has been developed to improve the environmental well-being of the Waituna lagoon and wider catchment.

Formation of the trust is an important milestone in the multi-agency partnership arrangement between Southland District Council, Ngāi Tahu, DOC, Environment Southland (ES) and Fonterra which has been in place for a number of years.

The action plan initially involves a \$10 million programme of work that is to be funded through \$5 million received from the Ministry for the Environment's Freshwater Improvement Fund and local share contributions from the various partners.



LONG TERM PLAN



Council's Long Term Plan (LTP) 2018-2028, 'We're just getting started, Southland', provided an overview of the key challenges and issues Council faces over the next 10 years. After public consultation, the LTP was adopted on 20 June 2018.

It enables an extensive programme of data collection and information-gathering work to be carried out in the next three years, the findings of which will inform key decisions in the future about the replacement of ageing infrastructure and the provision of services in our communities.

The community futures research and analysis work programme will inform Council's overall approach to the management of change and preparation for what the future might hold for the District, taking into account a range of factors including socio-demographics, economic drivers, climate change and technological advancements.



The LTP also provides for the establishment of a budget to fund the ongoing enhancement of Southland District's open spaces, which Council views as being vital to the wellbeing of our community.





AROUND THE MOUNTAINS **CYCLE TRAIL**



In its LTP consultation document, 'We're just getting started, Southland', Council consulted on options to finish stage two of the Around the Mountains Cycle Trail, and to decide how the total net cost of \$4.6 million so far should be funded.

It was decided to fund the net cost by way of a 30-year loan, with repayments to be collected by way of the uniform annual general rate. It was also decided to complete the Centre Hill Road connection option, which will bring the existing trail to a logical completion point by connecting the existing stretch of completed trail from Centre Hill to Walter Peak.

An aerial photograph of a vast, open rural landscape. In the foreground, a green tractor is pulling a hay rake across a field, creating neat rows of hay. Several large, cylindrical hay bales are scattered across the field. The background shows rolling hills and a clear sky.

SOUTHLAND DISTRICT PLAN



A 10-year, million-dollar project was completed when councillors adopted the new Southland District Plan. It became operative on 22 January 2018.

The District Plan, “a living document”, sets out how land can be used in the Southland District, ranging from farming activities to business ventures. Implementation of the plan ran smoothly, with the few concerns expressed by submitters resolved through mediation.





REPRESENTATION REVIEW



Mō tātou, ā, mō ngā uri ā muri ake nei | For us and our children after us

Councils are required by law to review their representation arrangements every six years, with Southland District Council's previous review in 2012.

Of the roughly 30,000 people in Southland District, about 10,000 did not have access to local decision-making as they were not within the boundary area of a community board or community development area subcommittee. After public consultation on its initial proposal, Council recommended having 12 councillors elected from five wards, with boundary changes for four of the wards to ensure that each ward (apart from Stewart Island/Rakiura) meets the requirements for fair representation noted in the Local Electoral Act 2001.

Council also proposed that Stewart Island/Rakiura remain as an island community of interest and that there be nine community boards providing District-wide coverage.

The Local Government Commission will decide whether to implement Council's recommendations in time for the 2019 local elections.

HAVELOCK NORTH WATER INQUIRY



Central government's Three Waters Review following the 2016 water supply contamination in Havelock North could result in fundamental changes to the way New Zealand manages and regulates drinking water. This function is currently carried out by individual territorial authorities, including Southland District Council, but among the changes being considered by the government is the establishment of a dedicated drinking-water regulator and dedicated water suppliers.

Many of the issues around how water is managed and regulated extend across all of the three waters services – drinking water, wastewater and stormwater. The system as a whole is facing challenges that include funding pressures, higher environmental and public health standards, climate change and seasonal pressure from tourism. That's why the government will consider changes to the way New Zealand manages and regulates water across the entire three waters system.

It will consider the inquiry's recommendations alongside other considerations, such as access, funding and sustainability, in working out how to ensure our drinking water is safe and affordable. This will include consultation with local government, Māori and others.

The review was expected to be completed and decisions made by Cabinet in October 2018.

In response to the inquiry, Southland District Council has additional funding in place through its Long Term Plan.

If the inquiry's recommendations are adopted it is likely to be, outside of the creation of Auckland Council, the largest reform to affect local government in New Zealand since 1989.







TE ANAU WASTEWATER DISCHARGE



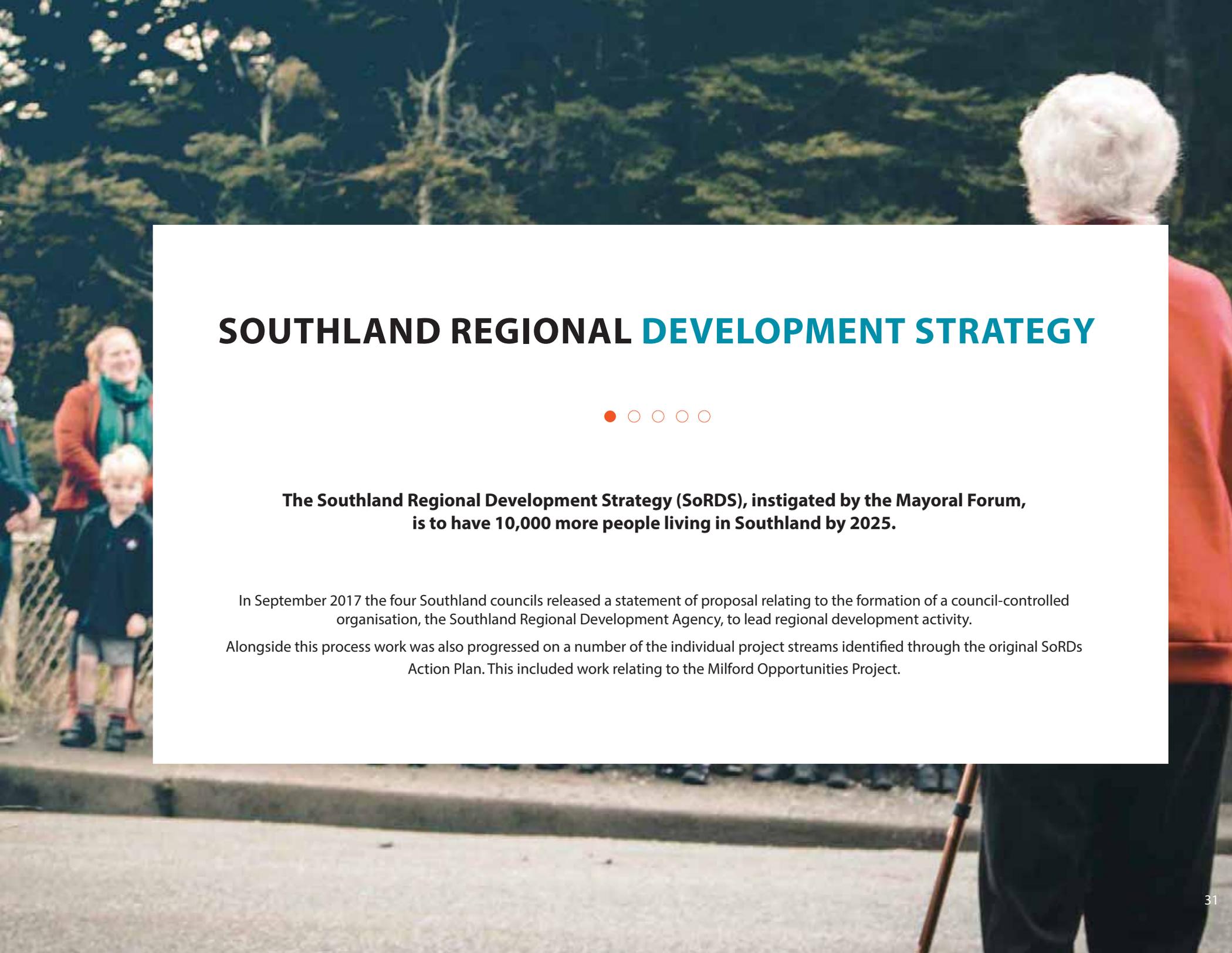
A business case was presented to Council in December 2017 recommending that Te Anau’s treated wastewater be piped to and dispersed by centre-pivot irrigation on the Kepler block.

While Council agreed the Kepler block was the most suitable site for further treatment and ultimate disposal of treated wastewater and instructed staff to proceed with construction of a pipeline to the site, it also requested further work be done on the basis of design for a sub-surface dispersal field.

Work on this has now been largely completed and peer reviewed and the business case updated to reflect recent additional work. This will be presented to the Te Anau Wastewater Disposal Project Committee and Council’s Services and Assets and Finance and Audit committees, before going to full Council which will make the final decision on the preferred method of disposal.







SOUTHLAND REGIONAL DEVELOPMENT STRATEGY



The Southland Regional Development Strategy (SoRDS), instigated by the Mayoral Forum, is to have 10,000 more people living in Southland by 2025.

In September 2017 the four Southland councils released a statement of proposal relating to the formation of a council-controlled organisation, the Southland Regional Development Agency, to lead regional development activity.

Alongside this process work was also progressed on a number of the individual project streams identified through the original SoRDS Action Plan. This included work relating to the Milford Opportunities Project.

COMMUNITY LEADERSHIP PLANS



Phase three of Council's community leadership planning was advanced in 2017/2018.



Phase one consisted of workshops with elected members to seek feedback on a range of questions relating to the future of the District. Phase two involved workshops with key community stakeholders.

Staff were developing a brief for phase three which will bring together the key findings of the first two phases into draft plans focusing on issues impacting people in the District. Phase three will involve broad discussions with the wider community.



STEWART ISLAND/RAKIURA COMMUNITY PLAN



In May 2017 the parasite *bonamia ostreae* was detected in two flat oyster farms in Big Glory Bay, Stewart Island. The outbreak was devastating for the farmed oyster industry and the Ministry of Primary Industries oversaw a large operation to remove and destroy the farmed oyster stock, effectively ending the industry on the island.

In August 2017, MBIE approached Council to lead a programme of development and consultation around opportunities and planning for the future of Stewart Island. A comprehensive community engagement process was carried out to identify residents' vision for the Island, and the findings were reported to Council in March 2018.

There was a strong desire to develop greater strategic leadership capability which would help the Island community identify opportunities, priorities, issues and risks.

Council endorsed the recommendations to develop business cases for funding to support the redevelopment of the Golden Bay and Ulva Island wharves and a community leadership resource. In addition, MBIE allocated \$100,000 to fund the employment of a project manager to lead the predator-free project currently being undertaken on the Island over the next 12 months.

The process has been beneficial in identifying issues that are not only important for Stewart Island, but are also relevant for a number of communities in the District.









HEALTH AND SAFETY FRAMEWORK



Health and safety is a priority for Council. Our goal is for our people to think about their own safety and the safety and wellbeing of others so that we deliver safe and effective services to our community and everyone gets home safe and well. In 2017/2018 a Health and Safety Framework was approved and implemented.

The framework contains procedures that enable a risk-based approach to managing health and safety. Critical risk control plans were drafted and a personal protective equipment policy was formulated.

Council's approach also requires staff to be trained in the procedures. A series of e-learning modules were developed and there was a very high level of participation by staff.

SUMMARY ACTIVITY REPORT



The information provides a snapshot of the status of the projects and the performance targets as at 30 June 2018 for the 2017/2018 financial year.

Council's 26 activities are broken down into 9 activity groups. There were 99 performance targets of which 69 were measured, 41 (40%) were achieved and 28 (28%) were not achieved.

Achievement category	Progress to 30 June 2018
Achieved	42 (42%)
Not achieved	27 (27%)
Not measured	30 (30%)
Total KPIs	99 (100%)

Of the 30 (30%) performance targets that were not measured, the majority related to surveys that are not conducted annually, some 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 RESULTS				
Activity Group	Achieved	Not Achieved	Not Measured	Total
Community Services	9	7	9	25
District Leadership	10	2	5	17
Emergency Management	1	0	1	2
Regulatory Services	4	8	6	18
Roads and Footpaths	3	2	1	6
Solid Waste	0	3	4	7
Stormwater	4	1	2	7
Sewerage	5	0	0	5
Water Supply	6	4	0	10
Total	42	27	30	99

PROJECTS STATUS						
Activity Group	Completed	In progress	Not started	Deferred	Deleted	Total
Community Services	16	18	8	18	6	66
District Leadership	1	2	0	1	1	5
Regulatory Services	1	0	0	0	0	1
Roading and Transport	10	9	2	3	2	26
Solid Waste	0	0	0	0	0	0
Stormwater	3	1	0	0	0	4
Wastewater	4	11	0	3	0	18
Water Supply	18	12	0	2	1	33
Total	53	53	10	27	10	153

A project can be deferred for any number of reasons relating to variable factors, for example, more design work being required or unsuitable weather preventing work being carried out within the specified timeframe.

Projects are often deleted where the need for the work is reassessed after further investigation.

FINANCIAL OVERVIEW



The financial overview provides a summary of the year-end financial results for 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 2018 and includes comparisons from the previous financial year and the budget as outlined in the 2017/2018 Annual Plan.

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

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

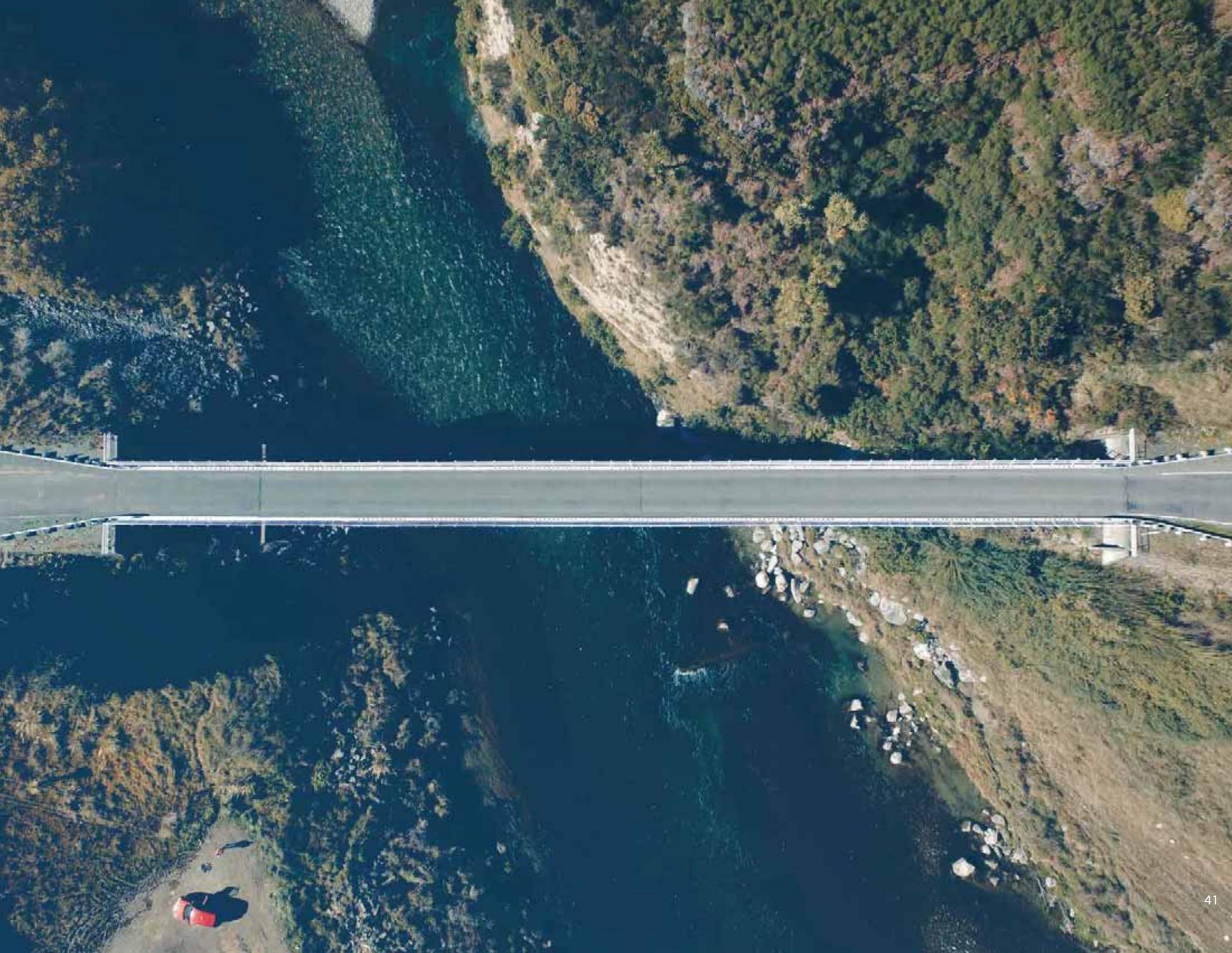
NET SURPLUS What income Council has left after operational costs are paid.

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 2016/2017 (\$000)		Actual 2017/2018 (\$000)	Budget AP 2017/2018 (\$000)
COMPREHENSIVE REVENUE AND EXPENSE			
72,129	Revenue earned (incl asset development)	79,706	74,082
(71,980)	Less total expenditure	(75,976)	(72,680)
(22)	Less finance costs	(30)	(20)
127	Net surplus/(deficit) after tax	3,701	1,382
(67)	Movement in fair value reserve	453	-
95,408	Movement in asset revaluation reserve	48,941	30,067
95,469	Comprehensive revenue and expense	53,095	31,449
CHANGES IN EQUITY			
1,389,142	Equity at Start of Year	1,484,611	1,409,395
95,469	Total Comprehensive Income	53,095	31,449
1,484,611	Equity at the End of the Year	1,537,706	1,440,844
FINANCIAL POSITION			
1,484,611	Total Equity	1,537,706	1,440,844
27,866	Current Assets	26,767	8,375
1,467,978	Non-Current Assets	1,522,100	1,443,470
1,495,844	Total Assets	1,548,867	1,451,845
11,149	Current Liabilities	11,098	10,829
84	Non-Current Liabilities	63	172
11,232	Total Liabilities	11,161	11,001
1,484,611	Net Assets (Assets less Liabilities)	1,537,706	1,440,844
CASH FLOWS			
21,172	Operating Cashflow	28,183	22,873
(17,078)	Investing Cashflow	(27,071)	(34,649)
(37)	Financing Cashflow	-	(10)
4,056	Net Cashflow Increase/(Decrease)	1,112	(11,687)
5,715	Opening Cash Balance	9,771	9,559
9,771	Closing Cash Balance	10,883	(2,128)



IN SUMMARY



Financially 2017/2018 was a satisfactory year for Council.

Revenue was impacted by a higher NZTA subsidy being received of \$2 million, as a result of undertaking the Alternative Coastal Route project. In addition to this, Council has also seen an increase in forestry income due to increased harvesting (\$1.6 million).

Operating expenditure was over budget for the year, primarily due to costs associated with additional forestry harvesting. This resulted in Council's net surplus before tax being \$2.3 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 had 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. More specific explanation of financial statement variances from budget can be found at note 33 in section five.

Operational expenditure

\$76 million was spent on operating expenditure with nearly half of this going to Roding and Transport services (42%). Overall operating expenditure was over budget by \$3.6 million. This was predominantly due to \$1.9 million of costs associated with digitisation of Council's property files (this was capitalised in the budget), \$600,000 increased forestry costs, and \$2.3 million Council's share of gross expenditure from Venture Southland (budgeted for a net cost of \$1.7 million).

Net assets and equity

Overall Council's total net assets have increased by \$53 million from last year. This is primarily due to an increase in the valuation of Council's infrastructure (Council has total assets of approximately \$1.5 billion).



Where your rates were spent

The following table shows the breakdown of where the rates per property were spent in 2017 /2018.

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	14,236	32%
Stormwater, Wastewater and Water	7,981	18%
Other District Services	5,894	13%
Governance, Strategy and Communication	5,395	12%
Other Local Services	4,679	10%
Solid Waste Management	4,316	10%
Regulatory Services	1,753	4%
Grants and Donations	580	1%
Total	44,834	100%

Where the revenue came from

Council's consolidated revenue this year is \$79.6 million, including \$44.8 million from rates. The breakdown of this revenue is shown in the table.

SOURCES OF REVENUE	Actual (\$000)	% of Total Revenue
Rates Revenue	44,834	56%
NZ Transport Agency	19,301	24%
Other Revenue	14,420	18%
Other Gains/(Losses)	(489)	-1%
Vested Assets	55	0%
Grants and Subsidies	932	1%
Interest and Dividends	625	1%
Development and Financial Contributions	28	0%
Total	79,706	100%

Revenue

\$79.6 million of revenue was collected during the financial year.

Overall revenue was \$6 million over budget primarily as a result of additional funding of \$2 million from NZTA in relation to the Southern Scenic Route sealing and also additional revenue received from forestry sales of \$1.6 million.

\$2.3 million is Council's share of gross revenue from Venture Southland (not separately budgeted for).

CASH FLOW



Council's net operating cashflows were higher than budgeted.

Receipts from NZTA were \$1.6 million above budget and also receipts from other revenue (\$5.6 million), primarily due to increased forestry harvesting.

Net cash outflows from investing activities were \$7.3 million lower than budgeted due to the deferral/delay of several significant capital projects being carried forward into future financial years and the costs associated with the digitisation of Council's property files being expensed.





Capital expenditure

Council spent \$28.7 million on capital projects in 2017/2018.

Of this total, \$24.8 million (87%) was spent on roading and transport projects throughout the District and \$3.6 million (12%) was spent on stormwater, wastewater and water projects in local townships.

The capital project spending was lower than the \$34.6 million budgeted for 2017/2018 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 2018.

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
Roading and Transport	24,841	87%
Stormwater, Wastewater and Water	3,564	12%
Other Local Services	510	2%
Other District Services *	(510)	-2%
Solid Waste Management	50	0%
Regulatory Services	131	0%
District Leadership	74	0%
Total	28,660	100%

* Other District Services has negative capital expenditure due to prior year costs associated with the digitisation of Council property files being expensed in the current year.

ANNUAL REPORT DISCLOSURE STATEMENT

FINANCIAL PRUDENCE BENCHMARKS



Purpose

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

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

Actual results for the 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, 2016/2017 and 2017/2018 financial years are compared against the benchmarks set in the 2015-2025 Long Term Plan.

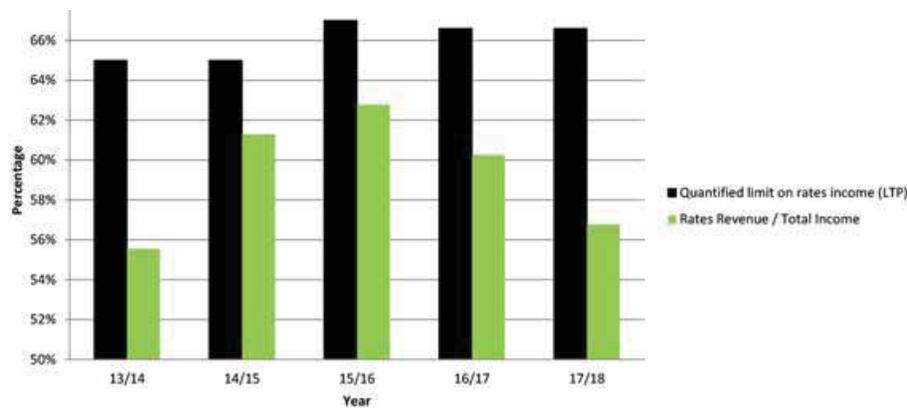
Rates (Income) Affordability Benchmark

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 was "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 is "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 2017/2018 year as a result of higher income from forestry sales and additional subsidy received from NZTA.

Figure 1 Rate affordability – Limit on rates



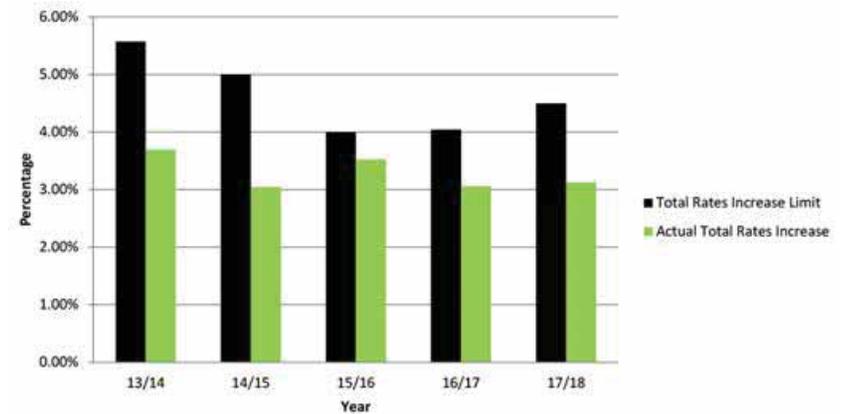
Total rates increase

Figure 2 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 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, 2016/2017 and 2017/2018 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.

Figure 2 Total rates increase



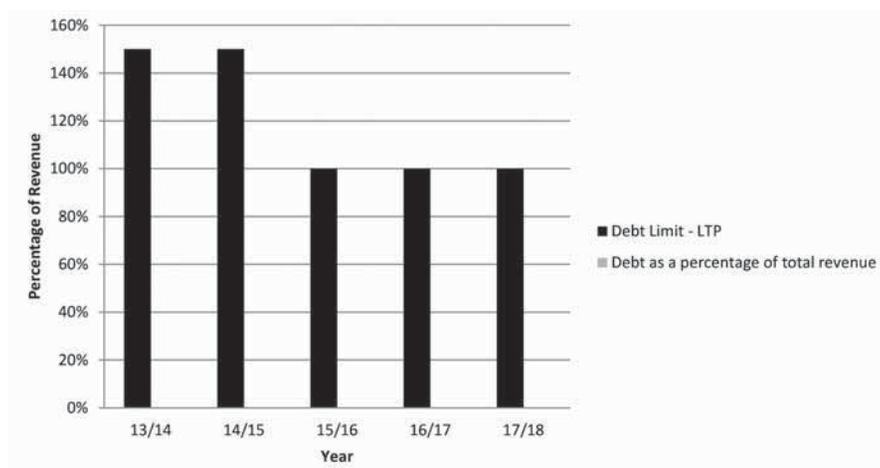
Debt affordability

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.

Figure 3 Debt affordability

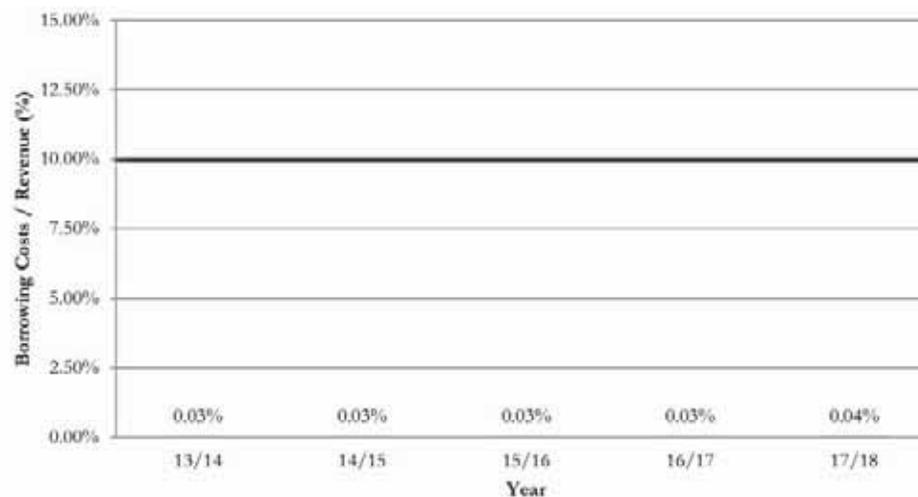


Debt servicing benchmark

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.

Figure 4 Debt servicing benchmark



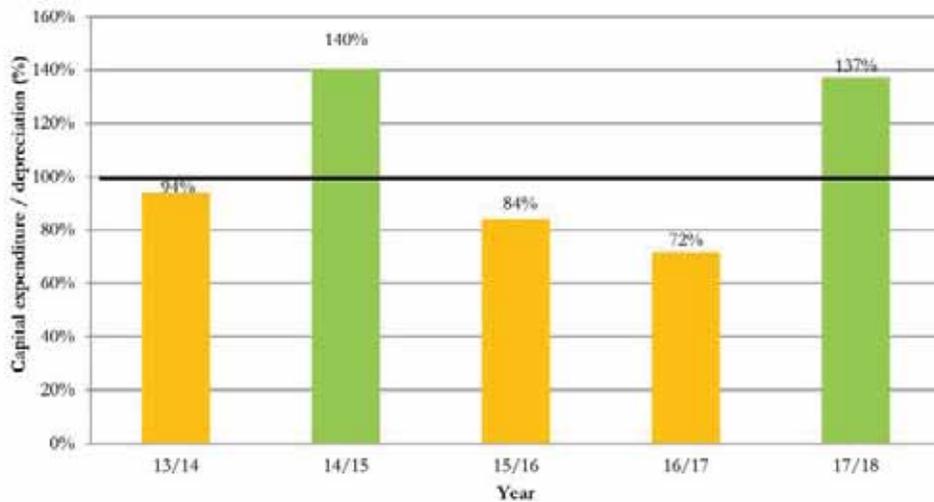
Essential Services Benchmark

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

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

This limit is set by legislation.

Figure 5 Essential Services Benchmark



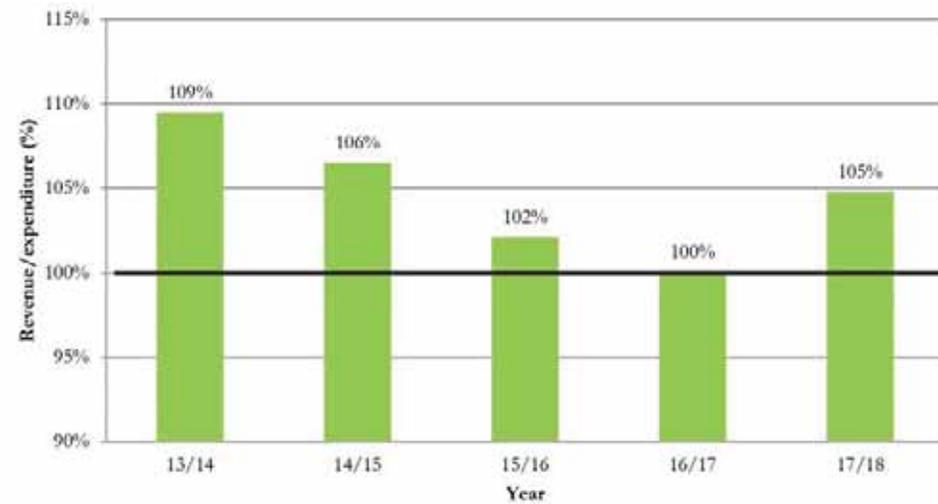
Balanced Budget Benchmark

Figure 6 displays Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

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

This limit is set by legislation

Figure 6 Balanced Budget Benchmark



Operations Control Benchmark

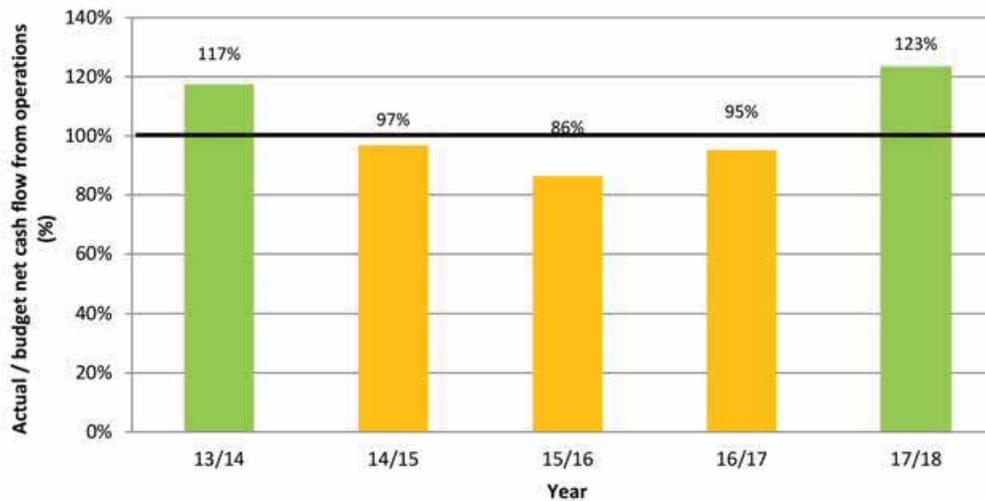
This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

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.

Figure 7 Operations Control Benchmark



Debt Control Benchmark

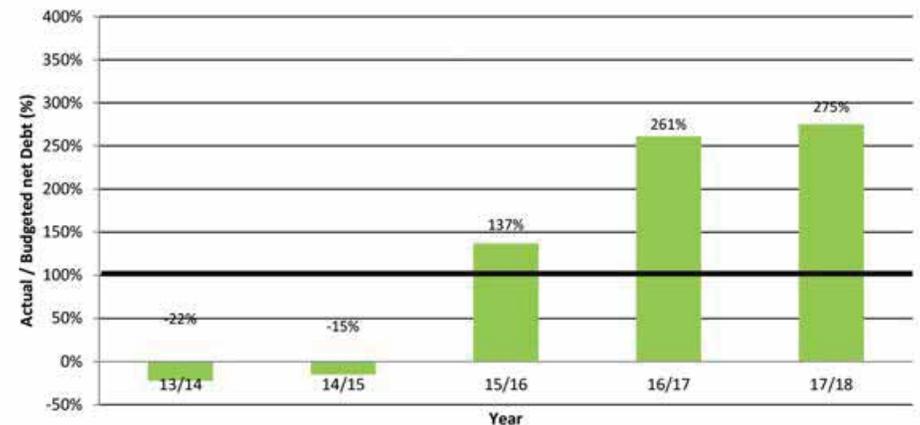
The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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 was not planning the need for significant debt until 2017/2018, however this was not required. Accordingly in 2017/2018 Council had an actual net financial asset balance of \$11.6 million (275%) of the planned net financial asset balance of \$4.2 million.

Figure 8 Debt Control Benchmark





SHARED SERVICES



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 some of those collaborations.



BUILDING CONTROL



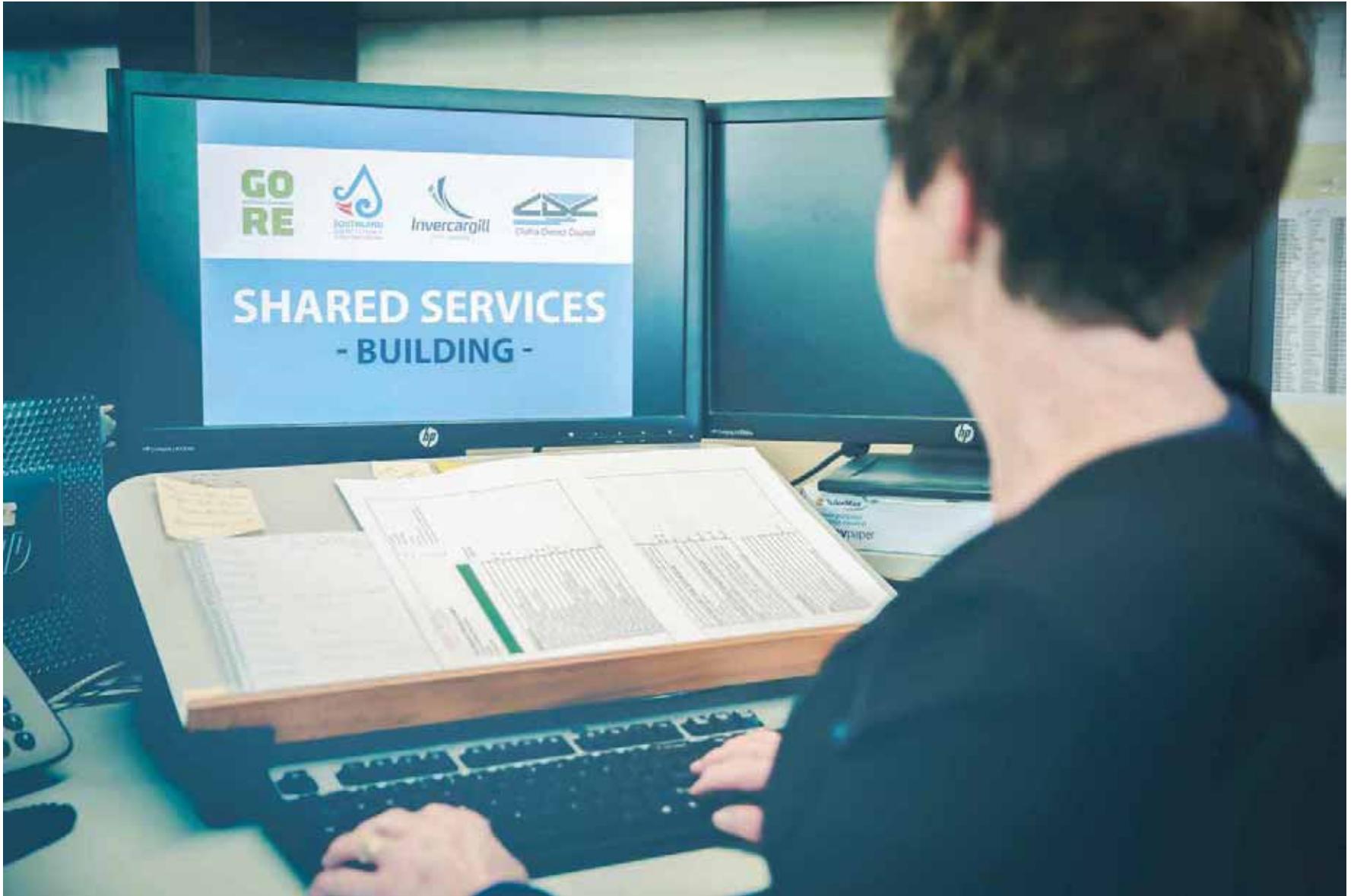
Four southern territorial authorities continue to work closely together on building control matters in terms of both information sharing and staff exchanges to support each other at busy times.



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

A combined process and quality manual as well as shared regulation forms, were developed and all four councils have adopted. The shared manual and forms standardise the consent processing methodology and quality assurance processes and has been the subject of a 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 subsequent step was 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. The investigation on the concept of standardised building consent fees has been progressed during 2017/2018. Each of the councils will need to support a combined fee structure and it is expected that such a structure would be available for the 2019/2020 year at the earliest.



EMERGENCY MANAGEMENT SOUTHLAND



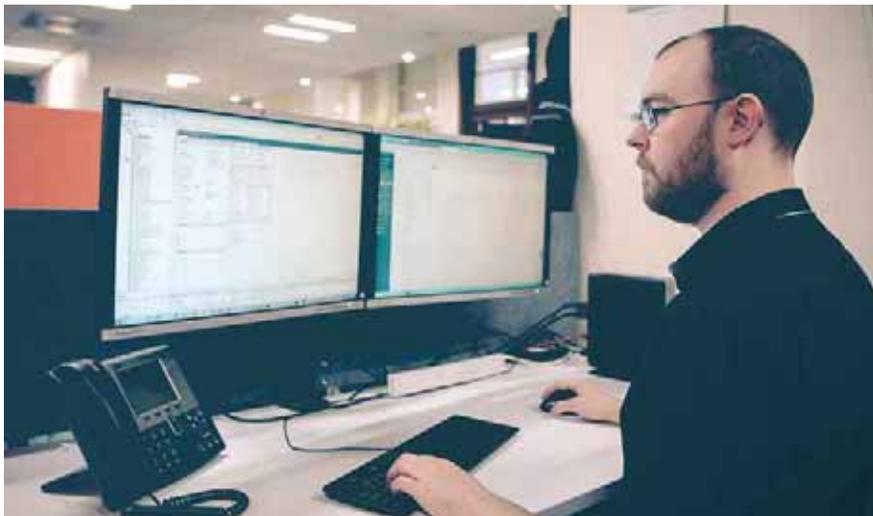
Emergency Management Southland (EMS) is a shared service between Southland District Council, Environment Southland, Invercargill City Council and Gore District Council.



Photo: The Southland Times/Stuff

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 some activities which 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; including a full health check of the system, ensuring that we are staying compliant with upgrades to the latest releases
- discussions have begun around a collaborative approach to the delivery of a Southland wide spatial and ePlan solution.
- Increased our connectivity for all our data connections
- continuation of the delivery of the Retrolens website (a shared service with 11 other councils, including Southland Shared Services) which makes use of the historic imagery that we purchased in conjunction with Land Information New Zealand.

There is over 600,000 images across New Zealand being digitised over a period of four years.



IWI LIAISON



All four Southland councils have continued to fund and support Te Ao Mārama Inc, the agency approved by Te Runanga o Ngāi Tahu to act on iwi liaison matters in Murihiku/Southland under the Resource Management Act 1991 and the Local Government Act 2002.

Since its inception, Queenstown Lakes District Council, Otago Regional Council and Clutha District Council have also joined supporting Te Ao Mārama Inc. The papatipu rūnanga and the participant councils continue to meet quarterly at the Te Roopū Taiao hui, which provides for excellent partnership and exchange of information.

The key focus is to give these meetings more of a strategic focus and less focus on day to day operational/retrospective reporting back.

REGIONAL DEVELOPMENT



In October 2015, the Southland Mayoral Forum published the Southland Regional Development Strategy.



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 2017/2018, the public was consulted on a proposal to create a Southland Regional Development Agency, which would integrate the current Venture Southland and be based on a wider community-based

organisational structure (such as a council-controlled organisation) rather than the present joint committee arrangement run by the three territorial authorities. Support for the proposal came from the government, Ngāi Tahu, local industries and businesses and the community.

Following the consultation phase and the general endorsement obtained from the community, the Mayoral Forum continued throughout 2017/2018 to develop arrangements for the creation of the new agency. It is expected that the agency will be established and launched in late 2018.





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 in 2016/2017 although all members are still using the Symphony management system. Dunedin City, Central Otago and Queenstown Lakes Districts and Southland District have joined the national consortium, Kōtui, which provides enhanced support, searching and ongoing enhancements.

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

Although consortium membership remains unchanged, member authorities do some things slightly differently. However, this is unlikely to impact upon the level of service members of the public receive. Southland District Council 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.

MĀORI CONTRIBUTION TO DECISION-MAKING



Approximately 10% of Southland District's population is Māori. Council acknowledges the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu rūnanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku/Southland.

Southland District Council was officially gifted its Māori name 'Te Rohe Pōtae o Murihiku' at a naming ceremony at Takutai o te Titi 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 a partner during its decision making and consultation processes	ONGOING	Te Ao Mārama representatives were part of the hearing committee which heard 2018-2028 Long Term Plan submissions
Provide for a representative from Te Ao Mārama for the duration of the District plan submission hearings in conjunction with the Resource Management committee	COMPLETED	Te Ao Mārama representative Don Mowat was part of the District Plan hearing panel. This process has now been completed and the District Plan made fully operative.
Continue to hold regular liaison meetings between Te Ao Mārama and Council executive and senior managers	ONGOING	Regular meetings held and Council senior managers also attend Te Roopu Taiao
Provide an interpreter on request should Māori wish to present submissions to Council in Te Reo Māori	ONGOING	Interpretation service available on request
Provide a standing invitation to all Māori to attend Council meetings and hearings to become familiar with Council protocol	ONGOING	Standing invitation in place
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.	ONGOING	This is considered on a case by case basis. Where Te Ao Mārama is a submitter, then the choice of Iwi representative needs to recognise the need to avoid any real or perceived conflicts of interest
Maintain existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties and integrate protocols into the organisation	ONGOING	The charter of understanding/He Huarahi mo Nga Uri Whakatapu, which is the foundation document for the relationship was comprehensively reviewed in 2016.
Regularly refer to and report against Te Tangi a Tauria, the new Ngāi Tahu Murihiku Resource Management Plan when assessing resource consent applications	ONGOING	Resource management staff consistently refer to relevant Te Tangi a Tauria content when processing and reporting on relevant resource consent applications
Maintain its commitment to ongoing funding of Te Ao Mārama Incorporated, the Ngāi Tahu (Murihiku) Resource Management Agency	COMPLETE	Ongoing funding for Te Ao Mārama has been included in the 2018-2028 Long Term Plan
Continue to train new staff and councillors on marae protocol, local history and related legislation	INCOMPLETE	There has been no formal training in this area in 2017/2018 beyond the informal monthly contact sessions referred to below.
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	ONGOING	Contact sessions held every month in 2017/2018. These have been very well attended by staff with high interest and the sessions are now usually fully booked
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.	ONGOING	Work is under way on a carving representing Southland District Council which will be placed at the entrance to the Council Chambers



WELCOME
All visitors please report
to reception and get the
visitor badge

THANK YOU

Go!

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 2002, 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 2018 fairly reflect the financial position and operations of Southland District Council.

Gary Tong
MAYOR

Date: 25 September 2018

Steve Ruru
CHIEF EXECUTIVE

Date: 25 September 2018

Independent Auditor's Report

To the readers of Southland District Council's annual report for the year ended 30 June 2018

The Auditor-General is the auditor of Southland District Council (the 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 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 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 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 25 September 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 182 to 195, and 197 to 243:
 - present fairly, in all material respects:
 - the Council's financial position as at 30 June 2018;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the funding impact statement on page 196, 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 Council's long-term plan;
- the statement of service provision (referred to as activities) on pages 82 to 169:
 - presents fairly, in all material respects, the Council's levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand.

- the statement about capital expenditure for each group of activities on pages 82 to 169, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Council's long-term plan; and
- the funding impact statement for each group of activities on pages 82 to 169, 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 Council's long-term plan.

Report on the disclosure requirements

We report that the Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 46 to 50, which represent a complete list of required disclosures and accurately reflects the information drawn from the Council's audited information and, where applicable, the Council's long-term plan and annual plans.

Basis for our opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the 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 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 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 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 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 Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 67 and 72 to 81, but does not include the audited information and the disclosure requirements.

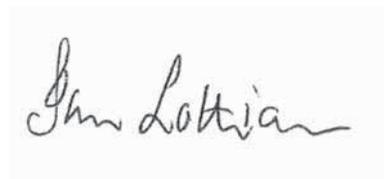
Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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 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 Council's debenture trust deed, and summary's audit which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council.

A handwritten signature in black ink that reads "Ian Lothian". The signature is written in a cursive style with a long horizontal stroke at the end.

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

ABOUT THE COUNCIL



Council works towards its vision in its plans, strategies and policies and also through the activities outlined in its Long Term 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 Long Term Plan
- facilitating solutions to local issues and needs
- advocating 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.

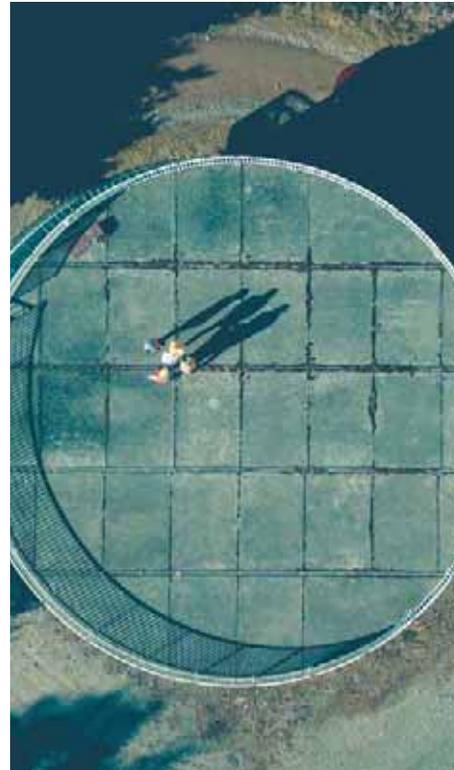
Community boards

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.

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.

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.



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, Mossburn 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 & 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



Valuing our Communities

It's the people in the community who put their hand up, take on the projects and add value to their area ...
Councillor Stuart Baird

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.

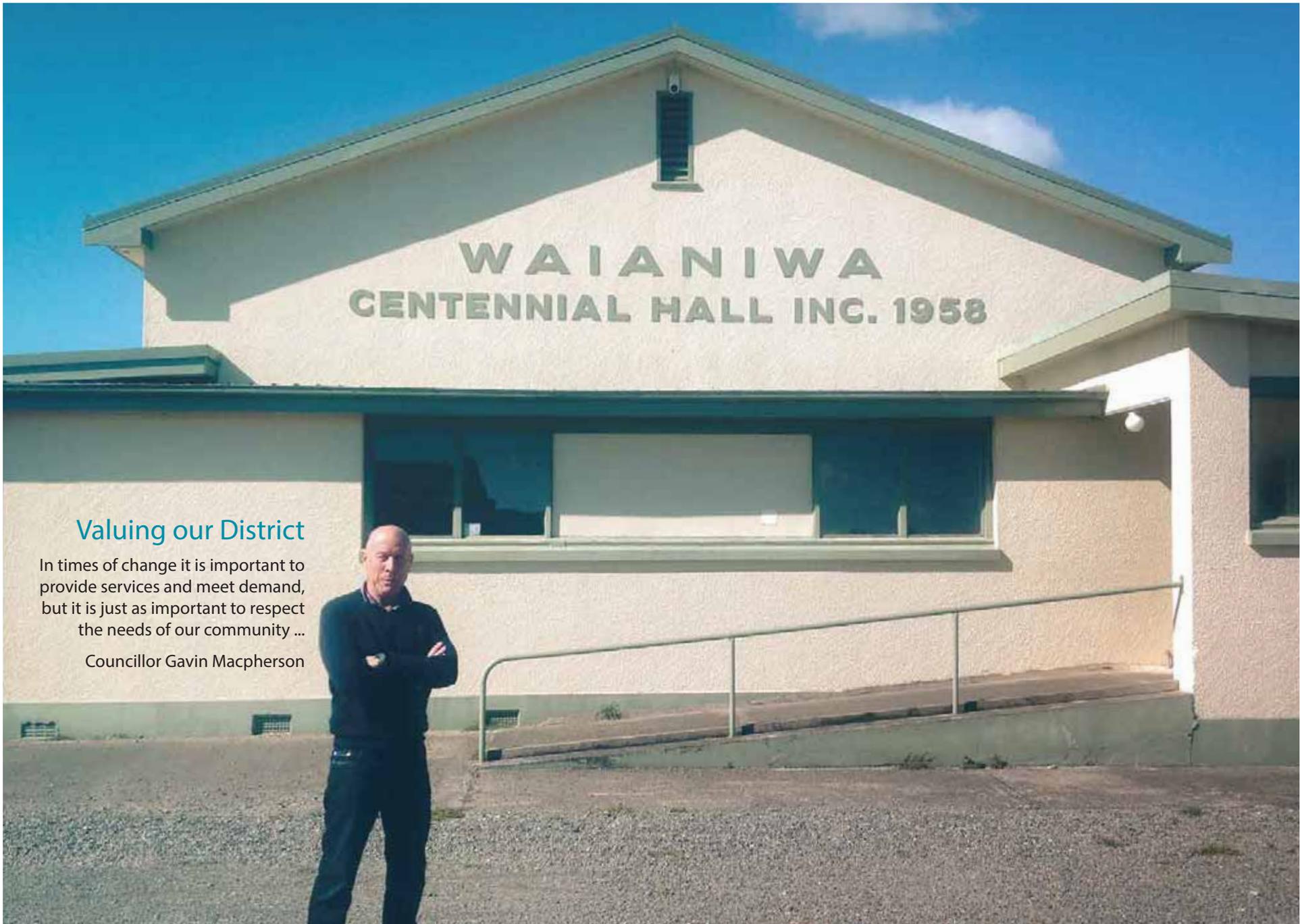
STEVE RURU - CHIEF EXECUTIVE						
JANET ELLIS	BRUCE HALLIGAN	TRUDIE HURST	REX CAPIL	MATT RUSSELL	ANNE ROBSON	DAMON CAMPBELL
People and Capability manager	Group manager Environmental Services	Group manager Customer Support	Group manager Community and Futures	Group manager Services and Assets	Chief financial officer	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

COUNCIL ACTIVITIES



This section provides an overview of the Council’s activities, organised within Council’s nine groups of activities. Four of these groups are mandatory under the Local Government Act – roads and footpaths, wastewater, stormwater and water supply.

GROUP OF ACTIVITIES	ACTIVITIES	
Community Services	Community assistance (includes grants, work schemes) Cemeteries Community facilities (includes community centres, Council offices/buildings and water structures) Community housing	Library services Parks and reserves Public toilets Stewart Island Electricity Supply Authority Te Anau Airport
District Leadership	Community futures (includes community planning and economic development) Customer support and corporate support (includes people and capability, communications, strategy and policy, finance, information management)	Forestry Representation and advocacy
Emergency Management	Emergency management	
Regulatory Services	Animal control Environmental health	Building control Resource management (includes District planning)
Roads and Footpaths	Roads and footpaths (includes parking) Bridges	Around the Mountains Cycle Trail
Solid waste	Refuse, recycling and greenwaste	
Stormwater	Stormwater	
Wastewater	Wastewater (also known as sewerage)	
Water Supply	Drinking water supplies	Rural (stock) water supplies



Valuing our District

In times of change it is important to provide services and meet demand, but it is just as important to respect the needs of our community ...

Councillor Gavin Macpherson



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.

Valuing our Families

Every moment is precious and every service is of value to the health and wellbeing of our communities ...

Councillor Darren Frazer



Why we do it

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.

COMMUNITY SERVICES



How well we did



Library services

In May 2018 Southland District Libraries migrated to the Kōtui library management system, joining 37 other councils throughout New Zealand on the same platform. The advantages include predictable long-term costs for Council and ratepayers, better support when technical issues arise, and enhanced cataloguing with the ability to link in to other library catalogues around the country.

Libraries' Stepping Up programme proved very popular, with classes fully subscribed for regular sessions held at Winton, Lumsden, Otautau and Te Anau. The free sessions help people to improve their digital literacy and computer skills. The programme is run in partnership with the 20/20 Trust and Southern REAP.

Funding was approved for new RFID (radio frequency identification) technology, which will provide greater security for library stock and reduce the number of queries relating to issues and returns. Implementation is likely across all District Libraries in 2019.

A number of visiting authors held sessions at Winton and Te Anau throughout 2017/2018, including Emma Stevens, Lucy Davey, Dawn Andrews and Mr Yipadee. Wifi boosters were installed at Lumsden, Te Anau and Stewart Island/Rakiura to increase range. Southland District Libraries reported massive growth in PressReader use.

In the year from March 2017 to March 2018 the number of hits increased from 3000 to 30,000.

Community assistance

Southland District Council's work scheme programme provides community service clients with a way of completing their court-directed community service sentences.

The scheme also makes it possible for small communities to undertake projects they would otherwise not be able to due to costs or lack of resources.

Work scheme highlights in 2017/2018 included:

- Construction of a Riverton dog pound shed, near Mores Reserve
- Noxious control (cutting gorse and broom around fencelines) and track maintenance at Kamahi Reserve and Mores Reserve.





Valuing our Whanau

We value our people, places and spaces and it's fantastic our long-term residents will be able to stay in Te Anau near family and friends ...

Councillor Ebel Kremer

Community facilities

Venture Southland on behalf of Council completed an inventory of publicly used facilities in the District. This data will inform further work Council is doing on usage of public halls and community centres.

Ongoing maintenance of community centres was carried out, with upgrade work done at the Limehills, Browns, Manapouri and Oreti community centres, the Winton Maternity Centre and Tuatapere library.

Licensing and upgrading of all wharves at Riverton harbour is ongoing. New playground equipment was installed at Te Anau.

Community housing

The annual tenant survey was conducted in 2017/2018 with similar results to previous years and a high level of satisfaction from tenants. The average occupancy rate remained high at 90%.

Public toilets

While there were limited capital expenditure projects there was an increased demand for toilet facilities on the main tourist routes.



Parks and reserves

An Open Spaces Priority Setting Report received by Council was the basis of one of the key issues identified in the 2018-2028 LTP.

Council has agreed to invest more in developing our open spaces by:

- creating a design and planning budget of \$150,000 a year to develop a co-ordinated District-wide plan to improve our open spaces, and
- creating a total project budget for facility improvement of \$5.5 million to carry out improvement works over years four to 10 of the LTP.



Council applied for and received \$220,565 from the government's Tourism Infrastructure Fund for work to upgrade facilities at Lumsden's railway precinct, a popular freedom camping site. This is half the cost of the project, which involves sealing and landscaping the railway precinct, providing signage and rubbish bins and upgrading and extending the toilet block. Much of the kerbing, channelling and sealing of the site had been completed by the end of the 2017/2018 year.

A new 6m by 3m pontoon was installed at Blue Gum Point, the popular picnic spot near the boat harbour at Te Anau, for swimmers to enjoy. The Te Anau Community Board invested in the pontoon, with Council taking over the resource consent from Environment Southland. The pontoon replaced the previous structure originally installed by the Te Anau Boating Club more than 20 years ago.

Cemeteries

New memorial board/interpretation panels were erected at Lynwood Cemetery (Te Anau), and memorial panels were installed at Stewart Island's cemetery.





Stewart Island Electricity Supply Authority

SIESA's network is powered by five diesel generators at a central power station and the power is delivered by 30km of overhead lines, 10km of underground cables and 35 distribution transformers.

Globally, there has been an increase in the cost of diesel. However, despite this, the fuel efficiency of the generators has increased during the year.

	2017/2018 Actual \$(000)	2017/2018 Budget (AP) \$(000)
GRANTS		
Citizens Advice Bureau	2	2
International Relations Committee	-	11
Gore Counselling Service	1	1
IWI Funding	40	41
Life Education Trust	5	5
Southland Indoor Leisure Centre	75	75
St John Ambulance	1	1
Southland Regional Heritage Committee	545	544
Toimata Foundation (formally Enviroschools Programme)	10	11
Southland Coastal Heritage Inventory Project	-	15
Environment Enhancement Fund	-	10
High Values Area	15	15
Swim Safe	20	20
Warm Homes Trust	35	35
Southland Safer Communities	10	10
Waituna Partnership	-	25
Cycling Southland - Tour of Southland	6	3
Hollyford Conservation Trust	10	10
Loss and Grief Centre	10	-
Miscellaneous Grants	27	2





	2017/2018 Actual \$(000)	2017/2018 Budget (AP) \$(000)
SCHOLARSHIPS		
Bursaries	4	7
Community Service Award	-	1
Debating Competition	-	1
Outward Bound	4	8
FUNDING ASSISTANCE FOR COUNCIL ACTIVITIES		
Santa Parade	-	1
Holiday Programmes	20	20
Destination Fiordland	12	13
ALLOCATION GRANTS		
Community Initiative	121	109
Contributions and Levies	78	2
Creative Communities	27	21
Sport NZ	13	10
Ohai Railway Fund	27	78
Northern Southland Development Fund	14	15
District Heritage	66	62
John Beange	2	8
Stewart Island/Rakiura Visitor Levy	193	137
OTHER		
Southern Rural Fire Authority	-	10
Venture Southland	1,756	1,769
Emergency Management	257	257
TOTAL	3,406	3,365

Te Anau Airport Manapouri

There were moderate gains in both large aircraft movements and passenger numbers and a healthy gain in the usage by small aircraft operations.

There has been 24% growth in large aircraft movements over the past five seasons and similar growth for small aircraft movements during that time.

Performance targets

The community services activity group has 25 targets. Nine were achieved, seven were not achieved and nine were not measured as they weren't conducted annually.

Of the seven targets not achieved, one target was waiting for external reports, two targets had some inspections not meeting standards, which were rectified, two targets were survey related with both close to target but impacted on by external factors, one target related to three safety issues reported, one of which was for non-SDC property, and one target was not achieved due to a procedural error.

Projects

There were 66 projects in this activity group. Of these, 16 were completed, 17 were in progress, eight were not started, 19 were deferred and six were deleted. More detail about the projects is available from Council on request.







OTAHU FLAT
1913 SCHOOL 1956



Valuing our Heritage

Once it's gone it's gone. We owe it to our people to take care and pride in our heritage. Grants and allocations make so much possible for our smaller communities ...

Councillor George Harpur

PERFORMANCE MEASURES

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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Not achieved – 70%), (2013/2014: Not achieved – 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	Reports received	7	Not achieved Seven of the eight outcome reports have been received. (2016/2017: Not achieved – 4) (2015/2016: Not achieved – 5)
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 (2016/2017: Achieved – 100%) (2015/2016: Not achieved – 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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Not achieved – 89%) (2013/2014: Achieved – 91%)
Quality Appropriate and acceptable quality Beautification, parks, reserves, playgrounds and sports fields	Percentage of beautification areas, parks, reserves, playgrounds and sports fields are maintained in accordance with contractual standards ¹	Annual Inspections	100%	99%	Not achieved 772 of the 776 inspections met the contractual standards. The four that didn't meet the standard were rectified. (2016/2017: Achieved – 100%) (2015/2016: Not achieved – 99.75%)
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%	76%	Not achieved The latest survey was conducted in 2017/2018. 76% of residents were satisfied with the maintenance of the housing facilities and 95% said it was suitable for their needs. (2016/2017: Not measured). (2015/2016: Not achieved - Maintenance 77%, Suitable 97%)
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%	95%	Not achieved One respondent scored this question down based on an incident in a neighbouring district. (2016/2017: Achieved – 100%) (2015/2016: Achieved – 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 (2016/2017: Achieved – 100%) (2015/2016: Achieved – 100%)



Southland District Council

PERFORMANCE MEASURES

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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Achieved – 94%) (2013/2014: Achieved – 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 - (2016/2017: Achieved – 100%) (2015/2016: Achieved – 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	3	Not achieved One RFS related to a non SDC property. (2016/2017: Achieved – 0) (2015/2016: Achieved – 1)
Safety Percentage of facilities that meet their statutory requirements	Percentage of Council buildings that hold current warrants of fitness (WOF)	Council records	100%	100%	Achieved (2016/2017: Achieved – 100%) (2015/2015: Achieved – 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 The survey was not conducted because there was significant movement of departments within the building so the timing was considered inappropriate. (2015/2016: Not achieved – 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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Not achieved – 85%) (2013/2014: Not achieved – 83%)
Safety Community Centres are safe to use for their intended purpose	Percentage of community centres that hold current warrants of fitness	Annual Inspections	100%	88%	Not achieved Due to a procedural error a WOF was not issued, however a certificate in lieu has been issued for the next 12 months. (2016/2017: Achieved - 100%. (2015/2016: Achieved – 100%)
PUBLIC TOILETS					
Quality Maintain public conveniences in a functional, clean and sanitary condition	Percentage of toilets that are cleaned in accordance with contractual standards	Annual Inspections	100%	98%	Not achieved - 178 of the 181 inspections met the contractual standard. The three that didn't met standard were rectified. (2016/2017: Achieved - 100%) (2015/2016: Achieved - 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%	-	Not measured - This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Not achieved – 78%) (2013/2014: Not achieved – 77%)

PERFORMANCE MEASURES

LEVEL OF SERVICE	KEY PERFORMANCE INDICATOR	MEASUREMENT SOURCE	TARGET	RESULT	HOW COUNCIL PERFORMED
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%	-	Not measured (2016/2017: Achieved – 98%)
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)	88%	Achieved (2016/2017: Not achieved – 75%) (2015/2016: Not achieved – 76%)
Quality A range of programmes are delivered to meet community needs	Users satisfied with the range of programmes offered	Programme evaluation forms	80%	96%	Achieved (2016/2017: Achieved 100%) (2015/2016: Achieved - 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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Not achieved – 40%)
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. The Airport does not require Part 139 Certification therefore not subject to CAA Audits. We are required to report any notifiable bird strikes or near misses. There have been no reportable bird strike or near miss events over the last 12 months. (2016/2107: Not measured) (2015/2016: 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%	108%	Achieved Ground Handling and Landing Fees received has been more than expected. (2016/2017: Not achieved - 94.5%) (2015/2016: Not achieved - 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 No complaints received. (2016/2017: Achieved - 100%) (2015/2016: Achieved - 100%)
Reliability All SIESA consumers connected are provided with reliable and continuous service	Number of unplanned interruptions	PowerNet quarterly report	<6	3	Achieved (2016/2017: Achieved – 5) (2015/2016: Achieved – 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.



Valuing our Environment

It's about giving back and not always taking.
We need to value what we have and protect it ...

Councillor Bruce Ford

Funding impact statement – Budget variations

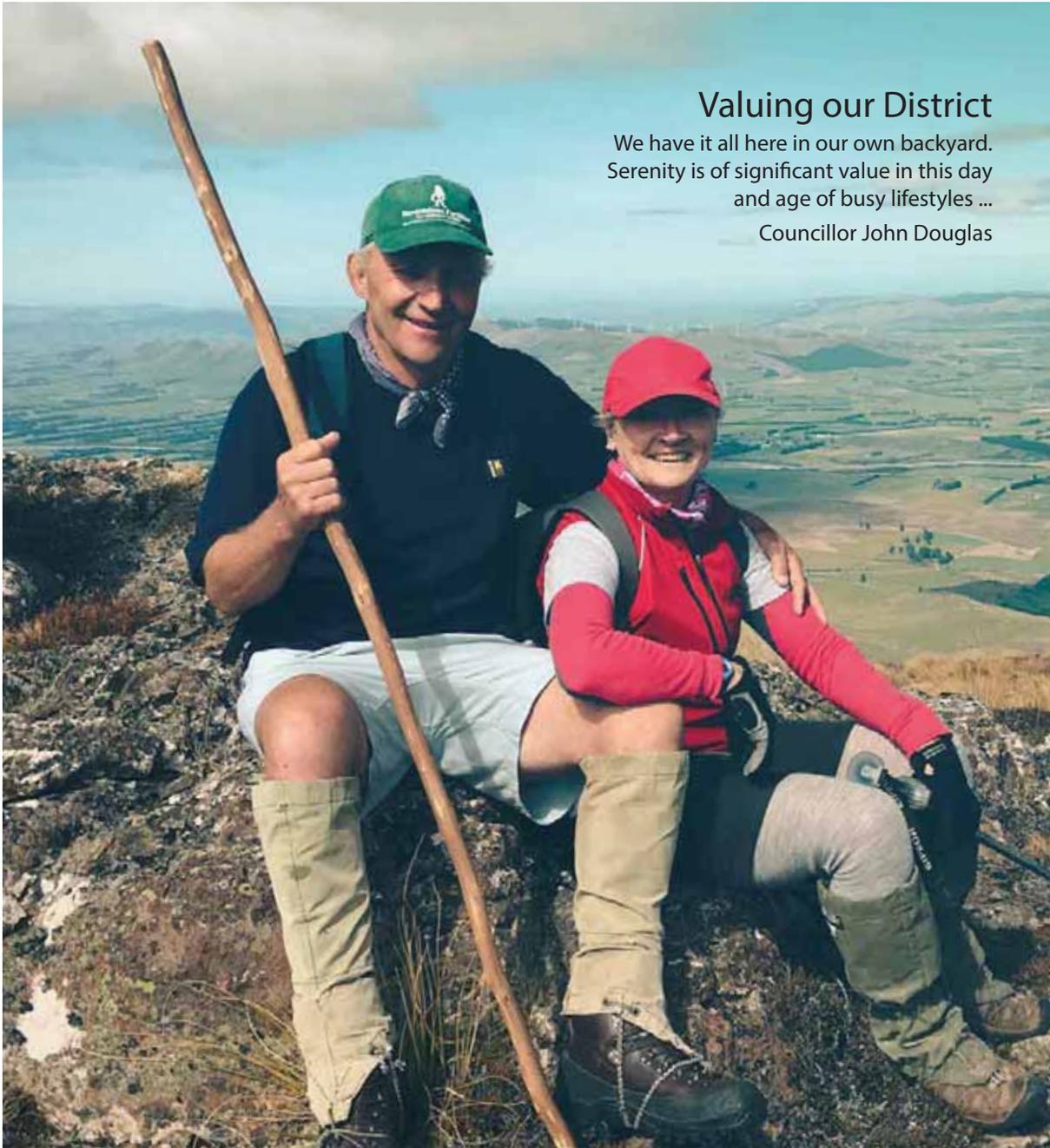
Payments to staff and suppliers is below budget, mainly due to the deferral of various maintenance projects to future years.

Capital expenditure to improve the level of service is lower than budgeted due to Council deferring the potential upgrade of the Invercargill office to future years.

Capital expenditure to replace existing assets is lower than budgeted due to delays in SIESA operational projects and the upgrade of the Invercargill office being deferred to future years by Council.

FUNDING IMPACT STATEMENT – COMMUNITY SERVICES					
2017/2018 Budget (LTP) (\$000)			2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING					
2,075	General rates, uniform annual general charges, rates penalties		1,999	2,162	2,163
2,725	Targeted rates		2,786	2,756	2,749
69	Subsidies and grants for operating purposes		88	156	70
1,295	Fees and charges		1,274	1,338	1,314
3,229	Internal charges and overheads recovered		3,058	3,040	3,072
718	Local authorities fuel tax, fines, infringement fees, and other receipts ¹		914	799	694
10,115	Total operating funding		10,119	10,251	10,062
APPLICATIONS OF OPERATING FUNDING					
6,237	Payments to staff and suppliers		5,980	5,888	6,329
-	Finance costs		-	-	-
2,098	Internal charges and overheads applied		2,059	2,018	2,100
1,190	Other operating funding applications		1,188	1,255	1,242
9,535	Total applications of operating funding		9,227	9,162	9,670
580	Surplus (deficit) of operating funding		892	1,090	391
SOURCES OF CAPITAL FUNDING					
-	Subsidies and grants for capital expenditure		73	11	34
16	Development and financial contributions		114	19	16
2,044	Increase (decrease) in debt		233	(147)	2,059
10	Gross proceeds from sale of assets		145	319	10
-	Lump sum contributions		-	-	-
2,070	Total sources of capital funding		565	202	2,118
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
2,070	Total sources of capital funding		62	104	25
3,087	to improve the level of service		1,840	321	2,768
155	to replace existing assets		133	269	1,125
1,082	Increase (decrease) in reserves		(280)	902	(1,107)
-	Increase (decrease) in investments		(298)	(304)	(300)
2,650	Total applications of capital funding		1,457	1,292	2,510
(580)	Surplus (deficit) of capital funding		(892)	(1,090)	(391)
-	Funding balance		-	-	-

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



Valuing our District

We have it all here in our own backyard. Serenity is of significant value in this day and age of busy lifestyles ...

Councillor John Douglas

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 engagement, 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 we do it

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

COMMUNITY DEVELOPMENT/ COMMUNITY PARTNERSHIP LEADERS

Part of the community partnership leaders' (CPLs) role is to advise Council, develop affordable and sustainable community projects that align with local and national priorities, provide advice, support and assistance to link communities to the right people who will be enablers and empower community groups to continue and become more sustainable.

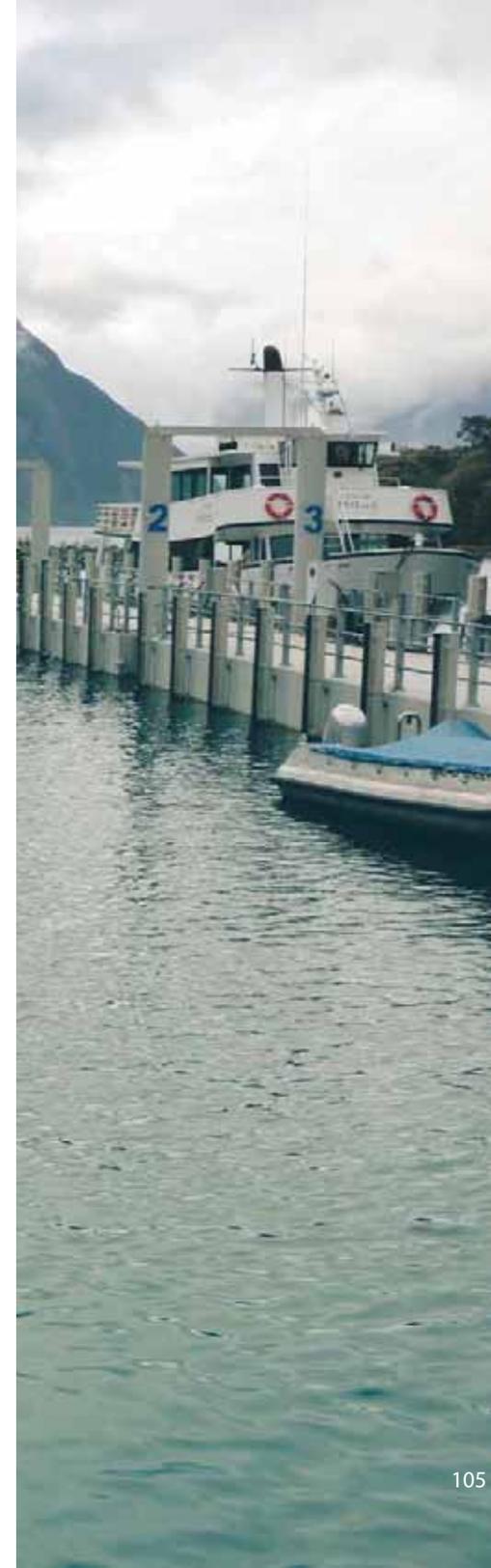
They liaise with elected members, external agencies and residents and ratepayers to explore collaborative opportunities that will bring benefit to District communities.

Work continued on the development of community leadership plans. It was decided that these will be issues based and focused on people rather than geographical areas. A number of workshops were held with local communities and these plans will be owned and led by the communities.

The CPLs were involved in a wide variety of other community-focused projects, including:

- the Milford Opportunities project to develop a sustainable plan to manage the Milford Sound experience
- Stewart Island community planning to identify opportunities that will benefit the Island
- assisting with applications to the Tourism Infrastructure Fund and Provincial Growth Fund
- the Southland Museum and Art Gallery consultation working group (Our Tale), canvassing what the Southland community wants for its museum. A project to redevelop the Southland Museum is under way and an extensive programme of consultation with the Southland public was being rolled out.

Opportunities to participate included attending an event or workshop, or completing a questionnaire.



DISTRICT SUPPORT



Call monitoring technology was introduced in August 2017. Customers are notified that their calls may be monitored for training purposes when they call Council's freephone number, 0800 732 732. This technology helps with training and providing consistent service to our customers.

Megan Wilson, who works at the Riverton Library and Southland District Council office as a librarian/customer support partner, won the Customer Experience Individual of the Year award for 2017 at the Association of Local Government Information Management conference. Her dedication to Council's customers and her community shone through above a huge number of entrants for this keenly contested award.



CORPORATE SUPPORT

People and capability

In February 2017, a health and safety GAP analysis was conducted. As a result of the recommendations from this report, the people and capability team developed a health and safety plan for 2017/2018 and established a health and safety governance framework. The Health and Safety Framework, containing a single policy with clear standard procedures, will enable a risk-based approach to managing health and safety.

The purpose of the framework is to document how health and safety will be managed throughout Council and its operations, provide information on the hierarchy of documentation to be used, and define document types and the document control process.

Our goal is for our people to be bold and to think about their own safety and the safety and wellbeing of others so that we deliver safe and effective services to our community and everyone gets home safe and well.

The health and safety plan requires staff to be trained in procedures. A series of e-learning modules were developed to do this. Each module covers the requirements of a procedure with the intent of guiding staff through the process of understanding their responsibilities and supporting Council's move to a more proactive health and safety culture. All Council staff are required to complete the training. The team continued to work on health and safety risk profiles and training, including workshops with team leaders.

A health and safety event with guest speakers Nadia Lim and Dr Tom Mulholland was held jointly with other Southland councils in October. This was very successful. Leading on from this, Southland District Council conducted a number of healthy thinking workshops with staff during the year.

The team continued to build succession planning capability with leadership training and coaching.





Valuing our Partnerships

As one organisation we can only do so much. The value in building relationships and partnerships helps us move forward together ...

Councillor Paul Duffy

VENTURE SOUTHLAND



Venture Southland is the economic development agency for Southland. It delivers a wide range of initiatives, services and events to promote and grow the Southland region.

Venture Southland, by way of its funding agreement with Southland District Council, plays a key role in supporting local communities to maintain a proud Southland community spirit, particularly in rural areas. During the year Venture Southland staff worked with 110 community groups to provide project management, planning and facilitation support to enable them to carry out their own projects.

The team delivered a number of key initiatives including the Community Organisation and Volunteer Sector project which resulted in a 'shared service' pilot being trialled in the Wyndham/Edendale area in 2018/2019.

The work carried out by Venture Southland community development during the year can be split into three main areas: building community capacity and capability; local community initiatives and community funding; and the wider delivery of tourism and business initiatives. Venture Southland supported a number of communities and organisations in accessing about \$2 million in funding for a range of projects.

During 2017/2018, Venture Southland's work programme was aligned with the Southland Regional Development Strategy, with a particular focus on contributing to population growth, a diversified economy and helping to strengthen local business.

A labour market team was established during the year and the Southland Youth Futures programme, to connect youth with career pathways in the region, achieved its employer target for the year. The second Southland Pop Up Job Shop, held in April, advertised more than 500 jobs throughout the region.

Successful events included the Southland District Holiday Programme and the Burt Munro Challenge. Events facilitated or supported by Venture Southland during the year attracted 59,000 spectators.

Continued growth was achieved in both domestic and international markets, with guest nights for the Southland region up 11.6% to 840,402 for the year ended April 2018.

The results of Venture's 2018 Business Survey found that, for the first time since the survey began in 2014, Southland businesses were reporting employing more people than in the previous year.

To further strengthen local businesses Venture Southland secured research and development funding of \$5.3 million (with another \$10 million pre-approved for the next two years) and issued \$240,000 of New Zealand Trade and Enterprise vouchers as part of the regional business partner programme.



SOUTHLAND
DISTRICT COUNCIL
Te Rohe Pōtae o Murihiku



SOUTHLAND
DISTRICT COUNCIL
Te Rohe Pōtae o Murihiku

COMMUNICATIONS AND ENGAGEMENT

Southland District Council's rebranding project during 2017/2018 gave Council a new logo and brand identity, encapsulated in the Southland District Story. The launch date was October 2.

Council had not rebranded since its formation in 1989, and it was appropriate that an organisation that had recently gone through restructuring should look at the way it was perceived by its customers and stakeholders, and make changes that better reflected its role in the community. Rather than being outsourced, the design and brand development work was carried out in house by members of the communications team with a total budget of just \$150,000. Most of this cost was for new signage throughout the District, which was already in need of replacement.

Council staff overwhelmingly embraced the Southland Story and its promise to ratepayers to lead the way in working together for a better Southland. Particularly resonant with staff was Te Ao Marama kaupapa taiao manager Dean Whaanga's interpretation of the logo's symbolism from a Māori perspective.

The rebranding work is ongoing

The communications and engagement team instigated or was involved in a wide range of public engagement across a variety of platforms – from hall meetings and interpretation panels to digital newsletters, social media and online podcasts – contributing graphic design, written material, video and photography, as well as advice and media liaison. They were also involved in many community projects relating to historical signage, and co-ordinated the activities of the Southland District Youth Council.

During 2017/2018 team members progressed work on developing a Communications and Engagement Policy, and co-ordinated and managed Council's presence at the 2018 Southern Field Days, at Waimumu.



STRATEGY AND POLICY

Long Term Plan

The Long Term Plan provides an opportunity for Council to take a long-term view of our activities, their impact on the District, and on present and future communities.

Council is required to have a 10-year plan in place at all times as it is the primary way Council is held accountable to its communities. The plan describes the activities and service levels Council intends to provide and sets out the accompanying budgets. It also highlights key issues the District is facing and the strategies intended to address these. The Long Term Plan 2018-2028 was adopted by Council on 20 June 2018. Council received 159 written submissions on its draft 2018-2028 Long Term Plan, draft Revenue and Financing Policy and draft Development and Financial Contributions Policy.





Corporate Performance Framework

The Corporate Performance Framework (CPF) project was identified in 2017 as a key strategic project to support Council in being more dynamic, effective and efficient. Council is focused on providing the best value for money to its ratepayers and a robust framework for performance is a key step towards this.

The CPF aligns Council's intended high-level direction (expressed through its Vision, Community Outcomes and Strategic Objectives) to the ground floor – activities and outcomes delivered by teams and individuals.

The CPF takes a benefits-led approach to understanding performance, with benefits providing the 'golden thread' linking Council's big-picture thinking through to daily operations.

The CPF was adopted by Council as part of the Long Term Plan process.

Risk Management Framework development work

Council's approach to risk management and its current risk policy were being reviewed with a new policy and framework expected to be implemented in the next financial year.

Finance

In addition to providing day-to-day financial reporting and support to the organisation and its elected members, this year the financial services team focused on developing online services, including broadening the payment options.

Customers can choose to re-register their dogs online, pay their debtors invoice, pay rates and water bills online and register to get rates notices by email. Payment methods now include direct debit, automatic payment, internet banking, bank-to-bank payment, in person at any area office (cash or eftpos), and by post (cheque only). The team was also heavily involved during 2017/2018 in the development of the 2018-2028 Long Term Plan and review of the associated financial policies.

INFORMATION MANAGEMENT

The property digitisation back capture project was completed. Council's paper-based property filing system was transferred to digital files that will be stored for use in Council's records management system.

The objective of the project was to future-proof Council from physical storage issues and reduce risks associated with property files being damaged, misplaced or misfiled.

The other major project is the Core Systems Review. The objective of this project is to have the right people, processes and technology in place for the future.

The Core Systems Review project has been focused on how to deliver a platform for enabling improvements to existing and future systems that can be completed and provided to Council staff. The initial investigation has been completed.

The business plan phase focuses on priority projects such as IT enabling work, health and safety, HRIS (training, payroll etc) business improvement tools and the financial systems.

There is a trend to move to more digital formats. Development work was under way to move to electronic processing of consents and to allow for greater mobility for work, such as doing onsite inspections in real time and lodging them remotely.



FORESTRY

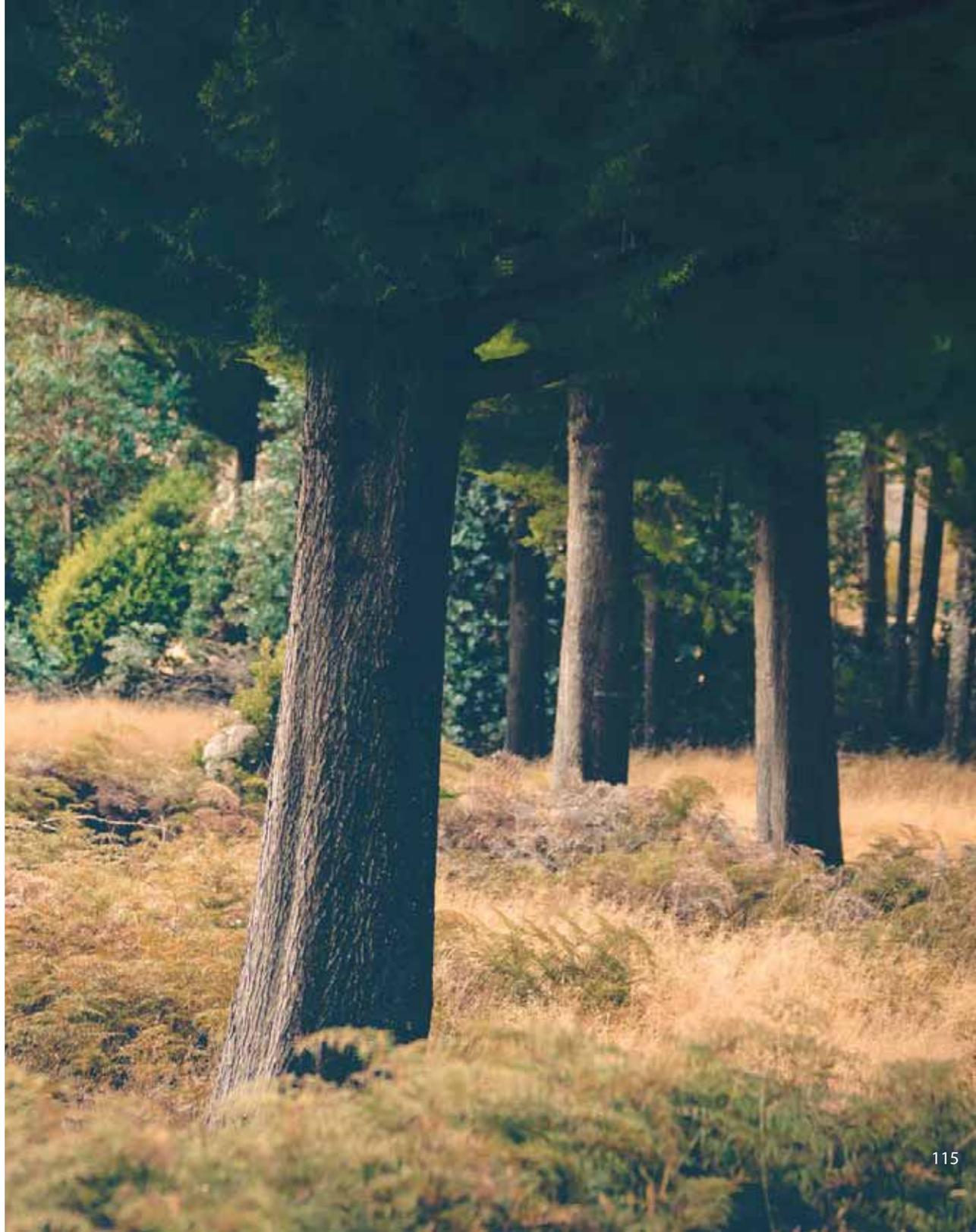
The activity is managed by IFS Growth on behalf of Council. During the year around 49,000 tonnes was harvested, up 12% on budget.

The full-year performance for the forestry business has been good with all budget targets exceeded. With log sales of \$5.6 million and expenditure of \$2.9 million, a \$2.7 million net position was achieved. This improvement is the result of continued high log prices, improved yields and cost savings in various programmes. This is the last of the high return years (over 40,000 tonnes per annum) for the Southland District Council estate.

The new National Environmental Standards for Plantation Forestry (NES-PF) came into effect on 1 May 2018. The regulations cover eight core plantation activities that have potential environmental effects:

- afforestation (planting new forest)
- pruning and thinning to waste
- earthworks
- river crossings
- forest quarrying
- harvesting
- mechanical land preparation
- replanting

The NES-PF applies to any forest of at least one hectare that has been planted specifically for commercial purposes and will be harvested. The NES-PF set out a framework for management of plantation forestry, with the aim of providing nationwide consistency of rules.





**SOUTHLAND
DISTRICT**

Welcome





Valuing our People

Our people are our strength and together we can achieve great things for our smaller communities ...

Councillor Julie Keast

REPRESENTATION AND ADVOCACY

Community Governance Review

The Community Governance Project was initiated by Council more than three years ago to focus on developing the community governance and representation framework to work more effectively and efficiently for Council and Southland District in the future.

The current community governance model has been in place since 1989.

The role of local authorities has changed in the past 30 years and is continuing to change. Council needs to be able to respond to those changes. It is looking to deliver equity of representation, with local input and involvement at its centre.

The purpose of the project was to provide researched background information and undertake significant community engagement to inform the Representation Review that Council conducted in 2018.

Representation Review

Every six years councils in New Zealand are required by law to review their representation arrangements. Southland District Council's last review was in 2012. In 2018 it carried out its latest Representation Review, the results of which will be implemented for the 2019 local elections. The objective is to ensure each council continues to provide fair and effective representation for individuals and communities. The process enables a council to review the number of councillors it has and how they are elected. The review must also involve consideration of community boards.

Council developed its initial proposal, consulted and received more than 150 submissions. Thirty submitters spoke at a hearing then Council considered the submissions and agreed on a final proposal which was adopted in July 2018. After the public appeals process the Local Government Commission will make the final decision on representation arrangements for the elections in October 2019.

Advocacy

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

An example was Southland District Council's part in the joint Southland councils' submissions on Environment Southland's proposed Water and Land Plan.

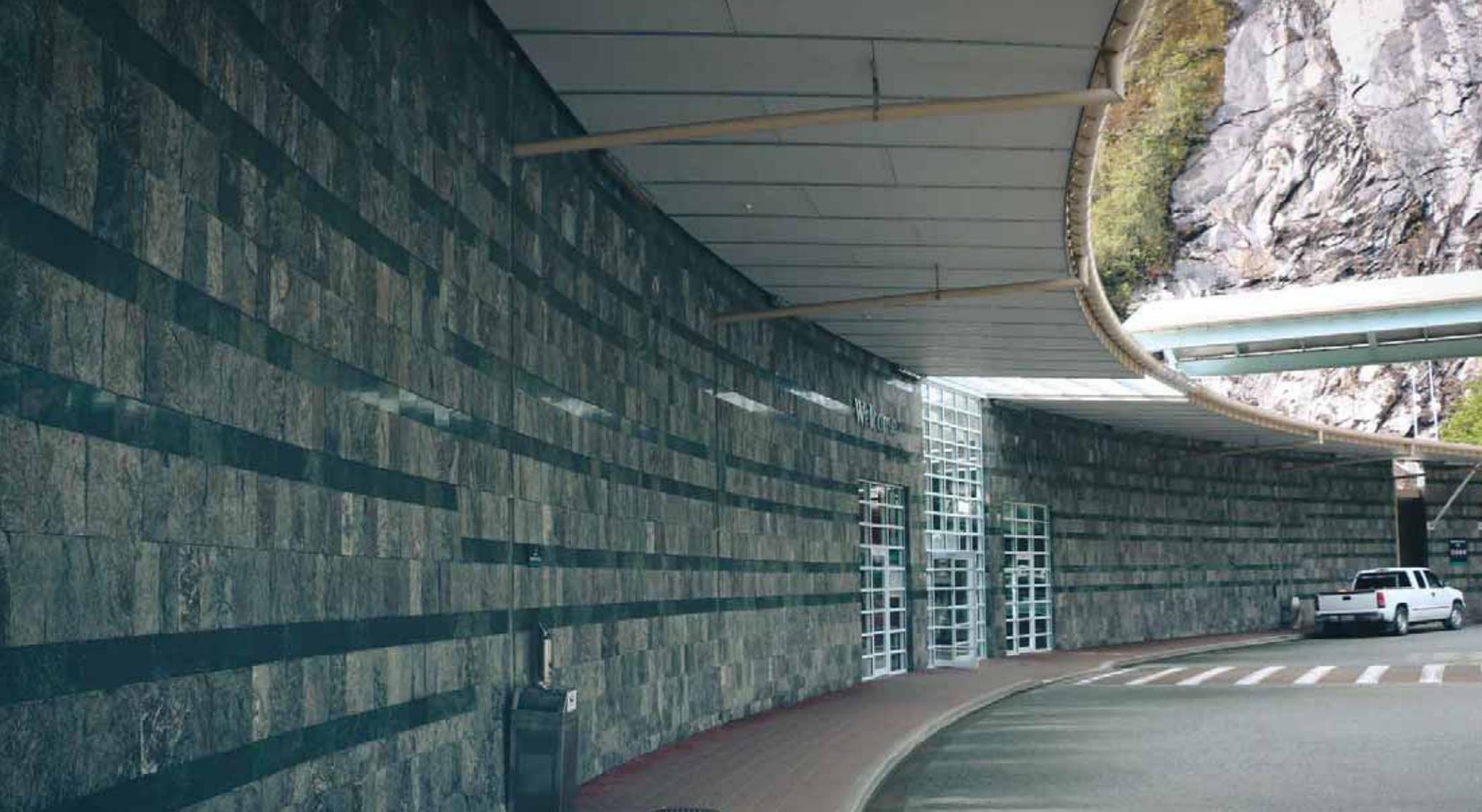
SoRDS

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 to have 10,000 more people living in Southland by 2025.

After an extensive consultation process the new Southland Regional Development Agency was being set up. In 2018 a constitution document was being developed and recruitment was under way to appoint directors to lead the agency.

PERFORMANCE MEASURES

LEVEL OF SERVICE	KEY PERFORMANCE INDICATOR	MEASUREMENT SOURCE	TARGET	RESULT	HOW COUNCIL PERFORMED
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	-0.21%	Not achieved The result was a 0.21% decrease in the number of businesses in the region, with 14,019 businesses recorded in 2017 compared with 14,049 businesses in 2016. (2016/2017: Achieved - 1.8%) (2015/2016: Achieve 1.24%)
	Regional unemployment rate below the national average	Household Labour Force Survey	Below national average	4.1%	Achieved The regional unemployment rate for the March 2018 quarter was 2.9%, which was less than the national average of 4.4% for the quarter. This is based off Statistics New Zealand figures, which show Southland having a 4.1% unemployment rate in the year to March 2018, compared with New Zealand's rate of 4.6%. (2016/2017: Not achieved – 5%) (2015/2016: Achieved – 4.6%)
Economic activity Enhance economic growth	Increase in GDP from the Southland region	Regional Gross Domestic Product Report	Increase from previous year	7.9%	Achieved Southland's provisional regional GDP for March 2017 was \$5.686 billion, which was up from Southland's revised regional GDP for March 2016 which was \$5,272 billion. These figures were reported by Statistics New Zealand in their March 2017 publication. Please note that the 2018 figures were not available at the time of publication and the previous two years results have been restated to reflect the revised figures. (2016/2017: Achieved – 0.6%) (2015/2016: Not achieved – -4.8%)
Promotion Promote Southland District	Increase in Southland's population	Statistics New Zealand Sub-national population estimates	Increase from previous year	0.3%	Achieved The result was a 0.31% increase in Southland's estimated population. The estimated resident population in Southland as at June 2017 is 98,300 which is an increase of 300 people from the 2016 estimated population of 98,000. The population figure is sourced from Statistics NZ subnational population estimates for year ended 30 June 2017. (2016/2017: Achieved - 0.72%) (2015/2016: Achieved - 0.7%)
	Increase in number of visitor nights in the region	MBIE Regional Tourism Estimates and Commercial Accommodation Monitor	5%	11.6%	Achieved 840,402 guest nights were recorded for the year ended April 2018, which equates to an 11.6% increase from the previous year for the Southland District. The total spend also increased 12.2% to \$342 million for the year ended April 2018. (2016/2017: Achieved - 10.4%) (2015/2016: Achieved -14.6%)
	Increase in tourist accommodation occupancy rates	MBIE Regional Tourism Estimates and Commercial Accommodation Monitor	2%	5.8%	Achieved The result was a 5.8% increase in occupancy rate for year ended April 2018 (a 2.3% rise from 40.2% to 42.5%). These numbers exclude Air BnB non-commercial accommodation, which increased 49.6% to 380 properties for year end June 2018. (2016/2017: Achieved - 11.4%. (2015/2016: Achieved - 13.4%)



Performance targets

This activity group has a total of 17 key performance indicator targets. Ten targets were achieved, two were not achieved and five were not measured. Of the two targets not achieved, one related to business demography statistics which showed a slight decrease so the target was not met and one target related to staff not completing actions to timeframe.

Projects

There were five projects in this activity group. One project was completed, two projects were in progress, one was deleted and one was deferred. More detail about the projects is available from Council on request.

PERFORMANCE MEASURES

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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Achieved – 86%) (2013/2014: Not achieved - 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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Not achieved – 80%) (2013/2014: Not achieved - 82%)
DISTRICT SUPPORT					
Access Access to services during normal business hours	Percentage of residents satisfied with the hours of operation	Triennial residents' satisfaction survey	90%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Achieved - 97%), (2013/2014: Achieved - 96%)
Responsiveness All requests, issues, queries or faults dealt with in a timely fashion	Percentage of customers satisfied with staff helpfulness ¹	Annual customer service survey	90%	94%	Achieved (2016/2017: Achieved - 92%), (2015/2016: Achieved - 92%)
	Percentage of customers satisfied with response times ¹	Annual customer service survey	80%	86%	Achieved (2016/2017: Achieved - 98%), (2015/2016: Achieved - 98%)
	Percentage of customers satisfied with the outcome of enquiries ¹	Annual customer service survey	80%	80%	Achieved (2016/2017: Achieved - 86%), (2015/2016: Achieved - 86%)
	Percentage of response times kept within defined limits ²	Customer service system (Pathway)	85%	88%	Achieved (2016/2017: Achieved - 88%), (2015/2016: Achieved - 88%)
	Percentage of correspondence responded to within defined limits ²	Document Management system (TRIM) report	85%	77%	Not achieved (2016/2017 - 73%, (2015/2016 - 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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Not achieved - 75%), (2013/2014: Achieved - 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	41 stories	Achieved (2016/2017: Achieved - 46) (2015/2016: Achieved - 41)
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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Not achieved - 69%) (2013/2014: Not achieved - 69%)

¹ Monthly targeted survey conducted by Customer Services Officer. ²The 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.

FUNDING IMPACT STATEMENT – DISTRICT LEADERSHIP

2017/2018 Budget (LTP) (\$'000)		2016/2017 Actual (\$'000)	2017/2018 Actual (\$'000)	2017/2018 Budget (AP) (\$'000)
SOURCES OF OPERATING FUNDING				
9,622	General rates, uniform annual general charges, rates penalties	9,837	10,513	10,552
729	Targeted rates	665	780	779
1,667	Subsidies and grants for operating purposes	107	357	84
-	Fees and charges	35	48	11
13,581	Internal charges and overheads recovered	13,889	15,636	14,713
2,604	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	6,542	7,049	4,655
28,203	Total operating funding	31,075	34,382	30,793
APPLICATIONS OF OPERATING FUNDING				
14,627	Payments to staff and suppliers	14,754	18,234	15,885
-	Finance costs	-	30	-
10,020	Internal charges and overheads applied	10,650	12,324	11,188
1,861	Other operating funding applications	2,187	2,431	2,316
26,770	Total applications of operating funding	27,591	33,019	29,388
1,433	Surplus (deficit) of operating funding	3,484	1,363	1,405
SOURCES OF CAPITAL FUNDING				
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	10	10	-
(644)	Increase (decrease) in debt	942	548	1,457
54	Gross proceeds from sale of assets	38	40	50
-	Lump sum contributions	-	-	-
(590)	Total sources of capital funding	990	598	1,507
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
-	Total sources of capital funding	-	17	-
239	to improve the level of service	1,327	(1,185)	2,050
175	to replace existing assets	212	548	178
368	Increase (decrease) in reserves	2,597	2,200	384
61	Increase (decrease) in investments	338	381	300
843	Total applications of capital funding	4,474	1,961	2,912
(1,433)	Surplus (deficit) of capital funding	(3,484)	(1,363)	(1,405)
-	Funding balance	-	-	-

Funding impact statement – Budget variations

Other receipts were higher than budgeted due to increased forestry harvesting.

Payments to staff and suppliers are also higher than budgeted due to costs associated with the digitisation of Council property files, with digitisation being expensed rather than capitalised (as budgeted).

Accordingly capital expenditure to improve levels of service was lower than budget due to the progress on the core system review, and property file digitisation costs from the previous year being expensed in the current year.

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

EMERGENCY MANAGEMENT



What we do

Council's emergency management activity aims to enhance Southland's ability to reduce risk, respond to and quickly recover from an emergency event.



Why we do it

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

A lot of work was done to develop community emergency management plans. These are community-driven plans developed for Te Anau and Winton, designed to improve their resilience to emergency events.

Project AF8 continued, moving into its final year. Videos of simulated effects of AF8 were released publicly to raise awareness of potential devastating effects of a magnitude 8 earthquake on the Alpine Fault. The video and associated information campaign reinforce the message that everybody should take responsibility for their preparedness for an emergency.

Emergency Management Southland restructured to realign staff with the new statutory functions prescribed in the Civil Defence and Emergency Management Act 2016.

The Southland CDEM group received \$40,000 in government funding for two resilience projects: \$20,000 for community engagement network development, and \$20,000 for a Southland/Otago fuel plan.

At the Emergency Media and Public Affairs conference in Wellington in August, Emergency Management Southland received the joint first award for its community engagement approach in the “emergency communication – Readiness and Resilience” award and also received a second place for the AF8 video series in the same category.

Performance targets

This activity has two targets. One of the targets was achieved and one was not measured. There were no projects for this activity group.



PERFORMANCE MEASURES					
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	-	Not measured (2016/2017: Not measured) (2015/2016: Not achieved - 74.2%)
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%	61%	Achieved The result is 61% for residents and 64% for farmers. (being the lowest score from two questions in the July 2018 survey, 'do you have a family or household plan?' (61%), 'would you be self-sufficient for three days?' (86%) (2016/2017: Achieved - 57%) (2015/2016: Achieved - 51%)

FUNDING IMPACT STATEMENT – EMERGENCY MANAGEMENT				
2017/2018 Budget (LTP) (\$000)		2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING				
673	General rates, uniform annual general charges, rates penalties	661	388	390
-	Targeted rates	-	-	-
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	-	-	-
1	Internal charges and overheads recovered	5	3	1
64	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	51	14	25
738	Total operating funding	717	406	415
APPLICATIONS OF OPERATING FUNDING				
-	Payments to staff and suppliers	-	-	-
-	Finance costs	-	-	-
177	Internal charges and overheads applied	162	137	148
561	Other operating funding applications	553	257	267
738	Total applications of operating funding	716	394	415
	Surplus (deficit) of operating funding	2	12	-
SOURCES OF CAPITAL FUNDING				
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
-	Increase (decrease) in debt	-	-	-
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Total sources of capital funding	-	-	-
APPLICATIONS OF CAPITAL FUNDING				
	Capital expenditure			
-	• to meet additional demand	-	-	-
-	• to improve the level of service	-	-	-
-	• to replace existing assets	-	-	-
-	Increase (decrease) in reserves	2	1	-
-	Increase (decrease) in investments	-	10	-
-	Total applications of capital funding	2	12	-
-	Surplus (deficit) of capital funding	(2)	(12)	-
	Funding balance	-	-	-

Funding impact statement – Budget variations

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

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 impact on a wide range of activities undertaken by people in the District, both directly and indirectly.

Why we do it

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.





REGULATORY SERVICES



How well we did

Resource management

The new Southland District Plan became operative on 22 January 2018. It was the culmination of a 10-year, \$1 million project by the resource management team. The District Plan sets out how land can be used in the Southland District, ranging from farming activities to business ventures. For example, it includes rules on the location and height of buildings, gravel extraction, subdividing land and removal of indigenous vegetation. Implementation of the District Plan project ran smoothly, with submitters' appeals resolved through mediation.

Three regional collaborative projects were carried out on biodiversity, landscapes and climate change. Southland District Council worked with the other Southland territorial authorities, Environment Southland, Gore District Council and Invercargill City Council, to carry out a stocktake on landscape and biodiversity across the Southland region. Concurrent climate change work will inform SDC's future decision-making and planning for climate change.

National policy changes were made with the introduction in May 2018 of the new National Environmental Standard for Plantation Forestry. These set out a framework for management of plantation forestry, with the aim of providing nationwide consistency of rules. Councillors have expressed some concern with the content of this standard, which staff will be following through with the Ministry for the Environment.

The change of government at last year's national election has focused further attention on biodiversity, the Zero Carbon Act and urban water quality.

A Southland District Council resource management team member worked with the Ministry of Primary Industries during its response to the bonamia ostreae parasite outbreak in oyster farms at Stewart Island, liaising with the community and working with AB Lime to arrange disposal of the oysters.





Building control

A number of changes were made in the building solutions team in 2017/2018, designed to improve efficiencies in managing its workload and enhancing the experience of customers, and to recognise varying service demand throughout the District.

Council has traditionally appointed builders to the building inspector role but in the past year two architectural designers were recruited, broadening the team's skill set.

A new system for booking building inspections was introduced, with Council's customer support staff now the first point of contact, using Council's freephone number, 0800 732 732. The system used to assign building solutions officers to carry out inspections was also changed.

The team carried out work with the building industry to identify improvement opportunities in building consent applications and implement measures to improve the process. Upgraded data collection and management systems enabled the team to work smarter.

The changes proved to be very successful. The number of outstanding consents dropped by 200 during the year and the average number of working days required to process consents was reduced by a day per application, from 12 to 11, resulting in a net reduction of about 1000 working days over the 1000 consents processed during the year.

Consents to a value of \$100,497,992 were issued in Southland District in 2017/2018 and invoices for Council building control services totalling \$1,670,741.28 were issued.

Legislative changes impacted on the team's activities, notably the Building (Earthquake-prone Buildings) Amendment Act which took effect from 1 July 2017.

New provisions in the Building (Pools) Amendment Act also required changes to the building solutions team's range of responsibilities.

Animal control

A lot of work was done to enable online dog registrations from 1 July 2018, which will make things easier for our customers.

There was a dog amnesty from 12 February 2018 to 13 April 2018 during which time unregistered dogs could be registered for free without any penalties being applied.

Under the amnesty 39 dogs were registered, none of them menacing breeds. During the amnesty the team also offered free neutering for any schedule 4 dogs as identified under the Dog Control Act, such as the American pitbull.

An information workshop was held in November for meter readers, posties etc on how to be safe on properties where there are dogs.

2017/2018 was the first year that responsible dog owner registration discounts were applied. The majority of discounts given related to being a responsible owner (84%), having appropriate fencing (88%), neutered dogs (49%) or all discounts applied (46%).

Only 8% of owners did not have any of the three discounts (for neutering, fencing, and microchipping) applied.

The team developed a draft procedure for dealing with wandering cattle due to the risk of mycoplasma bovis and sent this to the New Zealand Institute of Animal Management and Ministry for Primary Industries (MPI). The procedure is being now used nationwide.





Environmental health

Food Act 2014 implementation was proceeding well. There are three groups in the transition timetable specified by MPI. The first group transitioned successfully last year, the second group was due to be transitioned by the end of June 2018 and the third group was due to be completed by November 2019. All three of Council's verifiers were peer reviewed by the MPI, and all three came back with excellent reviews.

Lumsden freedom camping patrols were active for the first time in this financial year. Several infringements were issued. The Catlins freedom camping patrol shared service with Clutha District Council and DOC was very successful, with a high level of compliance.

The Winton wood burner free building consent incentive scheme was renewed for another three years. The government released a scientific report about safe methamphetamine levels in dwellings. Council published its position in response to this report on its website: www.southlanddc.govt.nz.

Council delegated some of its powers to staff, to consider and decide on certain alcohol licensing applications. This delegation resulted in improvements to how we work, efficiency, and our service to customers.

Performance targets

This activity has 18 targets. Four of the targets were achieved, eight were not achieved and six were not measured. The eight targets that were not achieved were due to resourcing issues, the outbreak of Mycoplasma Bovis disease and changes to the dog microchipping schedule.

Projects

There was one project in this activity group, which was completed.



PERFORMANCE MEASURES

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%	96%	<p>Not achieved - The building department had a number of staff leave in the middle of the year. Their departure represented collective service of more than 43 years. Their positions were difficult to replace and as yet all the vacancies have not been filled. There was a slight increase in the number of consents for the year and there was a 34% increase in the value of consented work. This would indicate the increasing complexity of work associated with the consents. The KPI target timeframes are shorter than the statutory timeframes in the Act. The department are working on improvements to the processing procedures. (2016/2017: Not achieved - 93%), (2015/2016: Achieved - 99%)</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Applications received</th> <th>Issued in timeframes</th> </tr> </thead> <tbody> <tr> <td>Building consent</td> <td>1,032</td> <td>975</td> </tr> <tr> <td>PIMs</td> <td>3</td> <td>3</td> </tr> <tr> <td>LIMs</td> <td>478</td> <td>478</td> </tr> <tr> <td>COA</td> <td>9</td> <td>8</td> </tr> <tr> <td>Total</td> <td>1,522</td> <td>1,464</td> </tr> </tbody> </table>	Type	Applications received	Issued in timeframes	Building consent	1,032	975	PIMs	3	3	LIMs	478	478	COA	9	8	Total	1,522	1,464
Type	Applications received	Issued in timeframes																					
Building consent	1,032	975																					
PIMs	3	3																					
LIMs	478	478																					
COA	9	8																					
Total	1,522	1,464																					
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%	93%	<p>Not achieved - The majority of this occurred in the months of February through to April when inspectors had left and their escalations were not redirected causing them to fall through the cracks. The department has identified this and has changed how application for CCCs are dealt with and this should no longer occur. Of the 788 inspections, 729 inspections were carried out within timeframe. (2016/2017: Achieved - 99%) (2015/2016: Not achieved - 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%	-	<p>Not measured - The survey is only conducted every two years. (2016/2017: Not achieved - 76%) (2014/2015: Not achieved - 78%)</p>																		
Quality - Ensure building work complies with the Building Code to ensure communities are safe	Number of proven liability claims against Council	Report to Council	0	0	<p>Achieved - (2016/2017: Achieved - 0) (2015/2016: Achieved - 0)</p>																		
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%	5%	<p>Not achieved - The department made a conscious decision not to carry out audits on dairy farms because of the outbreak of Mycoplasma Bovis disease. The community was coming to terms with the disease at the time traditionally associated with carrying out building warrant of fitness inspections. Instead the department has resolved and untangled some of the more complicated issues associated with commercial building warrants of fitness. The department has carried out 20 audits on schools and public buildings which had some long outstanding issues. (2016/2017: Achieved - 13%) (2015/2016: Achieved - 10.4%)</p>																		

PERFORMANCE MEASURES

LEVEL OF SERVICE	KEY PERFORMANCE INDICATOR	MEASUREMENT SOURCE	TARGET	RESULT	HOW COUNCIL PERFORMED
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%	96%	Not measured - This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Achieved – 78%), (2013/2014: Not achieved – 71%)
	Percentage of residents satisfied with the service provided (stock)	Triennial residents' satisfaction survey	85% (stock)	-	Not measured - This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Achieved – 91%) (2013/2014: Not achieved – 84%)
Responsiveness All complaints are addressed in a timely manner	Percentage of complaints investigated within set timeframes ²	Customer service system (Pathway)	85%	88%	Achieved (2016/2017: Achieved - 98%) (2015/2016: Achieved - 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	64	Not achieved - A reduced number of microchipping sessions due to removal of towns that did not have an SDC office. (2016/2017: Not achieved - 49) (2015/2016: Not achieved - 48)
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%	-	Not measured - The survey is conducted every two years and was not conducted this year. (2016/2017: Achieved – 67%) (2014/2015: Not achieved - 66.7%)
Efficiency Ensure consents are processed efficiently	Percentage of applications processed within required timeframes ⁵	Customer service system (Pathway)	95%	95%	Achieved - (2016/2017: Not achieved – 88%) (2015/2016: Not achieved - 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	Every 5 years	-	Not measured (2016/2017: Achieved – report produced) (2015/2016: Not measured)
Responsiveness All public complaints about effects on the environment are investigated and reported on, in a timely and professional manner	Percentage of complaints where investigation commenced within five working days	Customer service system (Pathway)	100%	100%	Achieved - (2016/2017: Not achieved - 89%) (2015/2016: Not achieved - 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%	72%	Not achieved - Of the 32 consents that required monitoring, 23 were monitored. All of the monitoring that was undertaken this year was done in the last reporting period. While the 100% target was not achieved a programme of work has been identified to catch up the monitoring from this year and the previous year. It is expected that all overdue monitoring will be caught up in the upcoming financial year. (2016/2017: Not achieved - 3 %) (2015/2016: Achieved - 100%)

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).

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).

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.

⁴ In the LTP the target was incorrectly stated as 80% for 2015/2016. The 80% target should be for the 2016/2017 year.

⁵ The timeframes for processing non-notified resource consent applications is 20 working days. "Receipt" means all the required information has been supplied.

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.

⁷ "Responded to" means to enquire into the complaint and determine the appropriate response required, whether by phone or site visit.

PERFORMANCE MEASURES

LEVEL OF SERVICE	KEY PERFORMANCE INDICATOR	MEASUREMENT SOURCE	TARGET	RESULT	HOW COUNCIL PERFORMED
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	90% (Helpfulness) 90% (Timeliness) 90% (Outcome)	-	Not measured Survey not conducted due to resourcing issues. (2016/2017: Staff helpfulness - 99% Outcome - 79%, Time taken - 88%) (2015/2016: 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%	96%	Not achieved 241 of the 250 were inspected. The reasons for the non-inspection were postponement and transitioning national programme food premises (must be registered under the Food Act 2014 by 30 November 2018) (2016/2017: Not achieved - 99.6%) (2015/2016: Not achieved - 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%	73%	Not achieved There were 353 applications, of which 256 were processed within 35 working days. Renewal applications had been assigned a low priority due to work pressures created by the Food Act 2014. These delays in renewals have not impacted business, and this backlog problem has largely been resolved. (2016/2017: Not achieved - 71%) (2015/2016: Not achieved - 74%)
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%	64%	Not achieved A larger number of RFS than usual were received in February. This has impacted on the overall result. (2016/2017: Achieved - 93%) (2015/2016: Not achieved - 88%)

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).

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).

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.

⁴ In the LTP the target was incorrectly stated as 80% for 2015/2016. The 80% target should be for the 2016/2017 year.

⁵ The timeframes for processing non-notified resource consent applications is 20 working days. "Receipt" means all the required information has been supplied.

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.

⁷ "Responded to" means to enquire into the complaint and determine the appropriate response required, whether by phone or site visit.

FUNDING IMPACT STATEMENT – REGULATORY SERVICES				
2017/2018 Budget (LTP) (\$000)		2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING				
1,842	General rates, uniform annual general charges, rates penalties	1,736	1,753	1,744
-	Targeted rates	-	-	-
4	Subsidies and grants for operating purposes	11	11	4
2,372	Fees and charges	1,950	2,146	2,322
294	Internal charges and overheads recovered	336	349	388
101	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	48	97	102
4,613	Total operating funding	4,081	4,356	4,560
APPLICATIONS OF OPERATING FUNDING				
3,131	Payments to staff and suppliers	2,340	2,602	3,029
-	Finance costs	-	-	-
1,349	Internal charges and overheads applied	1,390	1,495	1,514
2	Other operating funding applications	51	(27)	2
4,482	Total applications of operating funding	3,781	4,070	4,545
131	Surplus (deficit) of operating funding	299	286	15
SOURCES OF CAPITAL FUNDING				
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
(18)	Increase (decrease) in debt	(461)	26	-
8	Gross proceeds from sale of assets	34	10	8
-	Lump sum contributions	-	-	-
(10)	Total sources of capital funding	(427)	36	8
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
-	• to meet additional demand	-	-	-
-	• to improve the level of service	17	23	-
34	• to replace existing assets	6	108	34
87	Increase (decrease) in reserves	(160)	192	(11)
-	Increase (decrease) in investments	9	-	-
121	Total applications of capital funding	(128)	322	23
(131)	Surplus (deficit) of capital funding	(299)	(286)	(15)
-	Funding balance	-	-	-

Funding impact statement – Budget variations

Payments to staff and suppliers are less than budgeted predominantly due to staff vacancies throughout the year, which consequently impacted fees and charges revenue.

Capital expenditure to replace existing assets is higher than budgeted as a result of Council moving to purchasing vehicles rather than leasing.

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

ROADING AND FOOTPATHS



What we do

Council's roads and footpaths activity provides 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 852 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.

Why we do it

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.





ROADING AND FOOTPATHS



How well we did

A total of 9.17 kilometres of road rehabilitations were completed – including the Edendale-Wyndham road and a site on the Otatau-Wreys Bush road, which was identified late in the season, reconstructed and sealed ahead of schedule.

A total of 1,017,650m² of resealing was completed, more than the 970,000m² that was scheduled in the 2018 Annual Plan. As well, 60,544m³ of roads were metalled in 2017/2018, up 8.62% on budget. Council's contractors carried out 13,897km of grading.

The Catlins alternative coastal route improvements project was well advanced at the end of the 2017/2018 road construction season. The 5.5km length of Slope Point Road had been fully reconstructed and sealed, with a new car park nearly finished. All but about 1km of the unsealed 13.3km section of the main route – Otara to Curio Bay – had been sealed. Work was also well advanced on the final stage, Waipapa Point Road. It was expected the entire project would be finished around December 2018.

Council decided to finish the Around the Mountains Cycle Trail by using existing roads to link the existing trail from Centre Hill to Walter Peak. The work will cost \$126,000 and will involve minor road construction, the installation of an emergency shelter and toilets and some additional signage.

Retrofitting LED streetlight installations in District towns was expected to be finished by end of the 2018 calendar year. The new LED streetlights are more energy efficient, longer lasting and cheaper to run than the old high-pressure sodium lights. NZTA has agreed nationally to continue the funding of the LED installation programme until completion at the enhanced funding assistance rate of 85%.

The long-term Alliance road maintenance contracts came into force on 1 July 2017, with the full contracts signed by Fulton Hogan, SouthRoads and Council representatives at a ceremony in Council chambers in February 2018. Six bridges were replaced, for a total cost of \$1,124,104.28.

NZTA has indicatively approved funding for the total programme costing of about \$80 million (51% of project value will be funding by the NZTA) for Southland District Council's three-year road maintenance and renewals programme.





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 two targets were not achieved because the number of serious injury crashes had increased and the other target was a stretch target that had some timing issues associated with it.

Projects

There were 26 projects in this activity group. Of these 10 were completed, nine were in progress, two were not started, three were deferred and two were deleted. More detail about the projects is available from Council on request.

A photograph of a man with a mustache, wearing a plaid shirt and a watch, standing on a bridge with his arms crossed. Behind him is a red tractor with 'MASSEY FERUGER' written on the side. The bridge has a white metal railing and is situated over a river. The background shows a rural landscape with trees and a clear sky.

Photo: The Southland Times/Stuff

Valuing our Infrastructure

Let's do it once and do it right ...

Councillor Brian Dillon

PERFORMANCE MEASURES

LEVEL OF SERVICE	KEY PERFORMANCE INDICATOR	MEASUREMENT SOURCE	TARGET	RESULT	HOW COUNCIL PERFORMED
ROADING					
Road safety Roads and bridges to provide a safe roading network for all users. Mandatory measure 1	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Crash analysis system	Reduce by 1	21	Not achieved While there was a reduction in the number of fatalities (total 1) the number of serious injury crashes increased. 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. (2016/2017: Not achieved – 16) (2015/2016: Not achieved – 16)
Accessibility and road condition Roads to provide a smooth and comfortable ride quality. Mandatory measure 2	The average quality of ride on a sealed local road network, measured by smooth travel exposure	HSD surveys ¹	97%	-	Not measured The survey is undertaken biennially due to cost effectiveness for a small Council with a large roading network. (2016/2017: Achieved – 100%) (2015/2016 – Not measured)
Road maintenance Mandatory measure 3	The percentage of the sealed local road network that is resurfaced (as per the target set by the Asset Management Plan)	RAMM eg 970,000 m ²	100%	104%	Achieved Total of 1,011,910m ² sealed which is 4% above target. The extra 4% was to meet the needs of the sealed road network and the work was done within the allocated budget. (2016/2017: Achieved - 112%) (2015/2016: Achieved - 103%)
Footpath conditions Mandatory measure 4	The percentage of footpaths within Southland District that fall within the level of service or service standard for the condition of footpaths that is set out in 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%	95%	Achieved Footpaths have been rated using a visual rating systems of 1-5 with 1 being the very good condition. The District achieved an average rating of 2.1. With the average LOS set at 2, a rating of 2.1 produces a result of 95%. i.e. 95% of the footpaths are rated a 2 or better. (2016/2017: Not measured) (2015/2016: Achieved - 90%)
Response to service requests Mandatory measure 5	The percentage of customer service requests relating to roads and footpaths to which the Council responds within the timeframe ²	Customer service system (Pathway)	95%	83%	Not achieved This is partly due to a delay between the requests being completed in the field and the requests being closed in the system. Council continuing to strive to improve on this result by reviewing its processes and timeframes. This target was reduced for the next LTP but will remain a stretch target. (2016/2017: Not achieved - 80%) (2015/2016: Not achieved - 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%	91%	Achieved (2016/2017: Achieved - 90.47%) (2015/2016: Achieved - 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 – ROADING AND FOOTPATHS				
2017/2018 Budget (LTP) (\$000)		2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING				
-	General rates, uniform annual general charges, rates penalties	-	-	-
14,801	Targeted rates	13,958	14,236	14,215
6,110	Subsidies and grants for operating purposes	6,323	6,509	6,110
13	Fees and charges	10	15	16
497	Internal charges and overheads recovered	211	195	244
548	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	873	1,154	536
21,969	Total operating funding	21,375	22,109	21,120
APPLICATIONS OF OPERATING FUNDING				
11,883	Payments to staff and suppliers	14,655	12,088	11,917
-	Finance costs	-	-	-
1,508	Internal charges and overheads applied	1,229	1,325	1,362
-	Other operating funding applications	20	78	-
13,391	Total applications of operating funding	15,904	13,491	13,279
8,578	Surplus (deficit) of operating funding	5,471	8,618	7,841
SOURCES OF CAPITAL FUNDING				
8,957	Subsidies and grants for capital expenditure	6,941	12,714	11,289
95	Development and financial contributions	(2)	-	95
(97)	Increase (decrease) in debt	(178)	8,058	2,150
-	Gross proceeds from sale of assets	-	224	3
-	Lump sum contributions	-	-	-
8,955	Total sources of capital funding	6,761	20,996	13,536
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
95	• to meet additional demand	8	910	107
3,461	• to improve the level of service	(174)	9,875	9,030
13,429	• to replace existing assets	11,830	14,055	13,661
548	Increase (decrease) in reserves	566	4,774	(1,421)
-	Increase (decrease) in investments	2	-	-
17,533	Total applications of capital funding	12,232	29,614	21,377
(8,578)	Surplus (deficit) of capital funding	(5,471)	(8,618)	(7,841)
-	Funding balance	-	-	-

Funding impact statement – Budget variations

Subsidies and grants for capital purposes are higher than expected due to increased revenue received from NZTA towards the capital expenditure incurred.

The additional capital expenditure relates to the alternative coastal route project as well as the LED renewal project. Council funding came from an increase in loans.

In addition, Around the Mountains Cycle Trail (AMCT) was previously disclosed as a negative reserve. This amount (\$4.6m) is now funded from an internal loan, resulting in increase in debt.

¹ includes all other operating finding 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 operation of Southland District Council, Invercargill City Council and Gore District Council.



Why we do it

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 reducing the volume of waste that goes to landfill.

It also helps ensure waste is not disposed of inappropriately, eg, by littering on roadsides.

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.



Valuing our Initiatives

We need to make a difference now,
today, take responsibility and value the
work that goes on behind the scenes ...

Councillor Nick Perham

SOLID WASTE



How well we did

WasteNet implemented a “three strikes” policy to address contamination in kerbside recycling in 2015.

Under the policy, WasteNet officers collect the bin and, if the contents are deemed bad enough, the bin will not be emptied.

If three instances of contamination occur at a specific address, the service will be suspended.

The service will be restored after three months and when residents have been back in contact with WasteNet staff.

As a result of the policy there was a slight decrease in the amount of contamination in kerbside recycling during the financial year.

Council also issued a number of first and second strikes and the service was withdrawn from a small number of properties.

A key project was undertaken at the Te Anau transfer station to improve drainage.





Initiatives during the year included the Love Food Hate Waste NZ campaign that included a series of local events during the week 17-23 June 2018 to inspire and enable Southlanders to take simple actions to reduce their food waste.

Kate Meads hosted two workshops in Invercargill in November 2017 dedicated to helping people, especially families with young children, reduce waste and consumption.



Performance targets

This activity has seven targets. The activity achieved none of the targets that were measured for the year. Four of the targets were not measured and three targets were not achieved.

During the year Council also became involved with the Ministry of Primary Industries' bonamia response, which resulted in a significant volume of oyster waste being transported to the Southland regional landfill which had direct impact on diversion targets.

Diversion from landfill from kerbside collection also narrowly missed the target, largely as a result of stricter enforcement of the three-strike rule.

Council will be carrying out more educational initiatives to encourage people to recycle more. There were no projects for this activity group.

PERFORMANCE MEASURES

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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Achieved - 94%) (2013/2014: Achieved - 93%)
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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Achieved - 83%) (2013/2014: Not achieved - 78%)
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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Not achieved - 75%) (2013/2014: Not achieved - 66%)
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%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Achieved - 82%) (2013/2014: Not achieved - 79%)
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%	32%	Not achieved - Of the 8,779 tonnes of waste, 2,832 was diverted from landfill. Additional waste was generated as result of the MPI oyster response and will have contributed to additional water going through the landfill. (2016/2017: Not achieved - 36%) (2015/2016: Achieved - 51%)
Sustainability Provide for the sustainable minimisation and management of solid waste quantity being generated within the District	Percentage of waste collected at kerbside that is diverted from landfill	Operational records from contract and landfill reports (WasteNet)	40%	36%	Not achieved Of the 5,906 tonnes of waste, through kerbside collection 2,103 was diverted from landfill. Contamination rates in recycling bins is still above the expected level which could be contributing to recycled material being diverted to landfill. (2016/2017: Achieved - 40%) (2015/2016: Achieved - 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	9	Not achieved- As a result of resourcing issues and staff changes within the WasteNet team. (2016/2017: Achieved - 29) (2015/2016: Achieved - 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 – SOLID WASTE

2017/2018 Budget (LTP) (\$000)		2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING				
-	General rates, uniform annual general charges, rates penalties	-	-	-
4,277	Targeted rates	4,128	4,316	4,316
88	Subsidies and grants for operating purposes	120	120	88
192	Fees and charges	238	283	227
209	Internal charges and overheads recovered	247	254	244
20	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	59	68	21
4,786	Total operating funding	4,791	5,040	4,896
APPLICATIONS OF OPERATING FUNDING				
3,352	Payments to staff and suppliers	3,144	3,389	3,360
-	Finance costs	-	-	-
1,097	Internal charges and overheads applied	1,166	1,172	1,190
-	Other operating funding applications	-	17	-
4,449	Total applications of operating funding	4,310	4,578	4,551
337	Surplus (deficit) of operating funding	482	462	345
SOURCES OF CAPITAL FUNDING				
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
(311)	Increase (decrease) in debt	(301)	(343)	(326)
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
(311)	Total sources of capital funding	(301)	(343)	(326)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
-	• to meet additional demand	-	-	-
-	• to improve the level of service	40	50	-
-	• to replace existing assets	-	-	-
26	Increase (decrease) in reserves	141	86	20
-	Increase (decrease) in investments	-	(16)	-
26	Total applications of capital funding	181	119	20
(337)	Surplus (deficit) of capital funding	(482)	(462)	(345)
-	Funding balance	-	-	-

Funding impact statement – Budget variations

Subsidies and grants for operating purposes are higher than budget due to the Waste Minimisation Levy received from the Ministry for the Environment being more than Council budgeted to receive.

Actual refuse fees are higher than budgeted resulting in higher fees and charges.

Capital expenditure in this activity relates to the replacement or addition of extra wheelie bins acquired during the year.

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 we do it

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.

STORMWATER



How well we did

Consents

Stormwater consents were issued by Environment Southland (ES, the regional council) for seven townships in the Southland District and another eight consents were drafted.

Water and Land Plan

Environment Southland is responsible for the sustainable management of Southland's natural resources – land, water, air and coast in partnership with the community. It has a responsibility to ensure the region's natural resources are sustainably managed so that they are available for future generations to use and enjoy. Maintaining and improving Southland's water quality is its biggest challenge and first priority.

Under the National Policy Statement for Freshwater Management (NPS-FM), water quality and quantity are to be maintained and improved, with any over-allocation to be phased out over time. ES is required to set environmental limits by 2025, with all communities required to meet those limits in due course.



ES is progressing this work through its proposed Water and Land Plan.

The proposed Southland Water and Land Plan seeks to address activities known to have a significant effect on water quality, such as land use intensification, urban discharges, wintering and stock access to waterways

To assist with addressing the impacts of these changes on local authority infrastructure, ES has formed a Three Waters Officer Working Group. The objectives of the group are to work through the implications of the new freshwater standards, develop an agreed approach to the re-consenting of local authority infrastructure and ensure that the organisational objectives are aligned.

Council staff and elected members from the three Southland territorial local authorities presented evidence to the hearing panel in September 2017.

The timeline of the proposed Water and Land Plan was notified, submissions were heard, the hearing was held and decisions released on 4 April 2018. Anyone who made a submission on the plan could then choose to appeal ES's decision to the Environment Court.

The last day to lodge an appeal was 17 May 2018.

The territorial authorities (ICC, GDC and SDC) were one of the 25 parties that appealed.

The parts of the decision appealed related to rule 15 discharge of stormwater, rule 33 community sewerage schemes (discharge to land) and rule 33A community sewerage schemes (discharge to water).

SDC requested that a minor amendment be made to the definition of stormwater. The next step in the process was to have the appeals heard within the 2018/2019 financial year, with the plan to become operative in 2019.

Bylaws

The Stormwater Bylaw was reviewed, consulted on and then adopted in December 2017.



Performance targets

This activity has 10 targets.

The activity achieved five of the targets. One target was not achieved, and four targets were not measured. The target that wasn't achieved related to complaints due to a large number of requests caused by wet weather events.

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

Key projects

There was four projects in this activity group. Three were completed and one was in progress. Completed projects were the investigation of stormwater pipes in Winton and two emergency stormwater repairs in Winton. A condition assessment in Te Anau was in progress.

There was also an internal project about the District-wide enhancement and improvement of data. This project investigated and improved data quality of the stormwater assets.

PERFORMANCE MEASURES

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%	81%	Achieved 65 of the 80 requests were within timeframes. (2016/2017: Achieved 85%) (2015/2016: Achieved - 85%)	
Quantity Provide a drainage system with adequate capacity to protect public and property from major storms (Mandatory measure 1)	(a) The number of flooding events that occur in a territorial authority district. (internal flooding only)	Customer service system (Pathway)	Less than 5	0	Achieved There were no internal flooding events that affected habitable floors. (2016/2017: Achieved – 0) (2015/2016: Achieved – 0)	
	(b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system)		Less than 1	0		
Management of environmental impacts Compliance with the Council's resource consents for discharge from its stormwater system (Mandatory measure 2)	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of:	Formal correspondence from Environment Southland	80%	-	Not measured This survey is only conducted every three years so was not conducted in 2017/2018. (2016/2017: Not achieved - 75%) (2013/2014: Not achieved - 66%)	
	(a) Abatement notices		0	-		Not measured - As above (a)
	(b) Infringement notices		0	-		Not measured - As above (a)
	(c) Enforcement orders		0	-		Not measured - As above (a)
	(d) Convictions		0	-	Not measured - As above (a)	
	Received by the territorial authority in relation to those resource consents.					
Responsiveness Prompt response to any instance of flooding (Mandatory measure 3)	The median response time to attend a flood event, measured from the time that the Council receives notification to the time that service personnel reach site. The target is two hours.	Customer service system (Pathway)	90%	-	Achieved - The mandatory measure methodology defines flooding events as those that affect "habitable floors". There was no flooding of habitable floors for the year and as such the result is reported as achieved. (2016/2017: Achieved) (2015/2016: Not measured)	
Customer satisfaction Reliability: Provide a reliable stormwater system (Mandatory measure 4)	The number of complaints received by the Council about the performance its stormwater system, expressed per thousand properties connected to the Council's stormwater system	Customer service system (Pathway)	15	12	Achieved (2016/2017: Achieved – 10) (2015/2016: Achieved – 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	80	Not achieved The indication is that target may have been set too low if not achieved three years in a row. (2016/2017: Not achieved - 113) (2015/2016: Not achieved - 88)	

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 – STORMWATER				
2017/2018 Budget (LTP) (\$000)		2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING				
-	General rates, uniform annual general charges, rates penalties	-	-	-
270	Targeted rates	283	342	342
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	2	2	-
60	Internal charges and overheads recovered	56	51	60
-	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	-	-	-
330	Total operating funding	340	395	402
APPLICATIONS OF OPERATING FUNDING				
141	Payments to staff and suppliers	105	172	142
-	Finance costs	-	-	-
109	Internal charges and overheads applied	112	112	114
-	Other operating funding applications	-	1	-
250	Total applications of operating funding	217	284	256
80	Surplus (deficit) of operating funding	123	111	146
SOURCES OF CAPITAL FUNDING				
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
(8)	Increase (decrease) in debt	(15)	(16)	(15)
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
(8)	Total sources of capital funding	(15)	(16)	(16)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
-	• to meet additional demand	-	-	-
20	• to improve the level of service	30	7	20
-	• to replace existing assets	65	80	80
52	Increase (decrease) in reserves	4	14	(25)
-	Increase (decrease) in investments	-	(7)	55
72	Total applications of capital funding	109	95	130
(80)	Surplus (deficit) of capital funding	(123)	(111)	(146)
-	Funding balance	-	-	-

Funding impact statement – Budget variations

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

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

Why we do it

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.





WASTEWATER

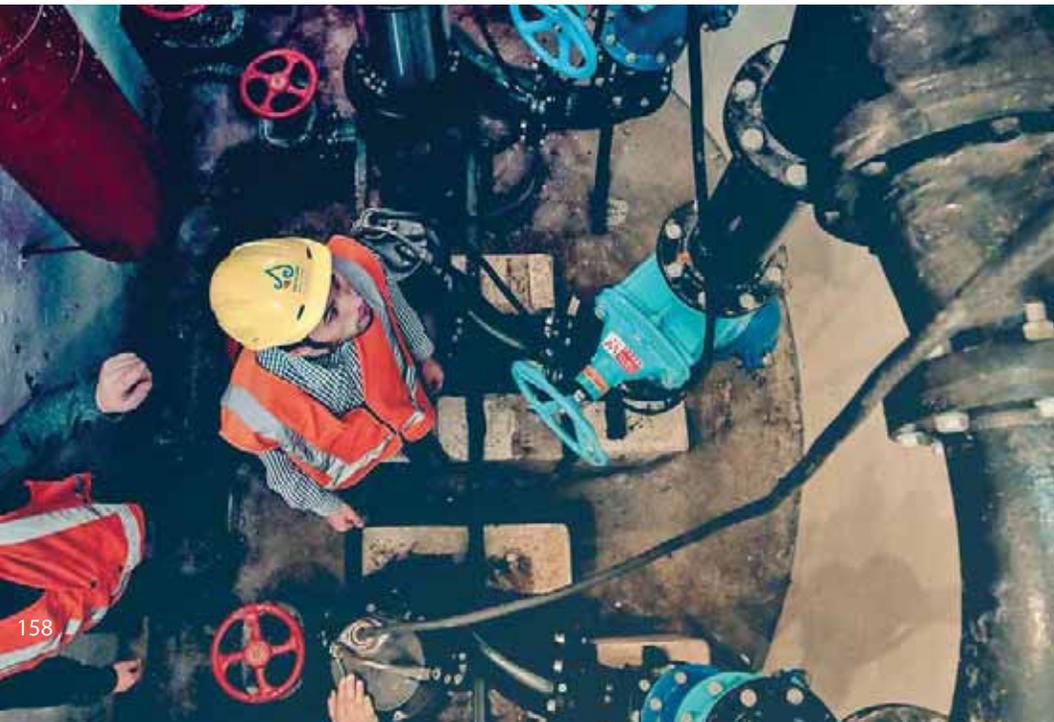


How well we did

Water and Land Plan

Environment Southland is responsible for the sustainable management of Southland's natural resources – land, water, air and coast in partnership with the community. It has a responsibility to ensure the region's natural resources are sustainably managed so that they are available for future generations to use and enjoy. Maintaining and improving Southland's water quality is its biggest challenge and first priority.

Under the National Policy Statement for Freshwater Management (NPS-FM) water quality and quantity are to be maintained and improved, with any over-allocation to be phased out over time. ES is required to set environmental limits by 2025, with all communities required to meet those limits in due course. ES is progressing this work through its proposed Water and Land Plan. The proposed Southland Water and Land Plan seeks to address activities that are known to have a significant effect on water quality, such as land use intensification, urban discharges, wintering and stock access to waterways. To assist with addressing the impacts of these changes on local authority infrastructure, ES has formed a Three Waters Officer Working Group.



The objectives of the group are to work through the implications of the new freshwater standards, develop an agreed approach to the re-consenting of local authority infrastructure and ensure that the organisational objectives are aligned.

Council staff and elected members from the three Southland territorial local authorities presented evidence to the hearing panel in September 2017. The timeline of the proposed Water and Land Plan was notified, submissions were heard, the hearing was held and decisions released on 4 April 2018. Anyone who made a submission on the plan could then choose to appeal ES's decision to the Environment Court. The last day to lodge an appeal was 17 May 2018.

The territorial authorities (ICC, GDC and SDC) were one of the 25 parties that appealed. The parts of the decision appealed related to rule 15 discharge of stormwater, rule 33 community sewerage schemes (discharge to land) and rule 33A community sewerage schemes (discharge to water). SDC requested that a minor amendment be made to the definition of stormwater.

The next step in the process was to have the appeals heard within the 2018/2019 financial year, with the plan to become operative in 2019.

Bylaws

The Wastewater Drainage Bylaw was reviewed, consulted on and then adopted in December 2017. The Tradewaste Bylaw was adopted in June 2018.

Urban and Industry Report

This is a combined project with Environment Southland to look at the economic impact of climate change on four towns in the District – Winton, Nightcaps, Ohai and Te Anau – if different scenarios were applied through the catchment limit-setting process of the Water and Land Plan. The findings could be used to aid decision making. A joint workshop was held with all the participating councils on 5 July then a report was made to Council on 11 July.

The report, and the research it is based on, is a key output from the Southland Economic Project. The project is an initiative to develop economic tools that will be used in the implementation of the National Policy Statement for Freshwater Management (2017) in Southland. The project's main output is a model of the regional economy, and the wastewater research is an input into the model. The model will be used to build an understanding of the region's economy and to test the possible economic impacts of different policy options for achieving water quality limits. The draft Urban and Industry Report is an important way for communicating this wastewater research within the community.



Performance targets

This activity has eight targets. The activity achieved all eight targets.

Key projects

There were 18 projects scheduled. Four projects were completed, three were deferred and 11 were in progress.

The installation of aerators at Te Anau was completed. Desludging of the wastewater oxidation ponds at Riversdale was completed and desludging pond work had started at Riverton. The Winton sewer aerator project was completed and the Tokanui rising main renewal was completed. Investigation work was ongoing at Riversdale. The Tokanui consent renewal was lodged.

Te Anau Wastewater Discharge Project update

Design of the pipeline was under way and routes were being finalised. Preparation work had started at both ends of the pipeline. The concept design for subsurface irrigation was largely complete with work being undertaken to finalise the business case.

PERFORMANCE MEASURES

LEVEL OF SERVICE	KEY PERFORMANCE INDICATOR	MEASUREMENT SOURCE	TARGET	RESULT	HOW COUNCIL PERFORMED																								
WASTEWATER																													
System and adequacy Sewage is managed to reduce the risk to public health. Discharge Compliance: Minimise effects on the environment. (Mandatory measure 1)	The number of dry weather wastewater overflows from Council's wastewater system, expressed per 1000 wastewater connections ¹ to that wastewater system	HANSEN – Asset Management system report	<1	0	Achieved The result was 0.44 which is 0 when expressed as a whole number per 1000 connections. (2016/2017: Achieved - 0) (2015/2016: Achieved - 0)																								
Discharge compliance Minimise effects on the environment. (Mandatory measure 2)	Compliance with the resource consents for discharge from its wastewater system measured by the number of: a) Abatement notices	Formal correspondence from Environment Southland	0	0	Achieved - The report was not available at the time the Annual Report was prepared. However Council records indicate there are no breaches. (2016/2017: Achieved - 0) (2015/2016: Not achieved - 1)																								
	(b) Infringement notices		0	0	As above (a)																								
	(c) Enforcement orders		0	0	As above (a)																								
	(d) Convictions		0	0	As above (a)																								
	Received by Council in relation to those resource consents.																												
Fault response time (Mandatory measure 3)	Where Council attends to wastewater overflows resulting from a blockage or other fault in Council's wastewater system, the following median response times measured: (a) Attendance time - from the time that 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 median response time was 19 minutes for the year. (2016/2017: Achieved - 100%, 17 minutes) (2015/2016: Achieved - 100%, 26 minutes)																								
	(b) Resolution time – from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault (the target is six hours) ²		95%	100%	Achieved - The median response time was 4 hours 14 minutes for the year. (2016/2017: Achieved -100%, 28 minutes), (2015/2016: Achieved - 50%, 6 hrs, 58 mins)																								
Customer satisfaction Relates to non-urgent situations. Customers are satisfied with the quality of the wastewater service. (Mandatory measure 4)	The total number of complaints received by Council about any of the following: a) Wastewater odour b) Wastewater system faults c) Wastewater system blockages d) 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		5 Achieved - The number of connected rated properties is 9114. The result is 5 when expressed as a whole number per 1000 connection (as detailed in the table below: <table border="1" data-bbox="1606 1182 2041 1372"> <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 (16/17: 1)</td> </tr> <tr> <td>b) faults</td> <td>2</td> <td>1.5</td> <td>0 (16/17: 0)</td> </tr> <tr> <td>c) blockages</td> <td>28</td> <td>2</td> <td>3 (16/17: 2)</td> </tr> <tr> <td>d) response</td> <td>0</td> <td><1</td> <td>0 (16/17: 0)</td> </tr> <tr> <td>Total</td> <td>42</td> <td><25</td> <td>5 (16/17: 4)</td> </tr> </tbody> </table> (2016/2017: Achieved - 4) (2015:2016: Achieved - 2)		No	Target	Per 1000	a) odour	12	<1	1 (16/17: 1)	b) faults	2	1.5	0 (16/17: 0)	c) blockages	28	2	3 (16/17: 2)	d) response	0	<1	0 (16/17: 0)	Total	42	<25	5 (16/17: 4)
				No		Target	Per 1000																						
			a) odour	12		<1	1 (16/17: 1)																						
			b) faults	2		1.5	0 (16/17: 0)																						
			c) blockages	28		2	3 (16/17: 2)																						
			d) response	0		<1	0 (16/17: 0)																						
Total	42	<25	5 (16/17: 4)																										
a) odour	<1																												
b) faults	1.5																												
c) blockages	2																												
d) response	<1																												
Total	5.5																												

¹ The action taken timeframe is within 24 hours. Response means someone will contact customer either by phone or visit the property.

² In accordance with operations and maintenance contract timeframes (excludes making good to surface finishes).

FUNDING IMPACT STATEMENT – WASTEWATER				
2017/2018 Budget (LTP) (\$000)		2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING				
-	General rates, uniform annual general charges, rates penalties	-	-	-
4,153	Targeted rates	3,855	4,186	4,007
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	13	12	-
6,145	Internal charges and overheads recovered	103	134	139
61	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	69	(426)	61
10,359	Total operating funding	4,039	3,907	4,207
APPLICATIONS OF OPERATING FUNDING				
1,759	Payments to staff and suppliers	1,848	2,154	2,259
-	Finance costs	-	-	-
6,786	Internal charges and overheads applied	559	517	615
-	Other operating funding applications	4	-	-
8,545	Total applications of operating funding	2,410	2,671	2,874
1,814	Surplus (deficit) of operating funding	1,629	1,236	1,334
SOURCES OF CAPITAL FUNDING				
-	Subsidies and grants for capital expenditure	-	-	-
343	Development and financial contributions	-	-	-
5,106	Increase (decrease) in debt	(561)	234	1,667
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
5,449	Total sources of capital funding	(561)	234	1,667
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
2,939	to meet additional demand	68	-	-
3,087	to improve the level of service	385	1,264	1,061
155	to replace existing assets	317	315	844
1,082	Increase (decrease) in reserves	298	(110)	1,096
-	Increase (decrease) in investments	-	-	-
7,263	Total applications of capital funding	1,068	1470	3,000
(1,814)	Surplus (deficit) of capital funding	(1,629)	(1,236)	(1,334)
-	Funding balance	-	-	-

Funding impact statement – Budget variations

Targeted rates are higher than budgeted as a number of ratepayers have chosen to repay their sewerage loan targeted rate in full during the year.

Payments to staff and suppliers are lower than budgeted due to funds budgeted for an investigation into an alternative land block for the Te Anau wastewater project not being required. This underspend has been offset by additional monitoring and maintenance costs during the year. Internal charges and overheads applied are lower than budget as the actual internal loans at the start of the financial year were lower than budgeted resulting in less interest being charged.

Capital expenditure is under budget for the year as the work in Riversdale in regards to purchase of land for use in upgrading the current disposal system has been deferred to future years to enable final monitoring to determine if the land is suitable for disposal.

Additionally a reduced scope of work is required at Manapouri due to inspection of the trestles for rising main being in a better state than expected. The trestles will be rechecked in about five years.

Other operating funding applications costs are due to the repayment of funds collected from ratepayers at the commencement of the Tuatapere wastewater scheme upgrade as the work completed cost less than originally budgeted.

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 throughout the District. It meets firefighting requirements which, in turn, leads to increased safety of residents.

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





Why we do it

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.

WATER SUPPLY



How well we did

Water and Land Plan

Environment Southland is responsible for the sustainable management of Southland's natural resources – land, water, air and coast in partnership with the community. It has a responsibility to ensure the region's natural resources are sustainably managed so that they are available for future generations to use and enjoy. Maintaining and improving Southland's water quality is its biggest challenge and first priority.

Under the National Policy Statement for Freshwater Management (NPS-FM) water quality and quantity are to be maintained and improved, with any over-allocation to be phased out over time. ES is required to set environmental limits by 2025, with all communities required to meet those limits in due course. ES is progressing this work through its proposed Water and Land Plan.



The proposed Southland Water and Land Plan seeks to address activities that are known to have a significant effect on water quality, such as land use intensification, urban discharges, wintering and stock access to waterways. To assist with addressing the impacts of these changes on local authority infrastructure, ES has formed a Three Waters Officer Working Group. The objectives of the group are to work through the implications of the new freshwater standards, develop an agreed approach to the re-consenting of local authority infrastructure and ensure that the organisational objectives are aligned.

Council staff and elected members from the three Southland territorial local authorities presented evidence to the hearing panel in September 2017. The timeline of the proposed Water and Land Plan was notified, submissions were heard, the hearing was held and decisions released on 4 April 2018. Anyone who made a submission on the plan could then choose to appeal ES's decision to the Environment Court. The last day to lodge an appeal was 17 May 2018.

The territorial authorities (ICC, GDC and SDC) were one of the 25 parties that appealed. The parts of the decision appealed related to rule 15 discharge of stormwater, rule 33 – community sewerage schemes (discharge to land) and rule 33A community sewerage schemes (discharge to water). SDC requested that a minor amendment be made to the definition of stormwater. The next step in the process was to have the appeals heard within the 2018/2019 financial year, with the plan to become operative in 2019.

Bylaws

The Water Supply Bylaw was reviewed, consulted on and then adopted in December 2017.

Performance targets

This activity has 10 targets. The activity achieved six targets and four targets were not achieved.

Of those not achieved, the reasons included gaps in data for very short periods of time resulting in being unable to demonstrate full compliance with protozoal measures under the drinking water standards.

The target for the percentage of real water loss from Council's networked reticulated system losses and the average consumption of drinking water per day per resident within the District increased in 2017/2018 which meant although the results were an improvement on the previous year the targets were not achieved. The target for all hydrants annually checked for operational availability and compliance with functionality tests was not met but improved systems are being put in place to improve future results.



Key projects

There were 33 projects in this activity group.

Eighteen projects were completed, 12 were in progress, one was deleted and two were deferred. The Winton water mains project was being constructed and should be completed in the next financial year.

Work continued on District-wide water metering. This year was year three of the five-year project. In this financial year three projects were completed in both Otautau and Tuatapere.

The Five Rivers consent project was completed. The Te Anau laterals were completed. The Eastern Bush upgrade project was on hold due to the Havelock North inquiry although some investigation work was still being done and consent being applied for. The Riverton capacity and scheme improvement projects were completed.

Several Te Anau rural water supply projects were completed, including pipeline renewal at Ramparts, Kakapo and Takitimu.

The consent renewal application at Princhester was submitted.

PERFORMANCE MEASURES

LEVEL OF SERVICE	KEY PERFORMANCE INDICATOR	MEASUREMENT SOURCE	TARGET	RESULT	HOW COUNCIL PERFORMED																																				
WATER SUPPLY																																									
Quality Provide urban water supplies that are safe and promote public health. Safety of drinking-water (Mandatory measure 1)	The extent to which 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%	<p>Achieved</p> <p>In 2017/2018 the result was 10 of 11 schemes were compliant. See the table below for details. Please note these are interim results to be confirmed by the Drinking Water Assessor report and are reported on by plant basis rather than by a zone basis from the Drinking Water Assessor report). (2016/2017: Achieved – 11 of 11 plants or 100%), (2015/2016: Not Achieved – 10 of 11 plants or 91%). Note - Restated from reporting on a by zone basis to a by plant basis</p> <table border="1"> <thead> <tr> <th>Plant</th> <th>Met</th> <th>Reason</th> </tr> </thead> <tbody> <tr><td>Edendale</td><td>Y</td><td></td></tr> <tr><td>Eastern Bush/Otahu Flat</td><td>Y</td><td></td></tr> <tr><td>Lumsden/Balfour</td><td>Y</td><td></td></tr> <tr><td>Manapouri</td><td>Y</td><td></td></tr> <tr><td>Mossburn</td><td>Y</td><td></td></tr> <tr><td>Ohai/Nightcaps</td><td>Y</td><td></td></tr> <tr><td>Otautau</td><td>Y</td><td></td></tr> <tr><td>Riverton</td><td>Y</td><td></td></tr> <tr><td>Te Anau</td><td>Y</td><td></td></tr> <tr><td>Tuatapere</td><td>Y</td><td></td></tr> <tr><td>Winton</td><td>Y</td><td></td></tr> </tbody> </table>	Plant	Met	Reason	Edendale	Y		Eastern Bush/Otahu Flat	Y		Lumsden/Balfour	Y		Manapouri	Y		Mossburn	Y		Ohai/Nightcaps	Y		Otautau	Y		Riverton	Y		Te Anau	Y		Tuatapere	Y		Winton	Y	
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Otautau	Y																																								
Riverton	Y																																								
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Tuatapere	Y																																								
Winton	Y																																								
	(b) Part 5 of the drinking-water standards (protozoal compliance criteria)	Water Outlook and WINZ monthly report	100%	73%	<p>Not Achieved</p> <p>In 2017/2018 - Three of the 11 schemes were non-compliant. Compliance with protozoal standards is reliant on continuous monitoring of critical processes in the water treatment plant. 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 will be upgrading its plants SCADAs 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 and are reported on by plant basis rather than by a zone basis from the Drinking Water Assessor report). (2016/2017: Not achieved – 2 of 11 plants or 18%) (2015/2016: Not achieved – 8 of 11 plants or 73%) Note - Restated from reporting on a by zone basis to a by plant basis</p> <table border="1"> <thead> <tr> <th>Plant</th> <th>Met</th> <th>Reason</th> </tr> </thead> <tbody> <tr><td>Edendale</td><td>Y</td><td></td></tr> <tr><td>Eastern Bush/Otahu Flat</td><td>N</td><td>Plant to be upgraded to meet standards</td></tr> <tr><td>Lumsden/Balfour</td><td>Y</td><td></td></tr> <tr><td>Manapouri</td><td>Y</td><td></td></tr> <tr><td>Mossburn</td><td>Y</td><td></td></tr> <tr><td>Ohai/Nightcaps</td><td>N</td><td>No integrity test on 7 days but producing compliant water</td></tr> <tr><td>Otautau</td><td>Y</td><td></td></tr> <tr><td>Riverton</td><td>N</td><td>Supplied from the river source for first 3 months, compliant after change to well source</td></tr> <tr><td>Te Anau</td><td>Y</td><td></td></tr> <tr><td>Tuatapere</td><td>Y</td><td></td></tr> <tr><td>Winton</td><td>Y</td><td></td></tr> </tbody> </table>	Plant	Met	Reason	Edendale	Y		Eastern Bush/Otahu Flat	N	Plant to be upgraded to meet standards	Lumsden/Balfour	Y		Manapouri	Y		Mossburn	Y		Ohai/Nightcaps	N	No integrity test on 7 days but producing compliant water	Otautau	Y		Riverton	N	Supplied from the river source for first 3 months, compliant after change to well source	Te Anau	Y		Tuatapere	Y		Winton	Y	
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PERFORMANCE MEASURES

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. Maintenance of the reticulation network. (Mandatory measure 2)	The percentage of real water loss from Council's networked reticulated system (including a description of the methodology used to calculate this) ¹	Water Loss Strategy (October 2014)	30%	31.1%	Not achieved - The result is a reduction from previous years. Zone metering installation is ongoing to allow monitoring of high use areas. In addition a significant leakage detection programme identified and repaired a number of leaks across Council networks. (2016/2017: Not achieved – 36%), (2015/2016: Not achieved - 36%)																															
Responsiveness Provide effective and timely response to reactive maintenance issues. (Mandatory measure 3)	Where 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 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 median time was 28 minutes. (2016/2017: Achieved – 100%, 27 mins) (2015/2016: Achieved - 100%, 20 mins)																															
	(b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption (hours)	HANSEN – Asset Management system report (six hours)	100%	100%	Achieved The median time was five hours, four minutes. (2016/2017: Achieved - 100%, 2 hours 57 mins) (2015/2016: Achieved - 100%, 1 hour 38 mins)																															
	(c) attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site (four hours) ² , and	HANSEN – Asset Management system report (four hours)	90%	100%	Achieved - The median time was one hour, 31 mins. (2016/2017: Achieved-100%, 1 hour 50 mins) (2015/2016: Achieved-100%, 1 hour 39 mins)																															
	(d) resolution of non-urgent call-outs: from the time council receives notification to the time that staff confirm resolution of the fault or interruption (24 hours) ³	HANSEN – Asset Management system report (24 hours)	90%	100%	Achieved - The median time was 22 hours, 54 mins. (2016/2017: Achieved - 100%, 22 hours and 6 mins) (2015/2016: Achieved - 100%, 19 hours 9 mins)																															
Customer satisfaction Provide water that is pleasant to all of the senses (Mandatory measure 4)	The total number of complaints received by Council about any of the following: (a) Drinking-water clarity (b) Drinking-water taste (c) Drinking-water odour (d) Drinking water pressure or flow (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.	HANSEN – Asset Management system report	<25 in total made up of:		14 Achieved The result is 14 due to a warmer summer. The result is 14 when expressed as a whole number per 1000 connections (as detailed in the table below). The number of rated properties is 7468. (2016/2017: Achieved - 5) (2015/2016: Achieved – 3)																															
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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.

PERFORMANCE MEASURES

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 (Mandatory measure 5)	The average consumption of drinking-water per day per resident within Council's district.	Water Balance Survey	690 litres (restated from LTP target 340 litres)	751 litres	<p>Not achieved</p> <p>The result has reduced from previous years. The demand was likely to have been higher especially over the dry summer period.</p> <p>The 2015-2025 LTP stated the target at 340 litres (which was the target for total amount of water used). Council has restated this in the Annual Report target column (690 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 amounts of water produced versus used relates to water lost between the source and house connections.</p> <p>(2016/2017: Achieved - 790 litres)</p> <p>(2015/2016: Achieved - the result was reported as 418 litres (which equates to 790 litres per person per day using the updated methodology).</p>
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%	97%	<p>Not achieved</p> <p>Of the 209 functionality tests completed, 203 were compliant. For the six that were non-compliant, one hydrant was repaired, one was unable to be accessed, one was removed during a property upgrade and three were unable to be located.</p> <p>(2016/2017: Not achieved - 75%)</p> <p>(2015/2016: Not achieved - 100%)</p>

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.

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Clarification: "Urgent" is considered complete loss of drinking-water to township.

FUNDING IMPACT STATEMENT – WATER SUPPLY				
2017/18 Budget (LTP) (\$000)		2016/17 Actual (\$000)	2017/18 Actual (\$000)	2017/18 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING				
-	General rates, uniform annual general charges, rates penalties	-	-	-
3,778	Targeted rates	3,680	3,852	3,867
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	12	15	-
1,774	Internal charges and overheads recovered	44	48	40
18	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	-	6	18
5,570	Total operating funding	3,735	3,920	3,925
APPLICATIONS OF OPERATING FUNDING				
2,152	Payments to staff and suppliers	2,033	2,213	2,164
-	Finance costs	-	-	-
2,469	Internal charges and overheads applied	608	615	760
-	Other operating funding applications	2	(4)	-
4,623	Total applications of operating funding	2,643	2,843	2,924
947	Surplus (deficit) of operating funding	1,092	1,097	1,001
SOURCES OF CAPITAL FUNDING				
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
1,060	Increase (decrease) in debt	552	467	2,627
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
1,060	Total sources of capital funding	552	467	2,627
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
-	to meet additional demand	-	-	-
1,460	to improve the level of service	515	251	1,893
556	to replace existing assets	1,107	1,592	1,744
(9)	Increase (decrease) in reserves	21	(279)	(9)
2,007	Total applications of capital funding	1,644	1,564	3,628
(947)	Surplus (deficit) of capital funding	(1,092)	(1,097)	(1,001)
-	Funding balance	-	-	-

Funding impact statement – Budget variations

Payments to staff and suppliers are higher than budgeted due to additional monitoring and maintenance costs during the year offset by lower electricity costs. Internal charges and overheads applied are lower than budget as the actual internal loans at the start of the financial year were lower than budgeted.

Capital expenditure is under budget for the year. Work in Eastern Bush on the upgrade of the water treatment plant has been deferred to future years due to waiting on the outcome of the Havelock North inquiry to ensure that the design meets any new requirements.

The final design has been submitted to Environment Southland for consenting. Work at Winton on replacing water mains throughout the town is continuing into 2018/2019.

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



COUNCIL-CONTROLLED ORGANISATIONS



Milford Community Trust

Southland District Council, Environment Southland and the Department of Conservation jointly established the trust in 2007 to provide leadership and governance for the Milford community. It allows the Milford community to determine its priorities and provides an avenue for local consultation and engagement, as well as public meetings.

Milford covers the developed area of land and adjacent coastal marine area at the end of State Highway 94 at the head of Milford Sound. The Milford community covers residents of Milford, the holders of concessions from the Crown operating at Milford and iwi. 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 2017-2020.

Significant policies

The trust developed a comprehensive communications policy in relation to its activities. It was expected that a full set of relevant policies would be developed within the period covered by its current statement of intent (SOI), 2017-2020. 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.

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”.

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.





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 AND FOCUS AREAS

VISION: LONG-TERM SUSTAINABILITY OF MILFORD SOUND PIOPIOTAHI, WITH A COMMUNITY FOCUS

Provide leadership and governance for the Milford community in Milford Sound Piopiotaahi

Advocating for better planning to address specific issues: highway safety, control of illegal camping, toilet facilities, community facilities, coordinated emergency response, and recognition of the area's World Heritage status.

Advocate for the general benefit of the Milford community

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

Co-ordinate and communicate with all parties having interests in Milford Sound Piopiotaahi.

Communicate the roles of the Trust and other authorities more clearly to the Milford community.

Affirm the Trust role as a voice for the Milford community.

Maintain closer relationships with Milford infrastructure providers.

Provide clear information to concessionaires regarding intentions and implementation of Trust policies.

Consult with the community and concessionaires to develop a strategic project plan for the Trust to deliver for the benefit of the community.

Planned activities/services 2017/2018

- advocate and assist with other organisations for strategic improvements in community planning in Milford Sound
- advocate and investigate funding options with other organisations for public toilets and shelter at the airport and completion of the walking track to the lodge
- assist the Milford Community Association with the development of the Cleddau Village Recreation area which is to accommodate the community centre
- provide funding for medical support, services and facilities for Milford ERT station
- fund the team leader emergency services and investigate the role of the Fiordland Medical Trust on emergency services
- review the trust and charging mechanism 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.

PERFORMANCE MEASURES					
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/ Piopiotahi each year.	Agenda/minute records on file.	1	1	Achieved A public forum was held on 23 February 2018 (2016/2017: Achieved - 1) (2015/2016: Achieved - 0)
Keep the Milford Sound/ Piopiotahi community informed about Trust plans and outcomes.	Community newsletters (February, June, October, December each year), inserted in local paper Fiordland Advocate.	Agenda/minute records on file.	4	1	Not achieved There was a news item on 31 March 2018. (2016/2017: Not achieved - 1) (2015/2016: Not achieved - 0)
Provide leadership and advocacy on major issues.	Number of Milford Community Trust meetings held annually.	Agenda/minute records on file.	4	4	Achieved (2016/2017: Achieved - 4) (2015/2016: Achieved - 4)
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 (2016/2017: Achieved - 100%) (2015/2016: Achieved - 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.

MILFORD COMMUNITY TRUST REPRESENTATIVES

Designation	Name	Term Expires
Independent Chair	Michael Schuck	30 June 2018
Mararoa/Waimea Ward Councillor	Ebel Kremer	October 2019
Milford Community Association Elected Representative	Brad Johnston	30 June 2020
Milford community appointee	Tim Holland	30 June 2020
Milford community appointee	Jason Steele	30 June 2018
Milford community appointee	Mike McConachie	30 June 2018
Milford community appointee	Roscoe Gaudin	30 June 2019



Milford community

The operational and project costs are those which the Milford Community Trust considers will provide benefit for all concessionaires at Milford and should be recovered from the Milford concessionaires through the Implied Concession Activity Fee, apportioned as per the Department of Conservation apportionment of cost schedule.

The costs indicated below in the supporting forecasted accounts are funded from the annual implied concession activity fee and monies held.

Any surplus funds will be held by the trust in its bank account for future project funding.

FINANCIAL SUMMARY (EXCL GST)			
	Actual 2016/2017	Actual 2017/2018	Budget 2017/2018
Income			
Total Income	115,831	129,849	124,449
Operational Costs:			
Management/administration 1	17,195	16,520	29,731
Operations and maintenance	-	-	17,500
Projects and Grants:			
Cleddau Village Recreation Reserve	53,758	-	-
Emergency Service Provider	43,634	130	46,920
Cleddau Village Recreation Building	-	-	110,000
Grant – Airport to Deepwater Basin Walkway	-	-	20,000
Project Development (Planning)	-	-	5,000
Total Expenses	114,587	16,650	229,151
Net Assets	213,204	326,402	40,855
1 Management/administration costs include Chairperson's fees, Trustees' fees, mileage allowances, insurance, accommodation costs and general meeting costs.			

Further details about the trust's activities and budgets can be found in its Statement of Intent 2017-2020.

SOUTHLAND MUSEUM AND ART GALLERY TRUST (SMAG)



The museum was closed indefinitely on 13 April 2018 because of earthquake risks.



The Southland Museum and Art Gallery Trust’s mission is to preserve and tell the story of Southland – the experience of people and places over time – and inspire Southlanders to explore and understand the world around them. The Southland Museum and Art Gallery Trust contributes towards the achievement of the community outcome of “supporting our communities”.

The trust adopted a statement of intent that outlines the activities proposed for 2017/2018. The trust receives annual grants from the Southland Regional Heritage Committee and Invercargill City Council. Income is also generated by the shop (Momento), and cafe (Pyramid on Gala), rental from the i-SITE / Information Centre, donations and entry fees for special touring exhibitions. The Southland Museum and Art Gallery Trust owns the Museum and Art Gallery building and collections.

The trust board has eight members and three ex officio members who represent the contributing authorities. The board also has the authority to appoint additional members whose skills and experiences benefit the trust and its functions.



ORGANISATION	INVERCARGILL CITY COUNCIL	GORE DISTRICT COUNCIL	SOUTHLAND DISTRICT COUNCIL	TANGATA WHENUA	TRUSTEE APPOINTMENTS	FRIENDS OF THE MUSEUM	EX OFFICIO
Representatives	Cr T Biddle Cr D J Ludlow Cr R Amundsen	Vacant	Cr G Macpherson Cr N Paterson	Jane Davis	Gwen Neave Vacant	Jim Watson	Manager: ICC property manager Secretary/treasurer: ICC director of finance and corporate services



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.

*Photo: Courtesy of Lindsay Hazley/Southland Museum And Art Gallery.
Acknowledgement to Ngāti Kōata, kaitiaki of these taonga.*

NATURE AND SCOPE OF ACTIVITIES



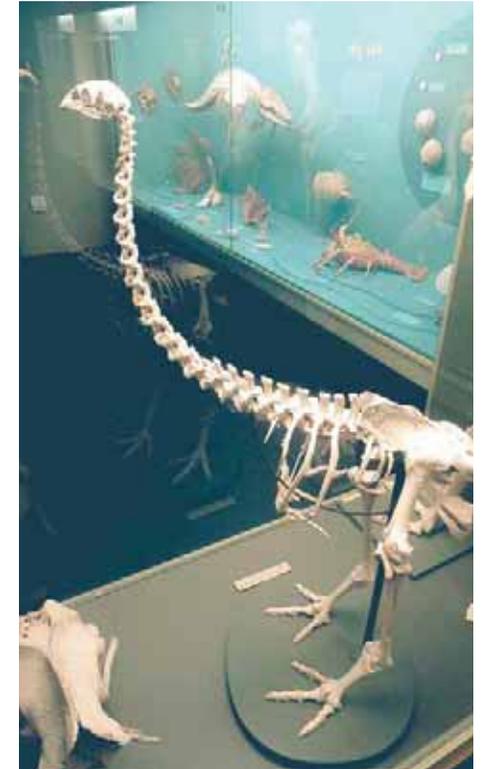
The Southland Museum and Art Gallery is in Queens Park. The original museum on the site was built in 1942. Various single-storey extensions were added between 1960 and 1980.



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 71,000 items



held in the collections, some of which are important in terms of regional, national and international significance. The scope and nature of the activities that the Southland Museum and Art Gallery Trust intended



to provide was to focus the museum as a regional facility in the community and to provide a variety of experiences to the people of Southland that they would not otherwise have access to.

KEY PERFORMANCE MEASURES AND TARGETS				
OBJECTIVE	GOAL	BASELINE	TARGET	HOW COUNCIL PERFORMED
To recognise the Southland Museum and Art Gallery as a place where our culture and heritage is valued and promoted.	Promotion of the Southland Museum and Art Gallery as a quality venue to visit for residents and visitors.	231,700	Annual visitor numbers exceed 200,000 per annum.	Not achieved 186,058 (Note, not a full year, visitors up to closure of the museum on 13 April 2018) (2016/2018: Achieved – 232,580) (2015/2016: Achieved: 248,463)
To provide an inspiring, informed and rich programme of exhibitions, events and learning opportunities.	Development and implementation of an annual visitor experience programme.	15 exhibitions. 9 community access.	*A minimum of 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.	Not achieved 10 including 4 in the Community Gallery (Note, not a full year, exhibitions up closure of the museum on 12 April 2018) (2016/2017: Achieved – 11 including 7 in community gallery) (2015/2016: Achieved: 13 including 8 in the community gallery)
Caring for collections. Collections are managed and preserved in accordance with established standards and cultural requirements.	Collections are maintained in optimal conditions for their long term preservation.	Temp in range (19oC ± 1oC) 100% of time Humidity in range (50% ± 5%) 100% of time	Prepare for building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.	Not achieved A new strategy will need to be developed by the Trust Board for the removal of the collection to a suitable storage building and redevelopment of the museum building. (2016/2017: Not achieved – 95% of time) (2015/2016: Achieved - 100% of time)

FINANCIAL SUMMARY (EXCL GST)		
	Actual 2017/2018	Budget 2017/2018
REVENUE		
Grants and donations revenue	1,748,438	1,786,796
Interest revenue	6,447	7,403
Revenue from providing services	16,000	12,777
TOTAL REVENUE	1,770,915	1,806,976
EXPENSES	2,022,032	1,783,527
Cost of providing services	2,022,032	1,783,527
Depreciation of property, plant and equipment	72,709	70,529
Impairment loss	-	1,519,036
Audit fees	7,223	7,322
TOTAL EXPENSES	2,101,964	3,380,414
Total Surplus / (Deficit)	(331,049)	(1,573,438)
Net Assets	2,921,034	1,347,593

Sources of funding

Grants received from Southland Regional Heritage Committee and Invercargill City Council are the primary resources of funding to the Trust.

FINANCIAL INFORMATION



This section presents the financial statements for the 2017/2018 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.





Valuing Southland

Anyone, anywhere, can make a positive difference. It's our actions and what we value that create a legacy...

Councillor Neil Paterson

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 82 to 169), 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 2018. The financial statements were authorised for issue by Council on 25 September 2018.

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 acquisition 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 2018, 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 bare 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. Council-owned heritage assets include artworks, war memorials, viaducts and railway memorabilia. Artworks are revalued every three - five years. 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 WSP Opus have completed a revaluation of District roading, footpaths and bridge asset networks as at 30 June 2018. This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2018.

Land values associated with **Council's roading network** are the values from the 2005/2006 road network valuation, which is deemed cost and have not been revalued .

Appropriately qualified personnel from Waugh Infrastructure Management Limited have completed a revaluation as at 30 June 2018 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 2018.

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 offsets 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		Depreciation	
Asset Category	(years)	Percent	Method
Computer software	2 - 10	10.00% - 50.00%	SL

- Emissions Trading Scheme

Council has approximately 1,384 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand Emissions Trading Scheme ('ETS'). The implication of this for the financial accounts is twofold:

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 2018. 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 218. 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 2018:

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 2018

	Note	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
Income				
Rates revenue	1	43,160	44,834	45,122
Other revenue	2	13,346	14,420	9,890
Interest and dividends		552	625	29
NZ Transport Agency		13,382	19,301	17,386
Grants and subsidies		632	932	1,475
Other gains/(losses)	3	935	(489)	70
Vested Assets		-	55	-
Development and financial contributions		121	28	110
	4	72,129	79,706	74,082
Expenditure				
Employee benefit expenses	5	11,085	11,579	11,689
Depreciation and amortisation	9	21,832	22,646	22,658
Finance costs		22	30	20
Other Council expenditure	6	39,063	41,281	38,324
Scheme Capital Recovery for Sewerage/Water Schemes - refund		-	469	-
		72,002	76,006	72,700
SURPLUS/(DEFICIT) BEFORE TAX		127	3,701	1,382
Income tax benefit	8	-	-	-
SURPLUS/(DEFICIT) AFTER TAX		127	3,701	1,382
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Financial assets at fair value through other revenue and expense	10	(67)	453	-
Gain/(Loss) on property, plant and equipment revaluations	10	95,408	48,941	30,067
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		95,469	53,095	31,449

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 2018

	Note	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
Balance at 1 July		1,389,142	1,484,611	1,409,395
Total comprehensive revenue and expense for the year		95,469	53,095	31,449
Balance at 30 June		1,484,611	1,537,706	1,440,844

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 2018

	Note	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP)(\$000)
Equity				
Retained earnings	10	724,745	720,990	730,314
Asset revaluation reserves	10	723,523	772,465	679,900
Fair value reserves	10	1,916	2,369	1,982
Other reserves	11	34,427	41,883	28,649
		1,484,611	1,537,706	1,440,844
Current assets				
Cash and cash equivalents	12	9,773	10,885	(2,128)
Trade and other receivables	13	7,714	7,936	5,820
Inventories	14	107	106	83
Other financial assets	15	10,271	7,716	4,600
Property, plant and equipment	16	-	124	-
		27,866	26,767	8,375
Non-current assets				
Property, plant and equipment	16	1,450,334	1,505,886	1,425,744
Intangible assets	17	2,181	2,272	4,770
Forestry assets	18	13,724	13,428	12,951
Work in progress	16	1,735	511	-
Other financial assets	15	4	3	4
		1,467,978	1,522,100	1,443,470
TOTAL ASSETS		1,495,844	1,548,867	1,451,845
Current liabilities				
Trade and other payables	19	7,152	7,011	7,543
Contract retentions and deposits		387	341	(19)
Employee benefit liabilities	20	1,426	1,565	1,393
Development & financial contributions	21	2,169	2,167	1,854
Provision for decommissioning	23	14	14	58
		11,149	11,098	10,829
Non-current liabilities				
Employee benefit liabilities	20	64	49	154
Provision for decommissioning	23	20	14	18
Borrowings	22	-	-	-
		84	63	172
TOTAL LIABILITIES		11,232	11,161	11,001
NET ASSETS		1,484,611	1,537,706	1,440,844

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 2018

	Note	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
Cash flows from operating activities				
Receipts from rates revenue		43,382	44,739	45,122
Receipts from NZ Transport Agency		13,758	19,029	17,386
Interest and dividends		547	653	29
Contribution from developers		5	27	-
Receipts from other revenue		11,532	15,601	10,310
Payment to suppliers and employees		(48,006)	(51,852)	(49,955)
Interest paid		(22)	(30)	(20)
GST (net)		(25)	17	-
Net cash inflow (outflow) from operating activities		21,172	28,183	22,873
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		211	(284)	70
Receipts from sale of investments		2,174	2,536	-
Purchase of property, plant and equipment		(19,671)	(30,037)	(32,649)
Acquisition of investments		-	-	-
Purchase of intangible assets		207	(56)	(1,971)
Net cash inflow (outflow) from investing activities		(17,078)	(27,071)	(34,550)
Cash flows from financing activities				
Payments of development contributions		(37)	-	(10)
Net cash inflow (outflow) from financing activities		(37)	-	(10)
Net increase/(decrease) in cash and cash equivalents		4,056	1,112	(11,687)
Cash and cash equivalents at the beginning of the year		5,715	9,771	9,559
Cash and cash equivalents at the end of the year	12	9,773	10,885	(2,128)

The accompanying notes form part of these financial statements

Funding Impact Statement for all activities for the year ended 30 June 2018

2017/2018 Budget (AP) (\$000)		2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
	Sources of operating funding			
14,212	General rates, uniform annual general charges, rates penalties	14,233	14,817	14,848
30,737	Targeted rates	29,354	30,466	30,274
7,193	Subsidies and grants for operating purposes	6,649	7,152	7,194
3,870	Fees and charges	3,533	3,859	3,890
295	Interest and dividends from investments	532	604	29
3,971	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	8,512	8,644	6,481
60,278	Total operating funding	62,813	65,543	62,716
	Applications of operating funding			
42,174	Payments to staff and suppliers	44,858	46,741	46,320
20	Finance costs	22	30	20
3,903	Other operating funding applications	4,020	4,475	3,845
46,326	Total applications of operating funding	48,900	51,246	50,186
13,952	Surplus (deficit) of operating funding	13,913	14,296	12,530
	Sources of capital funding			
8,956	Subsidies and grants for capital purposes	7,014	12,726	11,323
453	Development and financial contributions	121	28	110
5,399	Increase (decrease) in debt	-	-	-
72	Gross proceeds from sale of assets	216	395	70
-	Other dedicated capital funding	-	-	-
14,880	Total sources of capital funding	7,352	13,149	11,503
	Applications of capital funding			
	Capital expenditure			
3,050	to meet additional demand	138	1,031	131
10,417	to improve the level of service	3,981	10,593	16,822
14,777	to replace existing assets	13,669	16,968	17,666
2,398	Increase (decrease) in reserves	3,253	7,460	(893)
(1,810)	Increase (decrease) in investments	224	(8,607)	(9,693)
28,832	Total applications of capital funding	21,264	27,445	24,033
(13,952)	Surplus (deficit) of capital funding	(13,913)	(14,296)	(12,530)
-	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

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)	2017/2018 Budget (AP) (\$000)
Surplus/(deficit) of operating funding from funding impact statement	13,913	14,297	12,530
Depreciation	(21,832)	(22,646)	(22,658)
Subsidies and grants for capital purposes	7,014	12,726	11,323
Development and financial contributions	-	-	110
Vested Assets	-	55	-
Gain on Sale	157	(193)	70
Forestry revaluation	773	(296)	-
Emission Trading Units	-	(320)	-
Landfill Contingency	5	6	7
Internal Capital Costs	122	44	-
42% of Venture Southland surplus / (deficit)	(25)	30	-
Net Surplus (deficit) before tax in Statement of Revenue and Expense	127	3,701	1,382

Notes to the Financial Statements (for the year ended 30 June 2018)

1. Rates revenue

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
General rates	33,317	34,357
Targeted rates attributable to activities		
Water	3,354	3,573
Wastewater	3,752	4,013
Refuse	2,347	2,502
Septic tank cleaning	2	2
Rates penalties	388	387
Total revenue from rates	43,160	44,834

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 \$348,371 (2017: \$369,517), 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 2016 Actual (\$000)	1 July 2017 Actual (\$000)
Number of rating units within the Southland District	20,471	20,607
Total rateable capital value within the Southland District	20,079,278	20,226,804
Total rateable land value within the Southland District	14,173,545	14,222,479

2. Other revenue

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Regulatory income	1,524	1,676
Other income (including Council's 42% share in Venture Southland)	2,924	3,660
Provision of services	406	464
Rental and hire income	660	677
User charges	1,805	1,972
Sales revenue	5,658	5,667
Fines and infringements	54	37
Targeted water rates	314	268
Total other revenue	13,346	14,420

3. Other gains/(losses)

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Gain/(loss) on changes in fair value of forestry assets (Note 18)	773	(296)
Gain/(loss) on disposal of property, plant and equipment	162	(193)
Total gains/(losses)	935	(489)

4. Exchange/non-exchange revenue

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Exchange revenue	10,157	11,182
Non-exchange revenue	61,972	68,537
Total revenue	72,129	79,706

5. Employee benefit expense

	2016/2017/ Actual (\$000)	2017/2018 Actual (\$000)
Salaries and wages	10,769	11,174
Defined contribution plan employer contributions	401	415
Increase/(decrease) in employee entitlements	(86)	(10)
Total employee benefit expense	11,085	11,579

Employer contributions to defined contribution plans include contributions to KiwiSaver.

6. Other Council expenditure

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Audit fee - Southland District Council Annual Report	115	117
Audit fee - Venture Southland Group Annual Report	17	17
Audit fee - Southland District Council Long Term Plan	-	85
Other assurance services from Audit NZ	33	-
Grants	3,537	3,647
Contractors	21,142	21,222
Insurance	309	328
Consultants and legal fees	1,365	2,070
Operating lease costs	286	285
Donations	95	18
Impairment of receivables	57	6
Loss on fair value of emission trading units	-	320
Other	12,106	13,195
Total other expenses	39,063	41,281

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 \$323,985 (2017: \$312,761), plus a discretionary performance bonus of \$5,610 (2017: \$13,617).

For the year ended 30 June 2018, the total annual cost, including fringe benefit tax, to SDC of the remuneration package being received by the Chief Executive is calculated at \$334,042 (2017: \$329,322).

Elected representatives		2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Mayor: Tong, Gary (including FBT and private use of motor vehicle)^		122	123
Bailey, Lyall (resigned October 2016)		10	-
Baird, Stuart		26	26
Dillon, Brian*		29	32
Dobson, Rodney (resigned October 2016)		9	-
Douglas, John*		26	26
Duffy, Paul* (incl FBT)		36	37
Ford, Bruce		26	26
Frazer, Darren* (appointed October 2016)		18	26
Harpur, George^		26	26
Keast, Julie*		30	32
Kremer, Ebel		29	32
Macpherson, Gavin*^		32	33
Paterson, Neil*		26	26
Perham, Nicholas (appointed October 2016)		18	26
Annual cost		463	472

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 (2017: \$100) and \$80 per hour for members (2017: \$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 (2017: \$78) and \$51 per hour for members (2017: \$51).

Travel and other reimbursements are excluded from the above totals.

Total annual remuneration band for employees as at 30 June:	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
< \$60,000	72	68
\$60,000 - \$79,999	32	39
\$80,000 - \$99,999	33	29
\$100,000 - \$119,999	8	13
\$120,000 - \$139,999	5	3
\$140,000 - \$340,000	10	11
Total employees	160	162

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 119 (2017: 115) full-time employees, with the balance of staff representing 27 (2017: 26) full-time equivalent employees. As at 30 June 2018 there were eight vacant positions (2017: nine). 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

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Community services	1,464	1,370
District leadership	448	409
Regulatory Services	68	67
Roads and Footpaths	15,994	16,807
Solid Waste Management	113	113
Stormwater	411	435
Wastewater	1,873	1,933
Water Supply	1,441	1,492
Total directly attributable depreciation and amortisation by group of activity	21,811	22,626
Depreciation and amortisation not directly related to group activities	20	21
Total depreciation and amortisation expense	21,832	22,646

10. Changes in equity and reserves

Retained earnings	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
As at 1 July	727,869	724,743
Transfer from other reserves (note 11)	(3,253)	(7,455)
Transfer from reserves	-	-
Transfer to fair value through statement of comprehensive revenue and expense reserve	-	-
Operating surplus for the year	127	3,701
As at 30 June	724,743	720,990

Asset Revaluation Reserves	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
As at 1 July	628,115	723,523
Revaluation surplus/(deficit)	95,408	48,941
As at 30 June	723,523	772,465
Asset revaluation reserves consist of:		
Infrastructural assets		
Wastewater system	43,151	45,239
Water system	27,790	27,910
Stormwater system	14,250	15,354
Roading network	638,327	683,955
Artwork	6	6
Total	723,523	772,465

Fair value through statement of comprehensive revenue and expense reserve	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
As at 1 July	1,983	1,916
Net revaluation gains/(losses)	(67)	453
Transfer to retained earnings	-	-
Reclassification to surplus/(deficit) on disposal	-	-
As at 30 June	1,916	2,369

Fair value through statement of comprehensive revenue and expense reserve consist of:	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Share revaluation reserve	305	285
Emission Trading Unit revaluation reserve	1,611	2,084
Total	1,916	2,369

11. Other reserves

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
As at 1 July	31,174	34,427
Transfers from/(to) retained earnings	3,253	7,455
As at 30 June	34,427	41,883

Reserves consist of:	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
General reserves	31,096	38,463
Allocation committees	3,330	3,420
Total	34,427	41,883

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:	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Cash at bank and in hand	959	770
Short term deposits and other investments maturing within three months	8,814	10,115
Total cash and cash equivalents	9,773	10,885

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

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

Council holds unspent funds, included in cash at bank and investments, of \$3.7 million (2017: \$3.6 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

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Rates receivables	1,907	2,017
General receivables	1,054	1,310
Other receivables	4,433	4,112
Prepayments	390	544
	7,785	7,983
Less provision for doubtful debts	(70)	(47)
Net trade and other receivables	7,715	7,936
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	2,923	1,671
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	4,791	6,264

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	2017 Gross (\$000)	2017 Impairment (\$000)	2017 Net (\$000)	2018 Gross (\$000)	2018 Impairment (\$000)	2018 Net (\$000)
Not past due for 2018	6,310	-	6,310	6,451	-	6,451
Past due 1-60 days	98	-	98	73	-	73
Past due 60-120 days	105	-	105	10	-	10
Past due > 120 days	1,271	(70)	1,201	1,449	(47)	1,401
Total	7,784	(70)	7,715	7,983	(47)	7,936

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.

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Individual impairment	70	47
Collective impairment	-	-
Total Provision for impairment	70	47

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:

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Past due 1- 60 days	-	-
Past due 60 -120 days	-	-
Past due > 120 days	70	47
Total individual impairment	70	47

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

14. Inventories

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Roading	85	85
Other	22	21
	107	106

The carrying amount of inventories held for consumption that are measured at current replacement cost as at 30 June 2018 amounted to \$106,493 (2017: \$106,735). The write-down of inventory during the year was \$462 (2017: \$207). There have been no reversals of write-downs \$Nil (2017: \$Nil). The carrying amount of inventories pledged as security for liabilities is \$Nil (2017: \$Nil).

15. Other financial assets

Current portion	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Short term deposits with maturities 1 - 3 months from 30 June	3,525	483
Short term deposits with maturities 4 - 12 months from 30 June	6,320	6,835
Short term loans	92	84
Unlisted shares in Civic Assurance*	21	21
Unlisted shares in Milford Sound Tourism Limited*	313	294

Current portion	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Total current portion	10,271	7,716

Security

Council holds a Security Stock Certificate dated 22/12/2009 for \$25,000,000.00 in favour of Westpac NZ limited and Westpac Banking Corporation under a Debenture Trust Deed between SDC and Corporate Trust Limited (trading as Foundation Corporate Trust).

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 Milford Sound Tourism Limited, 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	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
External loans with maturities greater than one year	4	3
Investments with maturities greater than one year	-	-
Total non-current portion	4	3
Total other financial assets	10,275	7,719

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:

	2017 Short term deposits (\$000)	2017 Other Term deposits (\$000)	2017 Stocks & Bonds (\$000)	2017 Total (\$000)	2018 Short term deposits (\$000)	2018 Other Term deposits (\$000)	2018 Stocks & Bonds (\$000)	2018 Total (\$000)
Short term deposits with maturities three months or less from 30 June*	10,220	-	-	10,220	8,483	-	-	8,483
weighted average effective interest rate	3.40%				2.64%			

	2017 Short term deposits (\$000)	2017 Other Term deposits (\$000)	2017 Stocks & Bonds (\$000)	2017 Total (\$000)	2018 Short term deposits (\$000)	2018 Other Term deposits (\$000)	2018 Stocks & Bonds (\$000)	2018 Total (\$000)
Short term deposits with maturities of four - 12 months from 30 June* weighted average effective interest rate	6,625 3.59%	-	-	6,625	6,835 3.35%	-	-	6,835
	16,845	-	-	16,845	15,318			15,318

* 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

Current

2017/2018 Actual	Cost Revaluation 1 Jul 2017 (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2018 (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul 2017 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2018 (\$000)	Carrying Amount 30 Jun 2018 (\$000)	Carrying Amount 1 Jul 2017 (\$000)
Venture Southland													
Furniture and fittings	91	1	-	-	-	92	(63)	(5)	-	-	(68)	24	28
Office equipment	32	1	-	-	-	33	(19)	(7)	-	-	(25)	7	13
Other equipment	38	25	-	(1)	-	62	(19)	(4)	-	-	(23)	39	19
Set up cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Venture Southland Trust vehicles	22	-	-	-	-	22	(5)	(1)	-	-	(7)	16	16
Building	51	-	-	-	-	51	(17)	(1)	-	-	(18)	34	34
Venture Charitable trust	11	-	-	-	-	11	(4)	(1)	-	-	(5)	6	7
Venture total	244	27	-	(1)	-	270	(127)	(21)	1	-	(147)	124	118

Non-Current

2017/2018 Actual	Cost Revaluation 1 Jul 2017 (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2018 (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul 2017 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2018 (\$000)	Carrying Amount 30 Jun 2018 (\$000)	Carrying Amount 1 Jul 2017 (\$000)
Operational assets													
Art	69	-	-	-	-	69	-	-	-	-	-	69	69
Buildings	15,156	139	-	(308)	-	14,988	(6,622)	(372)	165	-	(6,828)	8,160	8,535
EDP hardware	1,114	66	-	-	-	1,179	(953)	(132)	-	-	(1,084)	95	161
Furniture and fittings	693	59	-	(3)	-	749	(453)	(52)	3	-	(502)	247	240
Improvements	5,995	586	-	(75)	-	6,506	(4,603)	(306)	75	-	(4,834)	1,671	1,392
Land	10,870	14	-	(385)	-	10,500	-	-	-	-	-	10,500	10,870
Library	1,954	163	-	(217)	-	1,900	(965)	(177)	217	-	(925)	975	989
Motor vehicles	1,558	684	-	(253)	-	1,989	(821)	(242)	191	-	(872)	1,117	737
Office equipment	183	-	-	-	-	183	(175)	(2)	-	-	(177)	6	8
Other equipment	270	12	-	(2)	-	280	(245)	(8)	2	-	(252)	28	24
Other plant	1,334	50	-	-	-	1,384	(602)	(86)	-	-	(688)	696	732
Landfill sites	115	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	457	-	-	-	-	457	(455)	(1)	-	-	(456)	1	2
	39,769	1,772	-	(1,242)	-	40,300	(16,010)	(1,377)	653	-	(16,734)	23,566	23,760
Infrastructural assets as valuation													
Bridges	118,126	1,350	-	-	25,174	144,650	-	(2,633)	-	-	(2,633)	142,018	118,126
Footpaths	17,662	199	-	-	451	18,312	-	(585)	-	-	(585)	17,727	17,662
Wastewater other	63,777	1,260	25	-	1,500	66,561	-	(1,112)	-	-	(1,112)	65,449	63,777
Wastewater plant	14,524	319	-	-	589	15,432	-	(821)	-	-	(821)	14,611	14,524
Water other assets	41,018	1,755	25	-	291	43,090	-	(948)	-	-	(948)	42,142	41,018
Water plant	12,790	81	-	-	(171)	12,700	-	(543)	-	-	(543)	12,157	12,790
Stormwater system	17,506	87	5	-	1,104	18,702	-	(435)	-	-	(435)	18,267	17,506
Unsealed roads	411,631	2,482	-	-	4,273	418,386	-	(3,136)	-	-	(3,136)	415,251	411,631
Cycle trail	7,613	38	-	-	153	7,804	-	(146)	-	-	(146)	7,658	7,613
Sealed roads	717,412	20,325	-	-	14,561	752,298	-	(10,075)	-	-	(10,075)	742,222	717,412

2017/2018 Actual	Cost Revaluation 1 Jul 2017 (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2018 (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul 2017 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2018 (\$000)	Carrying Amount 30 Jun 2018 (\$000)	Carrying Amount 1 Jul 2017 (\$000)
Street lighting	2,157	11	-	-	1,024	3,192	-	(165)	-	-	(165)	3,027	2,157
	1,424,217	27,916	55	-	48,941	1,501,129	-	(20,599)	-	-	(20,599)	1,480,530	1,424,217
Marine	869	6	-	-	-	875	(416)	(34)	-	-	(450)	426	453
Runways	5,059	-	-	-	-	5,059	(4,572)	(387)	-	-	(4,959)	100	487
	5,928	6	-	-	-	5,934	(4,988)	(421)	-	-	(5,409)	525	940
Total SDC	1,469,914	29,694	55	(1,242)	48,941	1,547,363	(20,998)	(22,397)	653	-	(42,742)	1,504,621	1,448,916

2017/2018 Actual	Cost Revaluation 1 Jul (\$000)	Current Year Additions (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation Reserve (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun (\$000)	Carrying Amount 30 Jun (\$000)	Carrying Amount 1 Jul (\$000)
SIESA													
Land	61	-	-	-	-	61	-	-	-	-	-	61	61
Buildings	784	-	-	-	-	784	(258)	(14)	-	-	(271)	513	526
Improvements	29	13	-	-	-	42	(9)	(2)	-	-	(11)	31	20
Plant	3,464	65	-	-	-	3,528	(2,818)	(88)	-	-	(2,906)	622	646
Vehicles	132	-	-	-	-	132	(87)	-	-	-	(87)	44	45
Other Equipment	4	-	-	-	-	4	(2)	(8)	-	-	(10)	(6)	2
SIESA Total	4,474	77	-	-	-	4,551	(3,173)	(113)	-	-	(3,286)	1,265	1,300
TOTAL GROUP (Current & Non Current)	1,474,632	29,798	55	(1,243)	48,941	1,552,184	(24,298)	(22,530)	654	-	(46,175)	1,506,010	1,450,334

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
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 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	(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 and 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

Work in progress

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

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Buildings	30	134
Cycle Trails	89	271
Improvements	231	69
Information Systems	1,378	37
Marine	7	-
Total	1,735	511

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 (2017: \$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:

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Total value of all assets that are covered by insurance contracts	55,292	52,248
Maximum amount to which these assets are insured	153,449	174,267
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	1,408,650	1,453,762
Value of any fund maintained by Council for that purpose ¹		

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	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Opening cost at 1 July	92	172
Additions	214	56
Disposals	-	(90)
Closing cost at 30 June	306	138
Accumulated amortisation and impairment	(135)	(27)
Net Book Value at 30 June	172	111

Emission Trading Units	2016/2017 Actual (\$000)	2016/2017 Units	2017/2018 Actual (\$000)
Opening balance at 1 July	2,085	116,805	2,009
Additions	-	-	-
Disposals / Surrendered	-	14,865	-
Change in market value 30 June	(76)	-	152
Closing balance at 30 June	2,009	114,194	2,161
Accumulated amortisation and impairment	-	-	-
Net Book Value at 30 June	2,009	-	2,161
Total Intangible Assets	2,181	-	2,272

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 \$21.76 per unit (2017: \$17.20)

Emission Trading Units 2018	Pre-1990 Forest	Post-1989 Forest	Total
Productive area (hectares)	1,384	116.8	1,500.8
NZUs opening balance 1 July	82,914	33,981	116,805
NZUs allocated/transferred during the year	-	(14,865)	(14,865)
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	19,026	101,940

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

Post-1990 Forests

No units (2017: No 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

	2016/2017 Actual (\$000)	2016/2017 Actual (\$000)
Balance at 1 July	12,951	13,724
Increase due to purchases	-	-
Gains/(losses) arising from changes attributed to physical changes	1,101	1,159
Gains/(losses) arising from changes attributed to price changes	1,994	1,137
Decreases due to harvest	(2,322)	(2,592)
Balance at 30 June	13,724	13,428

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 1,400 hectares (2017: 1,416 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 2018, Council sold 83.1 hectares of timber for \$5.67 million (2017: 77.7 hectares of timber for \$5.52 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 2018.

Valuation Conventions

A pre-tax discount rate of 7.5% (2017: 7.5%) has been used in discounting the present value of expected future cash flows;

Only the current tree crop is valued, in accordance with the valuation standard;

Land use cost are recognised by applying notional land rental based on the prevailing market rentals of forestry land in the Otago/Southland region;

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 reviews 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

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Payables and deferred revenue under exchange transactions		
Trade payables and accrued expenses	5,743	5,573
Total	5,743	5,573
Payables and deferred revenue under non-exchange transactions		
Income taxes payable	160	169
Other taxes payable (ie GST and FBT)	33	154
Grants payable	120	150
Other	1,096	963
Total	1,409	1,436
Total trade and other payables	7,152	7,011

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

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Current		
Holiday pay accrual	1,158	1,263
Long service leave	21	25
Wages accrual	248	276
	1,426	1,565
Non-current		
Retirement gratuity	53	44
Long service leave (potential)	11	5
	64	49
Total employment entitlements	1,490	1,614

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% (2017: 7.0%) and an inflation rate of 3.0% (2017: 3.0%) were used.

21. Development and financial contributions

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Roading contributions	399	398
Wastewater contributions	972	975
Water contributions	439	439
Reserves contributions	360	359
Total development and financial contributions	2,169	2,167

22. Borrowings

Internal loans

Internal loans total \$29.0 million (2017: \$20.2 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 5.15 percent (2017: 5.72 percent).

A summary of these internal loans by group activity follows:

Internal loans

	Balance 2017 (\$000)	New Advances (\$000)	Total Repayments (\$000)	Interest Paid (\$000)	Balance 2018 (\$000)
Community Services	3,887	12	344	29	3,555
District Leadership	1,509	839	91	8	2,257
Regulatory Services	-	26	-	-	26
Roads and Footpaths	-	8,058	-	-	8,058
Solid Waste	233	-	39	3	194
Stormwater	268	-	16	1	252
Wastewater	7,462	655	713	44	7,404
Water Supply	6,844	651	209	17	7,286
	20,204	10,240	1,413	101	29,031

Internal loans are repaid through rates by ratepayers.

Council uses internal loans instead of external borrowings where possible as it results in a lower overall cost of operations.

Movements in internal loans are show in "increase/(decrease) changes in debt" in various funding impact statements, however they eliminated in the statement of financial position.

23. Provisions

Provisions are represented by:	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Landfill aftercare provision – Balance 1 July	39	34
Unused amounts reversed during the year	(5)	(6)
Landfill aftercare provision – Balance 30 June	34	28
Other Provisions	-	-
	34	28
Current	14	14
Non-Current	20	14
Closing balance	34	28

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 (2017: 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:	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Income	2,167	2,320
Expenses	(2,211)	(2,310)
Share of surplus/(deficit)	(44)	10
Current Assets	1,266	1,349
Non-Current Assets	122	-
Current Liabilities	(923)	(875)
Share of Equity	465	474

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.

Venture Southland's financial statements have been prepared on a disestablishment basis as Venture Southland is expected to cease operating on 31 January 2019 and transition into a Council Controlled Organisation. Venture Southland's main funding will be cease on 31 January 2019. All assets, liabilities and contracts are expected to be transferred to the new entity on 1 February 2019.

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 Council 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. This will be implemented on 31 January 2019.

Following public consultation in 2017, it was agreed to form a Council Controlled Organisation which will incorporate Venture Southland. All staff, assets, liabilities and contracts are expected to be transferred into the new entity on 1 February 2019. The entity will include Venture Southland's current shareholders as well as additional shareholders.

As at the date of authorising these financial statements, Venture Southland in its current structure will cease on 31 January 2019 and therefore these financial statements have been prepared on a non-going concern basis. As all assets, liabilities and contracts are expected to transfer to the new entity, assets and liabilities are recorded on the same basis as the prior year, with the exception of property, plant and equipment which is now recognised as a current asset.

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 2018 of \$809,452 (2017: \$569,430).

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)

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Operating Surplus	127	3,701
Add/(Less) Non-Cash Items		
Depreciation and Amortisation	21,832	22,646
Vested Assets	-	(55)
Forestry Revaluation	(773)	296
Loss on Emission Trading Units	-	320
Reclassification of Work in Progress (Intangibles)	-	1,378
Add/(Less) Movements in Working Capital Items		
Trade and Other Receivables	(1,785)	(289)
Interest Receivable	(5)	28
Inventories and Work in Progress	(8)	-
Trade and Other Payables	385	(169)
Provision	(51)	(6)
Net GST	(25)	17
Development & Financial Contributions	(116)	(2)
Other		
Movement in Employee Benefit Liabilities	2	124
(Gains)/Losses on Disposal of Investments	(227)	193
Movement in Provision for Decommissioning	(19)	(6)
Movement in Work in Progress (Non-Current)	1,835	-
Net Cash Inflow/(Outflow) from Operating Activities	21,172	28,183

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 2018 (2017: 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	2016/2017 Actual (\$000)		2017/2018 Actual (\$000)	
	+100bps	-100bps	+100bps	-100bps
Cash and Cash Equivalents	\$88	(\$88)	\$101	(\$101)
Borrowings	-	-	-	-

Explanation of Sensitivity Analysis

Cash and cash equivalents include short-term deposits at call totalling \$10.1 million (2017: \$8.8 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 \$101,151 (2017: \$88,142).

Council has a bank advance facility of \$5.0 million. This can be drawn down on when required. At 30 June 2018, the loan facility was not used. Therefore, there is no interest rate risk (2017: 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 Poor's 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	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Cash and Cash Equivalents	12	9,773	10,885
Trade and Other Receivables	13	7,715	7,936
Other Financial Assets (excluding shares in companies)	15	9,941	7,405
Total Credit Risk		27,429	26,226

	Note	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Cash at Bank and Term Deposits			
AA-	12	17,773	10,885
Total Cash at Bank and Term Deposits		17,773	10,885
Other Financial Assets			
AA-	15	1,845	7,719
Total Financial Assets		1,845	7,719

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 2018
Financial Assets					
Cash and Cash Equivalents	12	10,885	-	-	10,885
Trade and Other Receivables	13	7,936	-	-	7,936
Other Financial Assets (excluding shares in companies)	15	7,405	-	-	7,405
Financial Liabilities					
Trade and Other Payables	19	7,011	-	-	7,011
Borrowings	22	-	-	-	-

	Note	Less than 1 Year	1 Year	2 - 5 Years	Total 2017
Financial Assets					
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	-	-	17,157
Financial Liabilities					
Trade and Other Payables	19	7,152	-	-	7,152
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 conditions 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	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Funding provided by SDC	1,807	1,873
Services provided by SDC	232	228
Accounts payable to SDC	382	255
Accounts receivable from SDC	3	-

Key Management Personnel	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Councillors		
Remuneration	\$462	\$472
Full-time equivalent members	13	13
Executive Leadership Team, including the Chief Executive		
Remuneration	\$1,528	\$1,634
Full-time equivalent members	8.0	8.3
Total Key Management Personnel Compensation	\$1,990	\$2,106
Total Full-time equivalent personnel	21.0	21.3

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

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

28. Events after balance date

There were no significant events subsequent to balance date.

29. Statement of contingencies

A contingency represents future expenditure that either:

May or may not be expended, in part or in full, at some future date; or

Future expenditure that will be incurred at a future date, but which is unable to be quantified at this time.

Contingent liabilities

Contingent liabilities as at 30 June 2018 total \$2.2 million (2017: \$1.5 million). Specific details are as follows:

- (a) Guarantees

There are no guarantees at 30 June 2018 (2017: 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 \$966,024(2017: \$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 2018 (2017: 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.**

The Southland District Council is one of over 50 councils named in a legal action taken by Carter Holt Harvey in relation to one of its products. This was in response to legal action taken by the Ministry of Education against Carter Holt Harvey in relation to this matter. Over 800 individual named buildings are involved in this legal process throughout New Zealand, with Southland District Council having only 1 of the named buildings, located in Te Anau. Council is monitoring ongoing developments and is legally represented through a combined legal representation on behalf of the councils involved.

(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 2018 74.6 (2017: 44.5) 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 \$1,184,126 (2017: \$538,842). All 74.6 hectares of forest will be replanted by the end of September 2019.

(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) Judicial review

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 \$12,951 (GST inclusive). Council has filed a statement of defence and are awaiting notification of discovery from the plaintiff. As at the date of this report, a trial date has not been set.

(h) Joint venture

Venture Southland has no contingent assets or contingent liabilities as at 30 June 2018 (2017: Nil).

(i) Contingent assets

Council has no contingent assets as at 30 June 2018 (2017: 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.

	2016/2017 Actual (\$000)	2017/2018 Actual (\$000)
Capital commitments		
Commitments for capital expenditure contracted, but not provided for		
Water Supply	144	432
Waste Water	119	468
Roading and Footpaths	28,570	29,608
	28,833	30,508
Operating commitments		
Commitments for non-cancellable operating leases and other operating commitments		
Not later than one year	14,874	15,629
Later than one year and not later than two years*	14,235*	14,577
Later than two years and not later than five years	38,269	44,000
Later than five years	-	8,212
	67,378	82,418
Other commitments		
Iwi funding	41	41
Regional Heritage	544	544
	585	585

Council has agreed to fund other commitments in the 2017/2018 financial year of \$0.74 million (2017: \$0.74million), subject to certain criteria being met.

*Council has restated the Operating commitments - Later than one year not later than two, for 2016/2017 from \$23.1 million to \$14.2 million due to a matter identified in the current year.

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 of Southland 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	2016/2017 Actual (\$000)	2017/2018 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	164	93
Later than one year and not later than two years	90	90
Later than two years and not later than five years	17	11
	271	194

31. Severance payments

For the year ended 30 June 2018, the Council made two (2017: no) severance payments to employees totalling \$37,264 (2017: Nil).

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	2017/2018 Actual (\$000)
Revenue (excluding asset development revenue)	(a)	5,706
Asset Development Revenue		
- Development and Financial Contributions	(b)	(82)
Expenditure	(c)	(3,306)
Net impact of variance on surplus(deficit)		2,319
Revaluation surplus	(d)	19,137
Total variance in Statement of comprehensive revenue and expense		21,646

Explanatory Notes

Statement of comprehensive revenue and expense

(a) Revenue

Statement of Comprehensive Revenue and Expense

Overall revenue was \$5,706 million more than budgeted mainly due to:

\$1.6 million additional other revenue primarily due additional forestry harvesting being undertaken.

\$2.0 million additional grants from NZTA in relation to the Southern Scenic Route seal project.

\$2.3 million is Council's share of gross revenue from Venture Southland (not separately budgeted for).

(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. Development Contributions are in remission and only financial contributions were collected.

(c) Expense

Overall operating expenditure was \$ 3.306 million more than budgeted primarily due to:

\$1.9 million of costs associated with digitisation of Council's property files (this was capitalised in the budget)

\$0.6 million additional forestry harvesting costs

\$2.3 million Council's share of gross expenditure from Venture Southland (budgeted for a net cost of \$1.7 million).

(d) Overall revaluation surplus was \$19.137 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 (\$30.1 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 \$80.2 million more than budgeted, predominantly as a result of the higher-than-budgeted revaluation of infrastructural assets.

Reserves are also higher due to previous work done on The Around The Mountains Cycle Trail being funded from an internal loan and will no longer reflect as a negative interest bearing reserve.

Schedule of financial reserves

Restricted reserves

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2018 (\$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	163	4	0	167
	Environmental Services	Dog and Animal Control	Animal Control	Residual funds from Dog and Animal Control Activity	94	2	(71)	25
	John Beange	John Beange	Community Assistance	Funding available in Edendale and Wyndham Area	36	0	(2)	34
	Sthld Joint Mayoral Fund	Sthld Joint Mayoral Fund	Community Assistance	Residual Funds from Southland Flood Relief	170	0	0	170
	Allocation Committee	Com Development Fund	Community Assistance	Development of Community Facilities, Recreational Opportunities and events	250	7	(18)	240
	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	279	8	0	287
	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	1	0	(1)	0
	Allocation Committee	SPARC	Community Assistance	To subsidise travel costs for people 5-19 years of age participating in regular sporting competition	0	0	0	0
	Allocation Committee	Meridian Contribution	Community Assistance	Support Northern Southland community initiatives by way of grants	327	10	(14)	323
	Allocation Committee	Ohai Railway Board	Community Assistance	Support Ohai community initiatives by way of grants	1,801	120	(30)	1,891
	Allocation Committee	Ohai/Nightcaps Doc	Community Assistance	Medical services within Ohai and Nightcaps, including local ambulance	37	1	0	38
	Allocation Committee	District Heritage Grant	Community Assistance	Support the heritage in the district area.	28	1	(5)	24
	Allocation Committee	Fonterra Res Contribution	Community Assistance	Support to the Te Tipua community initiatives by way of grants	400	12	0	412
	Allocation Committee	Stewart Island Visitor Levy	Community Assistance	Stewart Island Visitor Levy funds	21	12	0	33

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2018 (\$000)
	Specific	ECNZ - Projects	District Support	Funds available for future projects in accordance with ECNZ requirements	21	0	0	21
Total Restricted District Reserves					3,631	177	(140)	3,677

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017	Deposits in (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2018
Local Reserves								
	Wallacetown	Cemetery Bequest	Cemetery	Wallacetown Cemetery	70	2	0	72
Total Restricted Local Reserves Wallacetown								
	Winton	Birthing Centre	Community Facilities	Winton Birthing Centre	6	0	(6)	0
	Winton	Medical Centre Equip	Community Facilities	Winton Medical Centre	56	1	(56)	1
Total Restricted Local Reserves Winton								
Total Restricted Local Reserves					131	3	(61)	73
Total Restricted District Reserves					3,762	180	(202)	3,740

Council created – General

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2018 (\$000)
District Reserves								
	Council	Global	District Support	General Reserve	929	25	0	954
	Council	District Operations	District Support	General Reserve	1,780	1,193	(997)	1,976
	Council	Strategic Assets Reserve	District Support	Offset Rates	8,508	0	0	8,508
Total Council Created General District Reserves					11,217	1,218	(997)	11,438
Total Council Created - General Reserves					11,217	1,218	(997)	11,438

Council created – Special

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2018 (\$000)
District Reserves								
	Asset & Services	Community Housing	Community Housing	Operational reserve for community housing	108	102	(64)	146
	Asset & Services	Community Task Force	Community Assistance	Operational reserve for community task force	26	0	(16)	10
	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	2,586	2,958	(889)	4,654
	Asset & Services	Gravel Reserves	Roads and Footpath	Ensure Council has sufficient funds available for reinstatement of Council's pits	420	188	0	608
	Asset & Services	Depreciation Motor Vehicle	Various	Fund Motor Vehicle Fleet Replacements	778	318	(505)	590
	Asset & Services	Depreciation Buildings	Various	Fund Building Replacements	50	108	(51)	107
	Asset & Services	Depreciation IT	Various	Fund IT Replacements	106	127	(12)	221
	Asset & Services	Depreciation Matuku	Water Supply	Fund Matuku Water Scheme Replacements	2	2	(3)	0
	Asset & Services	Depreciation Public Conveniences	Various	Fund Public Conveniences Replacements	3	72	(74)	1
	Asset & Services	Depreciation Te Anau Rural Water	Water Supply	Fund Te Anau Rural Water Scheme Replacements	53	152	(164)	41
	Asset & Services	Depreciation Waste Management	Waste management	Fund Waste Management Replacements	8	23	(15)	15
	Asset & Services	Depreciation Wheelie Bin	Waste management	Fund Wheelie Bin Replacements	15	14	0	29
	Asset & Services	Depreciation Sewerage	Sewerage	Fund Sewerage Replacements	225	1,295	(1,520)	0
	Asset & Services	Depreciation Roding	Roding	Fund Roding Replacements	269	7,972	(7,972)	269
	Asset & Services	Public Toilets Capital Pro Reserve	Various		2	117	(119)	0
	Asset & Services	Property Development	Various	Balancing fund for sales and operational building expenditure	578	415	(339)	654
	Asset & Services	Proposed Wastewater	Wastewater	Operational account for proposed Wastewater	485	0	(485)	0
	Asset & Services	Proposed Water	Water Supply	Operational account for proposed water	540	0	0	540
	Asset & Services	Roding	Roads and Footpath	General Roding reserve	1,121	712	(268)	1,565

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2018 (\$000)
	Asset & Services	Road Safety Community	Roads and Footpath	Funding accrued from programmes not completed by year end	(1)	0	0	(1)
	Asset & Services	Waste Management	Solid Waste Management	General waste reserve	132	61	0	193
	Asset & Services	Water Schemes	Water Supply	Development for water schemes	532	62	0	594
	Asset & Services	District Wastewater	Wastewater	Development for Wastewater schemes	308	598	0	906
	Asset & Services	District Stormwater	Stormwater	Stormwater Investigations	0	0	0	0
	Asset & Services	District Water	Water	Development for Water schemes	163	2	(163)	2
	Asset & Services	Wastewater Contribution	Wastewater	Development for building Wastewater	6	0	0	6
Total Council Created - Special Reserves Assets & Services					11,108	15,296	(12,660)	13,745
	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	Roads and Footpath	Around the Mountains Cycle Trail	(4,601)	4,389	(25)	(237)
Total Council Created - Special Reserves Chief Exec					(4,540)	4,389	(25)	(176)
	Policy and Community	Waimumu Field Day	Corporate Support	Fund Council's Field Day every two years	16	0	(16)	0
	Policy and Community	Community Outcomes	Strategy and Communication	Contribute Southland Regional Development Strategy	81	23	0	104
	Policy and Community	Elections	Representation and Advocacy	Fund Council's election costs every three years	0	43	0	43
Total Council Created - Special Reserves Policy and Community					97	66	(16)	147
	Development and Financial	Parks Contribution	Parks and Reserves	Contribution to capital activity - Parks and Reserves	129	4	0	133
	Development and Financial	Roading Contribution	Roading and Transport	Contribution to capital activity - Roading and transport	285	9	0	293
	Development and Financial	Wastewater Contribution	Wastewater	Contribution to capital activity - Wastewater	325	10	0	335
	Development and Financial	Water Contribution	Water Supply	Contribution to capital activity - Water	102	3	0	105
Total Council Created - Special Reserves Development and Financial Contributions					841	25	0	867
	Environment & Community	Alcohol Licensing	Environmental Health	Residual funds from Alcohol Licensing	41	2	0	43
	Environment & Community	Health Licensing	Environmental Health	Residual funds from Health Licensing	(31)	0	(20)	(52)

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2018 (\$000)
	Environment & Community	Corporate Uniforms	District Support	Staff uniform subsidies	24	0	(24)	0
Total Council Created - Special Reserves Environment Service					34	2	(44)	(9)
	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	43	12	0	56
	Holding	Stewart Island Heritage Building	Community Assistance	Set up for new Heritage Building	9	0	0	9
Council Created - Special Reserves Holding					97	12	0	109
	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	Predator Free Rakiura			0	51	0	51
	Specific	Rates Civil Defence/ Rural Fi			0	10	0	10
	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	61	0	1,509
Total Council Created - Special District Reserves					9,085	19,852	(12,745)	16,192

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Opening Balance 30/6/2018 (\$000)
Local Reserves								
	Athol	General	Various	Athol General Purpose	39	4	(5)	38
	Athol	Community Centres	Community Centres	Athol Hall	6	2	0	8
Council Created - Special Reserves Athol					45	6	(5)	46
	Balfour	Community Centres	Community Centres	Balfour Hall	0	0	0	0
	Balfour	General	Various	Balfour General Purpose	95	9	0	104
Council Created - Special Reserves Balfour					95	9	0	104
	Browns	Community Centres	Community Facilities	Balfour Hall	2	9	(10)	0
	Browns	General	Various	Balfour General Purpose	45	3	0	48
Council Created - Special Reserves Browns					47	12	(10)	48
	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	26	2	0	28
	Clifden	Rec Reserve Committee	Parks and Reserves	Clifden Reserves	44	1	(22)	23
Council Created - Special Reserves Clifden					70	3	(22)	51
	Colac Bay	Community Centres	Community Facilities	Colac Bay Hall	10	0	(7)	4
	Colac Bay	General	Various	Colac Bay General Purpose	33	6	0	38
					43	6	(7)	42
	Dipton	Cemetery	Cemetery	Dipton Cemetery	13	1	0	14
	Dipton	General	Various	Dipton General Purpose	53	3	(1)	54
	Dipton	Stormwater	Stormwater	Dipton Stormwater	22	1	0	23
	Dipton	Community Centres	Community Facilities	Dipton Hall	22	5	0	28
Council Created - Special Reserves Dipton					110	11	(1)	119
	Drummond	General	Various	Drummond General Purpose	9	1	0	11
	Drummond	Rec Reserve Committee	Parks and Reserves	Drummond Reserves	11	0	0	11
Council Created - Special Reserves Drummond					20	2	0	22
	Edendale	Cemetery	Various	Edendale Cemetery	10	3	0	13

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Opening Balance 30/6/2018 (\$000)
	Edendale	Community Centre	Community Facilities	Edendale Hall	159	18	0	178
	Edendale	Grant Hall Upgrade	Community Facilities	Edendale Hall Upgrade	2	0	(2)	0
	Edendale	Pool	Various	Edendale Pool	1	0	0	1
	Edendale-Wyndham	Footpaths	Various	Footpaths	48	1	(48)	1
	Edendale-Wyndham	General	Various	General Purpose	106	48	(26)	129
	Edendale-Wyndham	Stormwater	Stormwater	Stormwater	373	18	0	391
	Wyndham	Community Centre	Community Facilities	Wyndham Community Centre	(10)	0	(10)	0
Council Created - Special Reserves Edendale-Wyndham					690	89	(66)	712
	Five Rivers	Community Centre	Community Facilities	Five Rivers Hall	14	2	0	16
Council Created - Special Reserves Five Rivers					14	2	0	16
	Fortrose	Community Centre	Community Facilities	Fortrose Hall	4	0	(2)	2
Council Created - Special Reserves Fortrose					4	0	(2)	2
	Garston	Special Projects	Various	Garston General Purpose	26	5	0	31
Council Created - Special Reserves Garston					26	5	0	31
	Gorge Road	Gorge Road Local	Various	Gorge Road General Purpose	0	0	0	0
	Gorge Road	Gorge Road General	Various	Gorge Road General Purpose	32	4	0	37
Council Created - Special Reserves Gorge Road					32	4	0	37
	Hokonui	Community Centre	Community Facilities	Hokonui Community Centre	7	1	(9)	0
Council Created - Special Reserves Hokonui					7	1	(9)	0
	Limehills	Hall Improvement	Community Facilities	Limehills Hall	10	0	(10)	0
	Limehills	General	Various	Limehills General Purpose	10	1	(5)	7
	Limehills	Stormwater	Stormwater	Limehills Stormwater	43	5	0	49
Council Created - Special Reserves Limehills					64	7	(15)	55
	Longbush	Community Centre	Community Facilities	Longbush Community Centre	4	0	(4)	0
Council Created - Special Reserves Longbush					4	0	(4)	0
	Lumsden	Footpaths	Roading and Footpaths	Lumsden Footpaths	53	1	(38)	17
	Lumsden	General	Various	Lumsden General Purpose	41	55	(7)	89
	Lumsden	Property Sales	Various	Lumsden General Purpose	6	0	0	6

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Opening Balance 30/6/2018 (\$000)
	Lumsden	Stormwater	Stormwater	Lumsden Stormwater	103	7	(44)	65
	Lumsden	Community Centre	Community Facilities	Lumsden Community Centre	9	4	0	12
Council Created - Special Reserves Lumsden					211	66	(89)	188
	Manapouri	Frasers Beach	Parks and Reserves	Frasers Beach Reserve	67	2	(33)	35
	Manapouri	General	Various	Manapouri General Purpose	79	15	(12)	82
	Manapouri	Community Centre	Community Facilities	Manapouri Community Centre	19	15	(19)	15
	Manapouri	Swimming Pool Area	Parks and Reserves	Manapouri Pool	14	4	0	18
Council Created - Special Reserves Manapouri					179	35	(64)	151
	Mararoa/Waimea Ward	Mararoa/Waimea Ward	Various	Mararoa/Waimea Ward	316	10	(45)	282
Council Created - Special Reserves Mararoa/Waimea Ward					316	10	(45)	282
	Mataura Island	Community Centre	Community Facilities	Mataura Island Community Centre	5	0	0	5
Council Created - Special Reserves Mataura Island					5	0	0	5
	Matuku	Rural WS General	Water Supply	Matuku Water	7	0	(2)	5
Council Created - Special Reserves Matuku					7	0	(2)	5
	Menzies Ferry	Community Centre	Community Facilities	Menzies Ferry Community Centre	2	1	0	3
Council Created - Special Reserves Menzies Ferry					2	1	0	3
	Mokoreta/Redan	Community Centre	Community Facilities	Mokoreta/Redan Community Centre	11	4	0	15
Council Created - Special Reserves Mokoreta/Redan					11	4	0	15
	Mossburn	General	Various	Mossburn General Purpose	102	10	(4)	108
	Mossburn	Forestry			0	2	0	2
	Mossburn	Community Centre	Community Facilities	Mossburn Community Centre	0	0	0	0
Council Created - Special Reserves Mossburn					102	12	(4)	110
	Nightcaps	McGregor Park	Parks and Reserves	Nightcaps McGregor Park	108	13	0	121
	Nightcaps	Community Centre	Community Facilities	Nightcaps Community Centre	5	3	0	8
	Nightcaps	General	Various	Nightcaps General Purpose	14	7	(1)	20
	Nightcaps	Stormwater - OPR	Various	Nightcaps General Purpose	8	0	(7)	1

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Opening Balance 30/6/2018 (\$000)
Council Created - Special Reserves Nightcaps					135	23	(7)	150
	Ohai	Community Centre	Community Facilities	Ohai Community Centre	10	1	0	11
	Ohai	General	Various	Ohai General Purpose	115	6	(3)	118
	Ohai	Stormwater	Stormwater	Ohai Stormwater	144	4	0	149
Council Created - Special Reserves Ohai					270	11	(3)	278
	Orawia	Community Centre	Community Facilities	Orawia Community Centre	6	8	0	14
Council Created - Special Reserves Orawia					6	8	0	14
	Orepuki	General	Various	Orepuki General Purpose	30	4	0	34
	Orepuki	Community Centre	Community Facilities	Orepuki Community Centre	5	6	0	12
Council Created - Special Reserves Orepuki					36	10	0	46
	Oreti	Community Centre	Community Facilities	Oreti Community Centre	21	0	(14)	8
Council Created - Special Reserves Oreti					21	0	(14)	8
	Otapiri/Lora	Community Centre	Community Facilities	Otapiri/Lora Community Centre	31	9	0	40
Council Created - Special Reserves Otapiri/Lora					31	9	0	40
	Otautau	Baths	Community Facilities	Otautau Pool	63	11	0	74
	Otautau	Brightwood Develop Co	Community Facilities	Otautau Financial Contribution	15	0	0	16
	Otautau	CB Conference	Community Facilities	Community board conference	6	0	0	6
	Otautau	Forestry	Forestry	Holt Park Forestry	170	5	(7)	168
	Otautau	General	Community Facilities	Otautau General Purpose	115	20	(35)	100
	Otautau	Bowling Club	Community Facilities	Bowling Club	1	0	0	1
	Otautau	Stormwater	Stormwater	Otautau Stormwater	224	18	0	242
	Otautau	Community Centre	Community Facilities	Otautau Community Centre	25	1	0	27
Council Created - Special Reserves Otautau					620	56	(42)	634
	Riversdale	Fire Bore	Various	Riversdale General Purpose	6	0	(5)	1
	Riversdale	General	Various	Riversdale General Purpose	69	11	(10)	70
Council Created - Special Reserves Riversdale					75	11	(15)	71

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Opening Balance 30/6/2018 (\$000)
	Riverton	Cemetery Maintenance	Cemetery	Riverton Cemeteries	42	12	0	53
	Riverton	Doc Profits Lib Sale	Various	Riverton Projects	62	2	0	64
	Riverton	General	Various	Riverton General Purpose	377	31	(9)	398
	Riverton	Riverton Harbour General	Community Facilities	Riverton Harbour	90	2	(37)	55
	Riverton	Parks & Res Develop	Parks and Reserves	Riverton Parks and Reserves	29	1	(2)	27
	Riverton	Property Sales	Various	Riverton General Purpose	307	8	(82)	233
	Riverton	War Memorial	Parks and Reserves	Riverton War Memorial	10	2	0	12
	Riverton	Stormwater Headworks	Stormwater	Riverton Stormwater	1	59	0	61
	Riverton	Taramea Bay/Rocks Development	Community Facilities	Taramea Cay Foreshore	29	4	0	32
	Riverton	Taramea Howells Point	Community Facilities	Taramea Howells Point	15	5	0	20
Council Created - Special Reserves Riverton					962	124	(131)	956
	Ryal Bush	Community Centre	Community Facilities	Ryal Bush Community Centre	5	2	0	7
Council Created - Special Reserves Ryal Bush					5	2	0	7
	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	206	21	(59)	168
	Stewart Island	Waste Management	Various	Stewart Island General Purpose	23	6	0	29
	Stewart Island	Jetties	Various	Stewart Island Jetties	203	49	0	252
Council Created - Special Reserves Stewart Island					433	76	(59)	449
	Te Anau	Te Anau Carpark Res	Various	Te Anau General Purpose	23	1	0	24
	Te Anau	Cemetery Improvements	Cemeteries	Te Anau Cemetery	2	0	0	2
	Te Anau	General	Various	Te Anau General Purpose	550	172	(34)	687
	Te Anau	Luxmore	Various	Luxmore Subdivision	1,054	31	(44)	1,041
	Te Anau	Manapouri Airport	Te Anau Manapouri Airports	Te Anau Manapouri Airports	63	88	0	151
	Te Anau	Rural WS General	Water Supply	Te Anau Water	102	2	(102)	2

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Opening Balance 30/6/2018 (\$000)
	Te Anau	Stormwater	Various	Te Anau General Purpose	461	18	0	479
	Te Anau	Sandy Brown Loan	Loan	Loan to Ratepayers	(12)	3	0	(9)
Council Created - Special Reserves Te Anau					2,242	314	(180)	2,376
	Thornbury	Community Centre	Community Facilities	Thornbury Community Centre	7	0	(9)	(1)
	Thornbury	General	Various	Thornbury General Purpose	23	1	(1)	22
Council Created - Special Reserves Thornbury					30	1	(10)	21
	Tokenui	General	Various	Tokenui General Purpose	52	8	(2)	58
	Tokenui	Community Centre	Community Facilities	Tokenui Community Centre	7	0	0	7
Council Created - Special Reserves Tokenui					59	8	(2)	65
	Tuatapere	Water Meridian Contract	Various	Tuatapere General Purpose	7	0	0	7
	Tuatapere	Community Centre	Community Facilities	Tuatapere Community Centre	21	1	(6)	16
	Tuatapere	General - OPR	Various	Tuatapere General Purpose	0	0	0	0
	Tuatapere	General	Various	Tuatapere General Purpose	261	10	(1)	270
	Tuatapere	Property	Various	Tuatapere General Purpose	3	0	0	3
	Tuatapere	Waiiau River Collection	Various	Tuatapere Waiiau River	1	0	0	1
Council Created - Special Reserves Tuatapere					292	11	(6)	297
	Tussock Creek	Community Centre	Community Facilities	Tussock Creek Community Centre	1	0	(1)	0
Council Created - Special Reserves Tussock Creek					1	0	(1)	0
	Waianiwa	Community Centre	Community Facilities	Waianiwa Community Centres	14	2	0	16
Council Created - Special Reserves Waianiwa					14	2	0	16
	Waiiau/Aparima Ward	Arboretum Reserve	Various	Arboretum Reserve	12	0	(1)	11
	Waiiau/Aparima Ward	Wairio Cemetery	Cemeteries	Wairio Cemetery	55	2	(5)	52
	Waiiau/Aparima Ward	Wairio Town General	Various	Wairio General Purpose	5	0	0	5
	Waiiau/Aparima Ward	Wairio Reserve	Various	Wairio Reserve	7	0	0	7
	Waiiau/Aparima Ward	Takitimu Reserve	Various	Takitimu Reserve	23	1	(2)	22
	Waiiau/Aparima Ward	Tuatapere Ward Pool	Various	Tuatapere Ward Pools	18	11	0	29
	Waiiau/Aparima Ward	Cosy Nook	Various	Cosy Nook General Purpose	14	4	0	18
	Waiiau/Aparima Ward	Hirstfield Reserve	Various	Hirstfield Reserve General Purpose	16	3	0	18

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Opening Balance 30/6/2018 (\$000)
	Waiau/Aparima Ward	Waiau/Aparima Ward	Various	Waiau/Aparima Ward	259	11	(9)	262
	Waiau/Aparima Ward	Calcium Cemetery	Cemeteries	Calcium Cemetery	16	1	0	17
Council Created - Special Reserves Waiau/Aparima Ward					425	32	(17)	441
	Waihopai/Toetoes Ward	Waihopai/Toetoes Ward	Various	Waihopai/Toetoes Ward	193	8	(10)	191
Council Created - Special Reserves Waihopai Toetoes Ward					193	8	(10)	191
	Waikaia	Dickson Park	Parks and Reserves	Waikaia General Purpose	14	0	(1)	14
	Waikaia	General	Various	Waikaia General Purpose	85	10	(6)	89
	Waikaia	Museum Donations	Community Facilities	Waikaia Museum	2	0	0	3
	Waikaia	Refuse Removal	Solid Waste Management	Waikaia General Purpose	9	0	0	9
	Waikaia	Stormwater	Stormwater	Waikaia Stormwater	98	7	0	105
Council Created - Special Reserves Waikaia					210	18	(8)	220
	Waikawa/Niagara	Community Centre	Community Facilities	Waikawa/Niagara Community Centres	17	1	0	18
Council Created - Special Reserves Waikawa/Niagara					17	1	0	18
	Waitane Glencoe	Res Reserve Committee	Parks and Reserves	Waitane Glencoe Reserves	1	0	0	1
Council Created - Special Reserves Waitane Glencoe					1	0	0	1
	Wallacetown	General	Various	Wallacetown General Purpose	181	15	(3)	193
	Wallacetown	Stormwater	Stormwater	Wallacetown General Purpose	43	2	0	44
Council Created - Special Reserves Wallacetown Ward					224	17	(3)	238
	Winton	Community Centre	Community Facilities	Winton Community Centres	0	11	(2)	9
	Winton	General	Various	Winton General Purpose	284	30	(73)	241
	Winton	Medical Centre General	Community Facilities	Winton Medical Centre	56	82	(17)	122
	Winton	Multi Sports	Parks and Reserves	Winton Sports Complex	6	0	0	6
	Winton	Property Sales	Various	Winton General Purpose	352	75	0	427
	Winton	Res Capital Development	Various	Winton General Purpose	97	3	0	100
	Winton	Stormwater	Stormwater	Winton Stormwater	104	2	(104)	2
Council Created - Special Reserves Winton					900	203	(196)	907
	Winton/Wallacetown Ward	Winton/Wallacetown Ward	Various	Winton/Wallacetown Ward	461	14	(56)	419

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2017 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Opening Balance 30/6/2018 (\$000)
Council Created - Special Reserves Winton/Wallacetown Ward					461	14	(56)	419
	Woodlands	General	Various	Woodlands General Purpose	96	7	0	103
	Woodlands	Septic Tank Rates	Wastewater	Woodlands Septic Tank Cleaning	10	0	(1)	9
Council Created - Special Reserves Woodlands					106	8	(1)	112
Total Council Created - Special Local Reserves					10,364	1,254	(1,104)	10,512
Total Council Created - Special Reserves					19,449	21,105	(13,849)	26,705
Total Restricted					3,762	180	(202)	3,740
TOTAL RESERVE FUNDS					34,427	22,504	(15,048)	41,883



• • **SOUTHLAND** • •
DISTRICT COUNCIL