



Growing Invercargill
2013-2014
ANNUAL REPORT

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Introduction

In 2013 the Invercargill District had a total population of 51,696. This is a 2.7% increase on the 2006 population. According to Statistics New Zealand (October 2012 update) a District population of 53,400 (medium projection) is estimated by 2031.

The District's median age is 39.2 years - the New Zealand median age being 38 years.

Most residents (91%) were born in New Zealand.

Home ownership in the Invercargill District (70.4%) is higher than the New Zealand average.

Invercargill houses are older with only 13% having been built since 1980.

Personal income is increasing, with the median income in Invercargill increasing 24% from 2006.

Invercargill City's regional performance growth ranking for 2012 was 39. The ranking is developed by BERL (Business and Economic Research Limited) for all

local authorities with 1 being the local authority with the greatest growth and 66 the lowest. The ranking includes changes in population, employment, GDP and business units.

Extending from Makarewa in the north to Bluff in the south, Kennington in the east and Oreti Beach in the west, the Invercargill district encompasses an area of 49,142 hectares. Landscape features of importance to the community include Bluff Hill (Motupohue) and extensive network of waterways which bisect the District. The urban areas of Invercargill and Bluff contain extensive areas of open space as well as distinct heritage buildings.

The District's coastal location provides a mild climate with long summer daylight hours and defined seasonal variations. The average annual temperature is 9.9°C with 1,614 sunshine hours. Rainfall averages 1,112mm/year and is spread evenly throughout the year.

COUNCIL VISION

Creating an exciting, innovative, safe, caring and friendly City offering lifestyles based on a healthy environment and diverse growing economy.

Mayor's Comment



Prior to the last round of local government reforms the social, cultural, environmental and economic well-beings were Council's *raison d'être*. In today's world these lofty objectives have been given the

boot and councils are expected to focus on the core business of infrastructure.

Of course in local government we always have and always will focus on infrastructure but it made a great sound bite for the six Ministers of Local Government we've had thrust upon us over the last decade. Let's face it, everyone wants water coming out of their taps, their roads tar sealed and their rubbish picked up. The question is should local councils do more than maintain drains and other basic infrastructure? Ironically the governments answer is clearly, "yes!" Take for example the hundred year commemorations of World War 1. This is clearly not infrastructure but local councils throughout New Zealand have been called upon to mobilise our museums, theatres, art galleries and parks so that we have venues in which to commemorate our history. Of course we are proud to respond when the bugle sounds. It is our duty to do so. We will organise displays and events over the next five years and central government has, much to our surprise, agreed to provide substantial funding for this project.

In last year's Annual Report I outlined our commitment to the Tiwai Smelter, Stadium Southland, the challenges we faced over restructuring and earthquake prone buildings. This year we will have to tackle the future of Rugby Park, the Airport Terminal redevelopment, environmental issues regarding water and the Local Government Official Information Act.

A recent poll found that Invercargill was the happiest city in New Zealand and I'm sure our 0.62% 2014/15 year rate increase contributed to that feeling of well-being. Our victory over the government's attempt to establish legal high shops was also a morale booster for our community. I believe however that our greatest success was the population increase of 2.7%. We have all helped transform Invercargill from a dying city to a growing city and we will be doing our best to ensure that growth continues.

Tim Shadbolt
MAYOR OF INVERCARGILL

Chief Executive's Comment



Council's Vision: Creating an exciting, innovative, safe, caring and friendly City offering lifestyles based on a healthy environment and diverse growing economy.

The 2013/14 year has been a very successful one for the City. After a tremendous amount of public consultation and a great deal of changes we are now ready to move forward with the first stage of the City Centre Rejuvenation Project starting with the Pocket Park on Esk Street. This will help bring new life to the city centre. With the completion of the Queens Drive and Tweed Street upgrade, and the addition of new bike lanes and pedestrian crossings it will be great to see more people out on their bikes and walking. What better way to enjoy our long daylight hours over summer?

Our Urban Rejuvenation Projects have also been a great success. From Invercargill to Bluff, community groups have been making major changes to showcase the beauty in our part of the South Island. There has been the addition of community gardens, hanging baskets, green waste removal projects, neighbourhood beautification and even street clean up projects. Soon we will be moving forward on an upgrade of Martin Street and Elles Road offering more lighting and a community focused design that will give people a place to sit and relax while in South City.

We successfully hosted the New Zealand Brass Band Competition bringing in new visitors from around New Zealand. With the completion of the stadium rebuild it will be great to see a lot more major events coming our way. With each new event we host it's another opportunity for even more people to fall in love with our city.

We still face the ongoing challenges that all regions in New Zealand face including an ageing population. However, your Council strives every year to be as innovative and forward thinking as possible. Council has continued to maintain low debt levels and has shown its financial approach to be sustainable by continuing to achieve the outcomes we agreed with the Community through the 2013/14 Annual Plan. Together we have achieved some great things this past year and I would like to thank Councillors, Staff and the Community for their contributions to the City. It is my hope that we will all continue to make the city a success for a long time to come.

Richard King
CHIEF EXECUTIVE

Elected Representatives



Tim Shadbolt
MAYOR
03 211 1777

The Invercargill City Council is chosen by the Invercargill public in elections held every three years. The last election was held in October 2013; the next Election Day will be 8 October 2016. The Council consists of the Mayor and 12 Councillors and its role is to provide and maintain services and amenities for the public of Invercargill. The Council is chosen by electors (the Invercargill public) to govern the City's affairs, such as making decisions on spending, priorities and policies.

Councillors for the 2013/2014 year were:



Lindsay Abbott
03 216 7111



Rebecca Amundsen
027 225 2664



Karen Arnold
03 217 9360



Neil Boniface
03 217 0405



Alan Dennis
027 274 4513



Lloyd Esler
03 213 0404



Peter Kett
03 215 6206



Graham Lewis
021 676 647



Darren Ludlow
DEPUTY MAYOR
021 217 2848



Ian Pottinger
0274 323 597

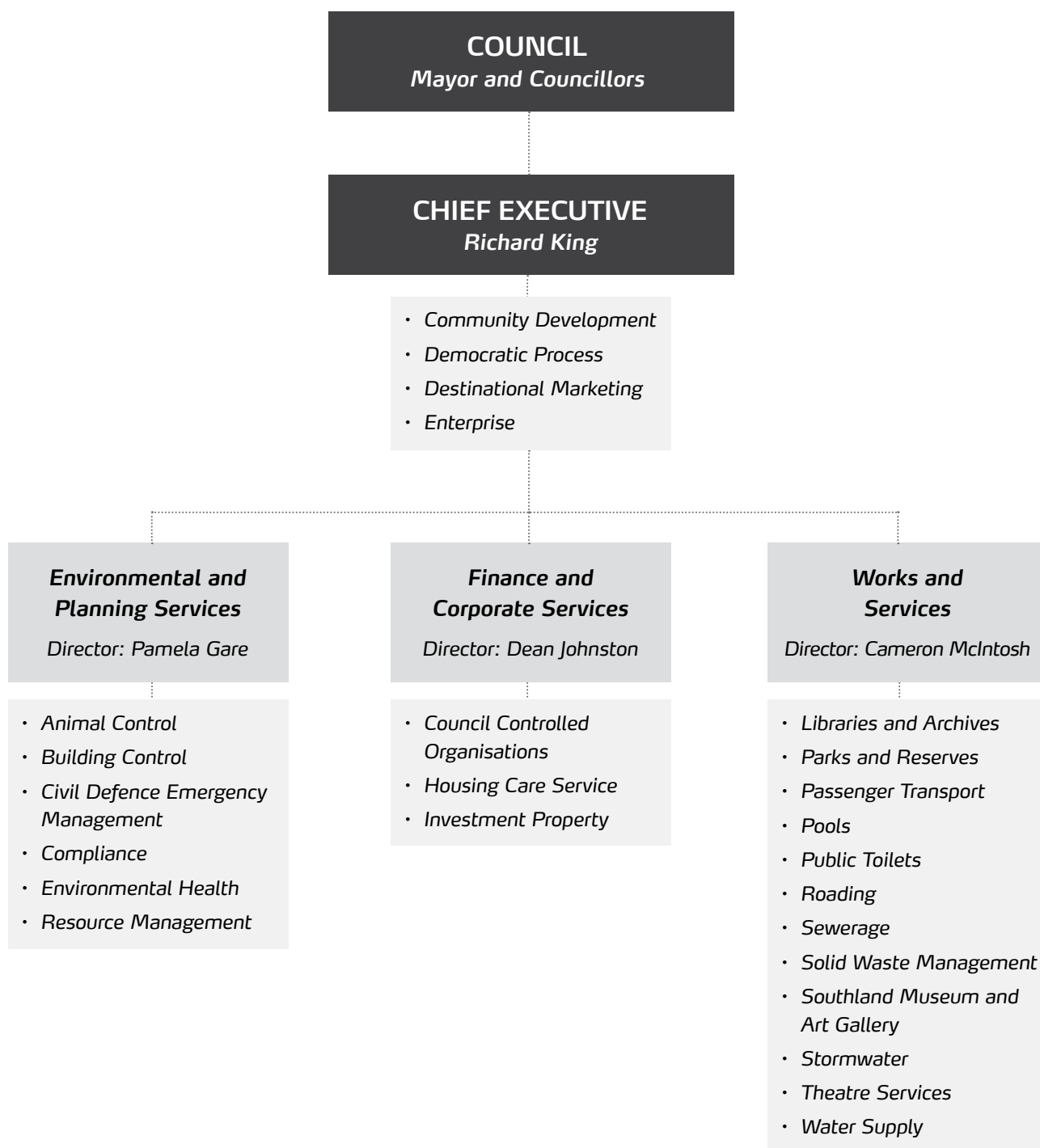


Graham Sycamore
0274 395 045



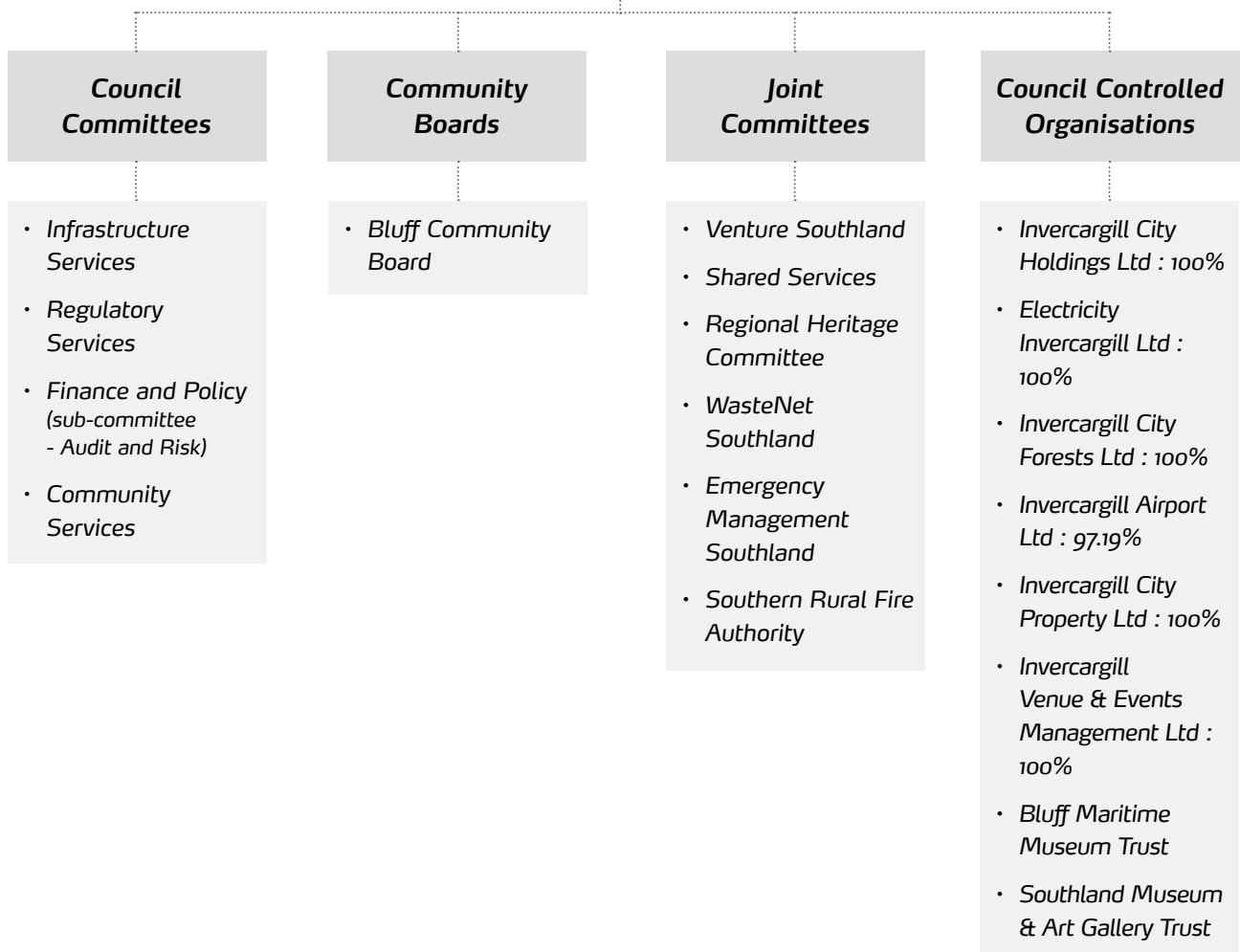
Lindsay Thomas
027 472 4730

Management Structure



The Council (elected members) employs the Chief Executive to head the management structure.

Council Structure



Financial Overview

<i>Financial Performance Summary</i>	2012/13	2013/14
	\$000	\$000
Rates Revenue	45,206	45,781
Other Revenue, Other Gains & Losses and Interest Revenue	32,595	35,607
Operating Expenditure including Interest Expenditure	76,867	78,442
Operating Surplus/(Deficit)	934	2,946
Working Capital (excluding loan facility)	(189)	5,630
Total Assets	698,888	741,827
External Debt	40,331	29,716
Fixed Assets (Net Book value)	617,628	675,635

<i>Financial Statistics Summary</i>	2012/13	2013/14
	\$000	\$000
Proportion of rates to Total Operating Revenue	58.81%	56.24%
Average rate revenue per rateable property	1,808.84	1,830.00
External Term Debt (as a percentage of total assets)	5.77%	4.01%
External Term Debt (per rateable property)	1,638.43	1,187.83

<i>Ratepayer Data</i>	2012/13	2013/14
Total Rateable Properties	24,997	25,017

FUNDING IMPACT STATEMENT - INVERCARGILL CITY COUNCIL

The Funding Impact Statement shows the sources and applications of Council's funding.

	<i>Long Term Plan 2012 - 2022</i>	<i>Actual</i>	<i>Annual Plan</i>	<i>Actual</i>
	<i>2012/13</i>	<i>2012/13</i>	<i>2013/14</i>	<i>2013/14</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Sources of operational funding				
General rates, uniform annual general charges, rates penalties	37,780	37,917	38,334	38,196
Targeted rates (other than targeted rate for water supply)	7,151	7,289	7,247	7,585
Subsidies and grants for operating purposes	3,212	3,518	3,683	3,805
Fees, charges and targeted rates for water supply	12,199	11,687	11,774	11,988
Interest and dividends from investments	4,358	4,626	4,575	4,551
Local authorities fuel tax, fines, infringement fees, and other receipts	7,703	8,112	9,066	9,582
Total operating funding	72,403	73,149	74,679	75,707
Applications of operational funding				
Payments to staff and suppliers	55,894	55,948	58,158	56,816
Finance costs	3,049	2,070	2,986	2,154
Other operating funding applications	-	-	-	-
Total applications of operational funding	58,943	58,018	61,144	58,970
Surplus (deficit) of operational funding	13,460	15,131	13,535	16,737
Sources of capital funding				
Subsidies and grants for capital expenditure	4,455	3,674	3,648	3,894
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	1,957	5,993	4,274	(10,614)
Gross proceeds from sale of assets	94	-	112	-
Lump sum contributions	-	-	-	-
Total sources of capital funding	6,506	9,667	8,034	(6,720)
Application of capital funding				
Capital expenditure				
- to meet additional demand	41	5,723	-	347
- to improve the level of service	3,949	3,298	4,472	1,179
- to replace existing assets	21,519	12,850	17,986	15,022
Increase (decrease) in reserves	(5,544)	2,926	(889)	3,469
Increase (decrease) in investments	-	-	-	(10,000)
Total application of capital funding	19,966	24,798	21,569	10,017
Surplus (deficit) of capital funding	(13,460)	(15,131)	(13,535)	(16,737)
Funding balance	-	-	-	-
Depreciation expense (not included in the above FIS)	16,595	18,826	19,208	19,447

Financial Prudence Benchmarks

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

The Council is required to include the Statement in its Annual Report in accordance with the Local

Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this Statement.

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

KEY Benchmark Met Benchmark Not Met Benchmark

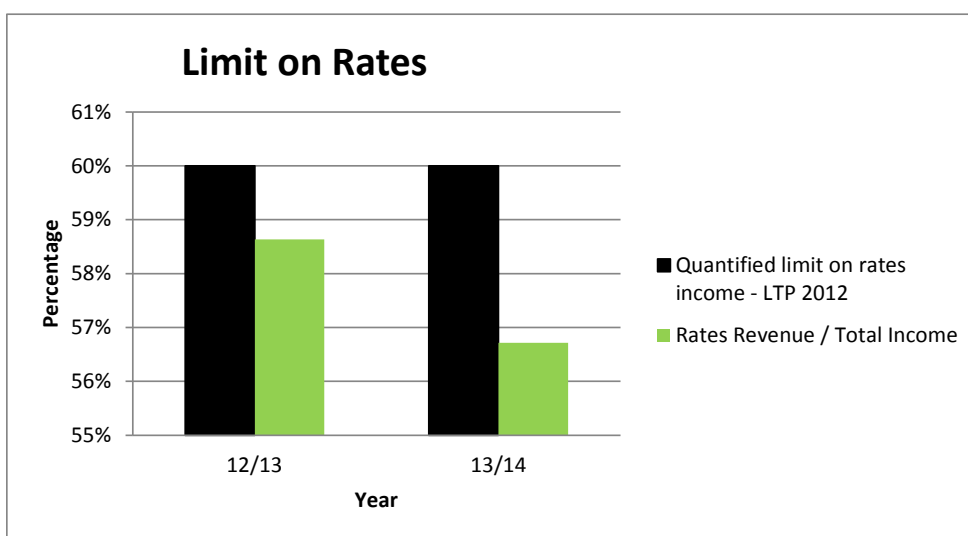
RATES (INCOME) AFFORDABILITY BENCHMARK

	Year of Annual Report	
	2012/13 \$'000	2013/14 \$'000
Total Rates Revenue - Annual Report	45,206	45,781
Other income - Annual Report	31,894	34,939
Total Income - Annual Report	77,100	80,720

The Council meets the rates affordability benchmark if -

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

The following graph compares the Council's actual rates income with the limit imposed in the 2012-22 Long Term Plan being "Rates revenue as a source will not exceed 60% of its total revenues".



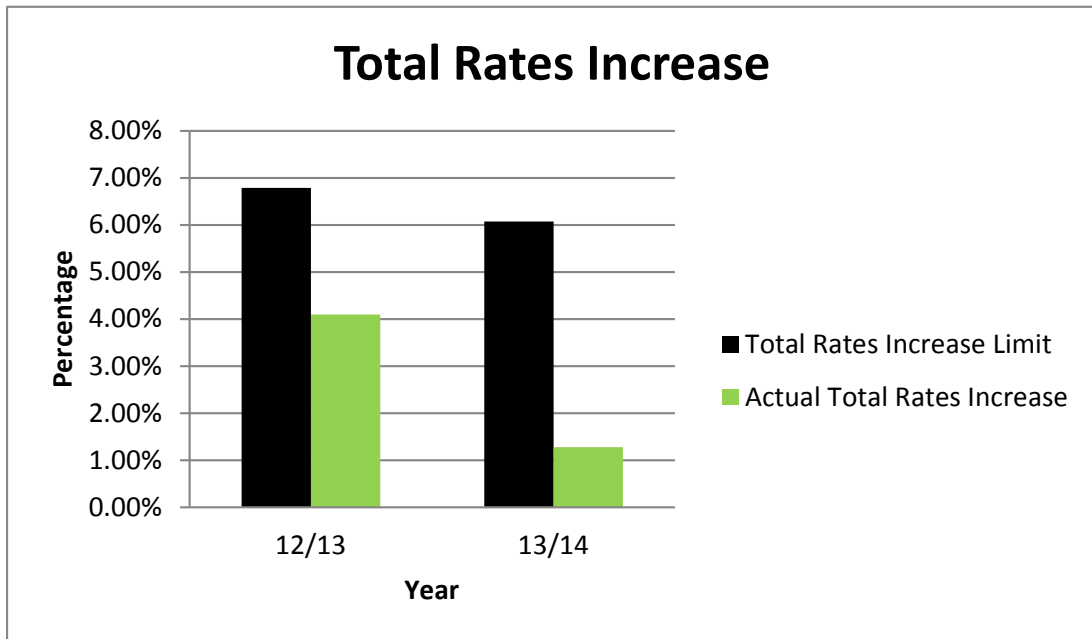
Council aims to maintain the rates collected at a maximum of 60% of the total Council revenue and has increased other sources of funding to meet this limit during the past two years.

TOTAL RATES INCREASE

	Year of Annual Report	
	2012/13	2013/14
	\$'000	\$'000
Total Rates Revenue - Annual Report	45,206	45,781
LGCI (Local Government Cost Index)	3.79%	3.07%
Additional Limit	3.00%	3.00%

The Council meets the rates affordability benchmark if -
 - its actual rates income equals or is less than each quantified limit on rates; and
 - its actual rates increases equal or are less than each quantified limit on rates increases.

The following graph compares the Council's actual rates increases with the limit imposed in the 2012-22 Long Term Plan being "total rates increase will be limited to LGCI + 3.0%".



Since the 2012-2022 Long Term Plan Council has per the financial strategy aimed to limit rates increases to LGCI +3.0%. As seen above Council has achieved this goal over the last two financial years.

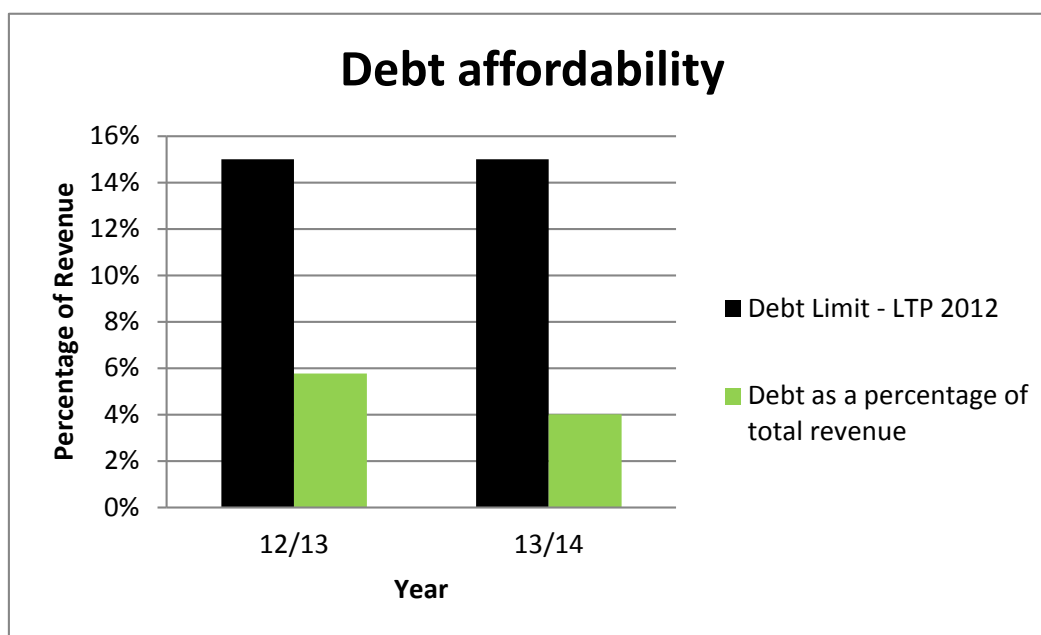
DEBT AFFORDABILITY BENCHMARK

	Year of Annual Report	
	2012/13 \$'000	2013/14 \$'000
Total Assets - Annual Report	698,889	741,827
External Borrowing	40,331	29,716

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

Council's current limit per the 2012-22 Long Term Plan is that borrowing of external funds is limited to 15% of Total Assets.

The following graph compares the Council's actual borrowing with this limit.



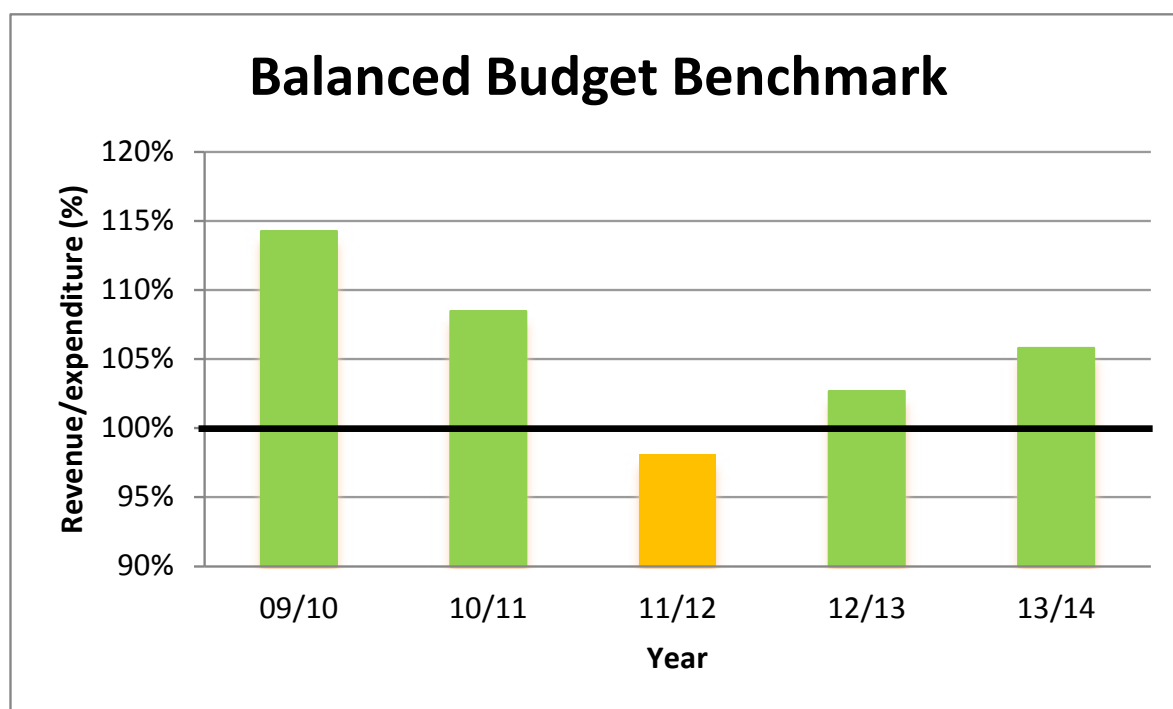
The Council has a low percentage of debt in relation to total assets, and is mindful of keeping debt to a manageable level. Council considers that setting a borrowing limit of 15% of assets will assist in prudently managing Council's borrowing activities to ensure the ongoing funding of Council.

BALANCED BUDGET BENCHMARK

	2009/10	2010/11	2011/12	2012/13	Year of Annual Report 2013/14
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Revenue (Excluding *)	76,203	74,614	69,815	76,776	80,720
Total Expenditure (Excluding ^)	66,703	68,805	71,153	74,797	76,303

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

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



* Excludes - Development contributions, financial contributions, vested assets, gains on derivative, revaluation gains.

^ Excludes - Losses on derivative financial instruments and revaluation of Property, Plant & Equipment (Incl share of associate).

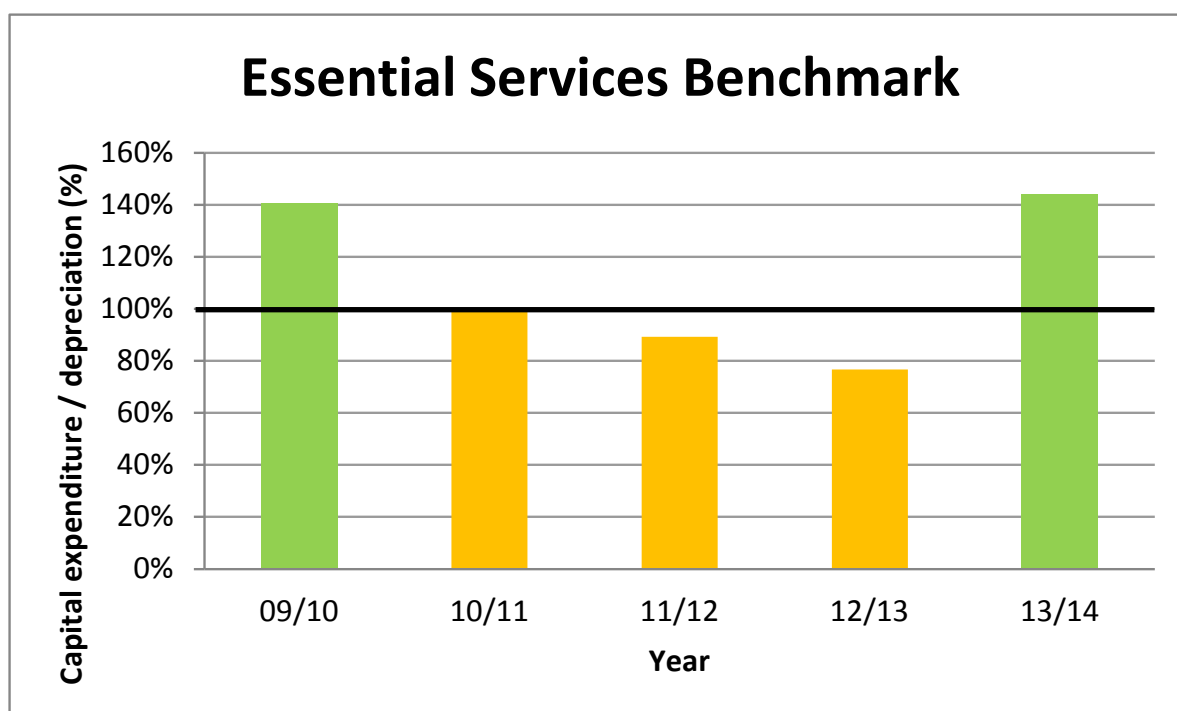
Note: Only Property, Plant & Equipment revaluation are excluded, forestry revaluation and gain / loss on investment are included.

Council is aware of the issue of affordability and financial sustainability. Council revenue has been greater than it's operating expenses in four of the previous five years. Council continues to investigate efficiencies to reduce expenditure and in doing so reduce the revenue needed from rates.

ESSENTIAL SERVICES BENCHMARK

	2009/10	2010/11	2011/12	2012/13	Year of Annual Report 2013/14
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure (Additions) *	18,125	13,914	12,918	11,047	21,468
Depreciation ^	12,875	13,945	14,473	14,412	14,895

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



* Capital expenditure on network assets has been deemed to be additional to note 12 for Infrastructural Assets.

^ Depreciation on network assets has been deemed to be depreciation out of note 14 for infrastructural Assets.

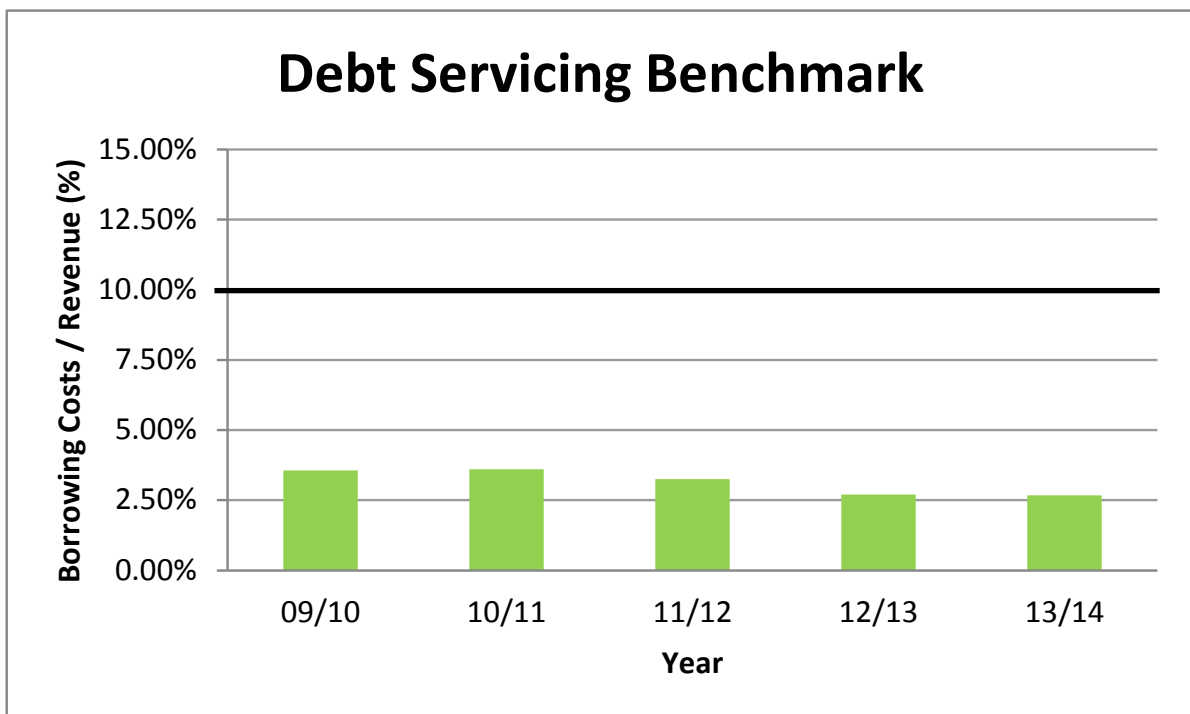
Over time Council's capital expenditure should equal its depreciation, which will mean Council is replacing its assets as they deteriorate, however due to some projects being large it is hard to assess this on a year by year basis. Council is currently spending more than depreciation due to the recent completion of a large water project being capitalised.

DEBT SERVICING BENCHMARK

	2009/10	2010/11	2011/12	2012/13	Year of Annual Report 2013/14
	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowing Costs *	2,713	2,692	2,268	2,070	2,154
Revenue (Balanced Budget)	76,203	74,614	69,815	76,776	80,720

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

Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



* - is obtained from Finance Costs off the face off the Annual Report.

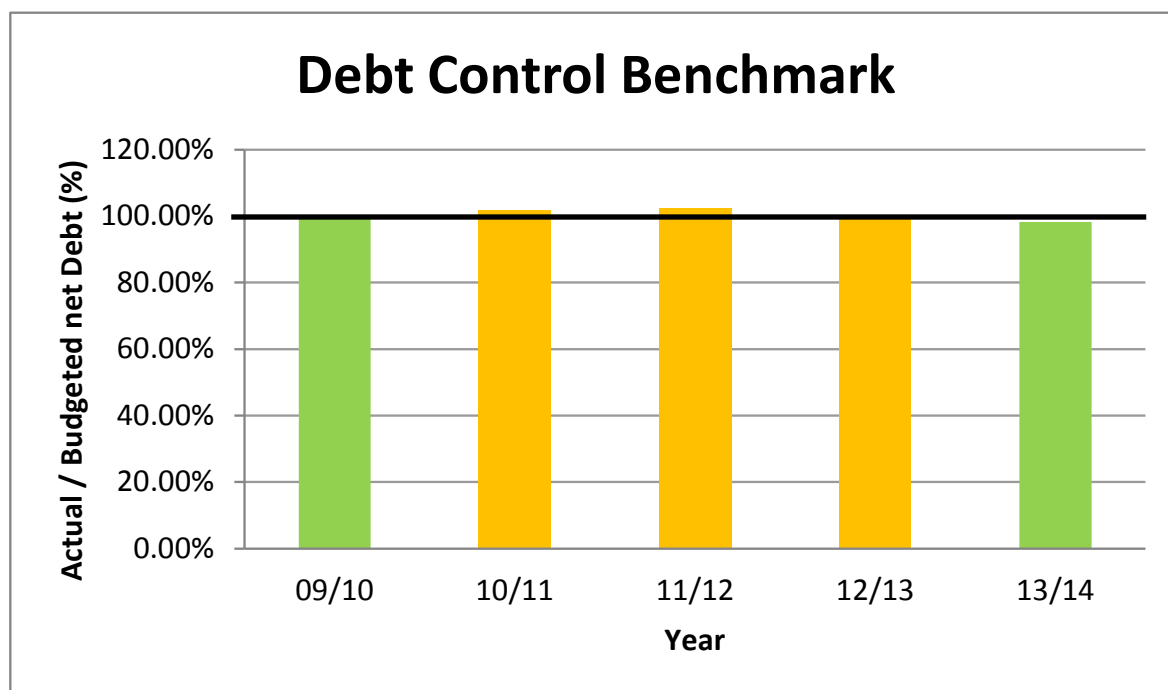
Council currently has minimal debt and the associated cost is well under the legislative threshold of 10% of revenue.

DEBT CONTROL BENCHMARK

	2009/10	2010/11	2011/12	2012/13	Year of Annual Report 2013/14
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets - Annual Report *	657,558	683,843	679,339	687,096	741,817
Financial Liabilities - Annual Report ^	56,281	52,246	49,234	56,332	53,445
Actual Net Debt	601,277	631,597	630,105	630,764	688,413
Financial Assets - *	657,832	682,809	680,066	697,596	774,923
Financial Liabilities - ^	55,453	61,614	64,783	67,322	74,043
Planned Net Debt per LTP	602,379	621,195	615,283	630,274	700,880

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

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



* Financial Assets (Excluding Trade and Other Receivables) - As per Annual Report or Annual Plan (LTP) - Statement of Financial Position.

^ Financial Liabilities - As per Annual Report or Annual Plan (LTP) - Statement of Financial Position.

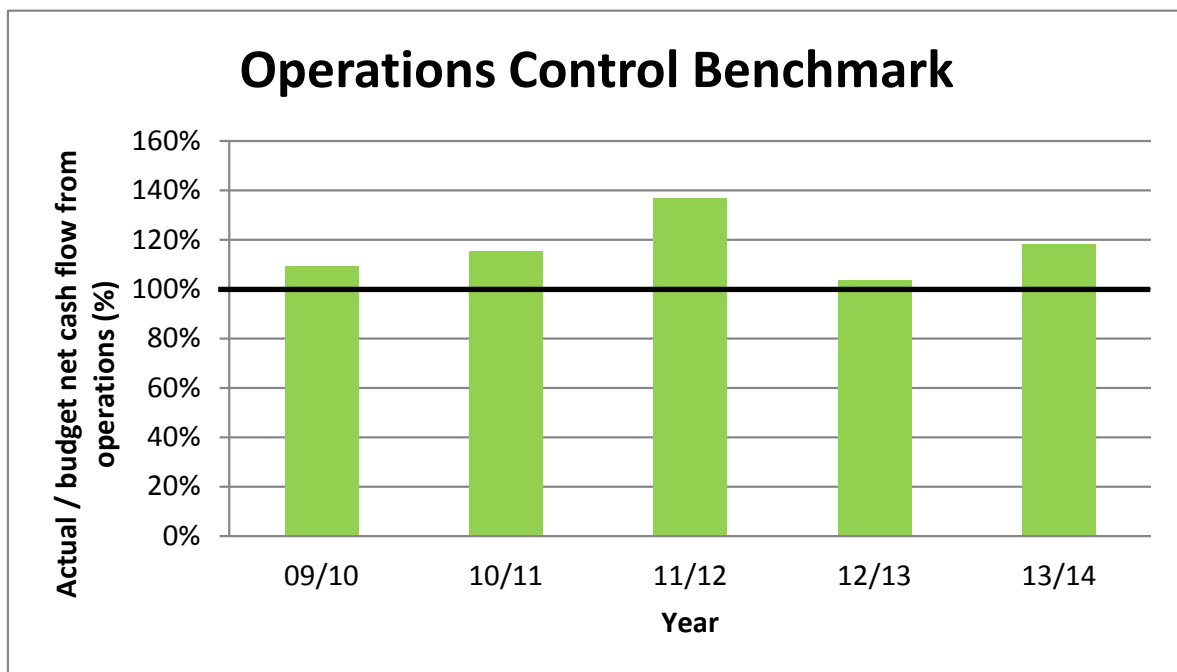
Council maintains a strong balance sheet position with financial assets currently exceeding financial liabilities.

OPERATIONS CONTROL BENCHMARK

	2009/10	2010/11	2011/12	2012/13	Year of Annual Report 2013/14
	\$'000	\$'000	\$'000	\$'000	\$'000
Actual Net Cashflows from Operations *	22,215	21,911	20,404	18,530	20,450
Planned Net Cashflows from Operations ^	20,326	19,030	14,909	17,907	17,296

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

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



* - Taken from the cashflow statements in the relevant year annual report.

^ - Taken from the cashflow statements in the relevant year annual plan.

Council has consistently met the operations control benchmark, with actual net cashflows from operations slightly higher than planned net cashflows in all 5 years.

UNCOMPLETED PROJECTS

Not all projects planned and funded in 2013/14 were completed. Projects valued over \$100,000 which will now be completed or undertaken in 2014/15 are:

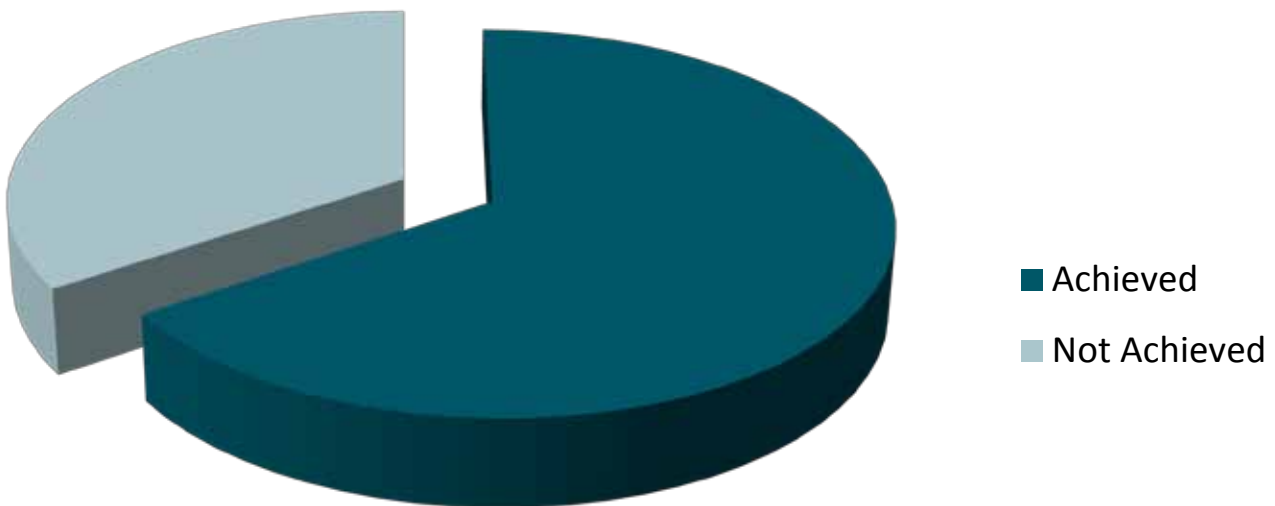
Finance and Policy	
▪ Finance Directorate - Information Technology / Reviews	\$100,000 (funded from Rates)
▪ Corporate Planning - Corporate Planning Consultation	\$125,000 (funded from Rates)
▪ CBD Redevelopment - Consultants	\$664,106 (funded from Rates and Loans)
Infrastructure and Services	
▪ Drainage - Sewerage reticulation - foul sewer renewals	\$1,357,449 (funded from Rates)
▪ Drainage - Sewerage - Clifton	\$346,258 (funded from Rates and Loans)
▪ Drainage - Stormwater renewals - Prestonville Pump	\$341,000 (funded from Reserves and Loans)
▪ Drainage - Stormwater renewals - Beatrice Street Pump	\$201,399 (funded from Loans)
▪ Drainage - Stormwater renewals - Beatrice Street Treatment Pond	\$100,000 (funded from Loans)
▪ Roading - Inner City	\$928,000 (funded from Rates)
▪ Roading - Martin Street / Elles Road Improvements	\$776,800 (funded from Rates)
▪ Roading - Tiwai Bridge	\$131,000 (funded from Rates)
▪ Water - Branxholme Duplicate Line Upgrade	\$280,000 (funded from Rates)
▪ Water - Tower / Control Room Seismic Strengthening	\$1,427,000 (funded from Rates)
▪ Water - Branxholme Upgrades	\$1,326,300 (funded from Rates and Loans)
▪ Water - Emergency Water Supply	\$202,000 (funded from Loans)
▪ Water - Bluff Pipeline Replacement	\$1,550,000 (funded from Loans)
▪ Water - Reticulation Upgrades	\$786,400 (funded from Rates and Loans)
▪ Water - Reservoirs and Pump Stations	\$655,900 (funded from Rates and Loans)
▪ Pools - Woodchip Storage	\$206,000 (funded from Loans)
▪ Pools - Family Change Rooms	\$430,456 (funded from Loans)
▪ Pools - Dry Gym	\$502,846 (funded from Loans)
▪ Public Toilets - Don Street Exeloo	\$102,000 (funded from Reserves)

Summary of Service

SUMMARY OF ACTIVITIES AND LEVELS OF PERFORMANCE

The 2013/14 Annual Plan identified 70 levels of service against which its performance would be measured for its activities. The levels of service were what Council wanted to provide to its community and the actual measurement indicates whether or not it has been delivered.

Council achieved 46 of its 70 measures



In the graph above, "Achieved" means that the 2013/14 performance measure was met or exceeded. "Not Achieved" means the 2013/14 performance measure was not undertaken or not provided to the target level.

This Annual Report details the performance measures and their achievement for the activities. A summary of how these activities positively contributed towards Council's four Community Outcomes is detailed below and on the following pages.

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2013/14 Target</i>	<i>2013/14 Actual</i>
Healthy lifestyle in a healthy environment.	Sewerage - Frequency of system blockage.	Less than 20 blockages annually per 100km of sewer.	Achieved. 19. (2012/13 - 18)
	Solid Waste - Decreasing trend in solid waste to transfer station.	Decreasing trend.	Achieved. 25,416 tonnes (2012/13 - 26,596 tonnes)
	Total accumulated time of water shutdown to any consumer not to exceed 36 hours per annum (99.6% availability).	Total accumulated time of water shutdown to any consumer not to exceed 36 hours per annum (99.6% availability).	Achieved. 99.6% Availability (2012/13 - Achieved)
	Water Supply - Number of complaints of taste and smell.	No more than ten per month.	Achieved. 2 February and 2 May (2012/13 - 3)
	De-sexing programmes for dogs are undertaken.	Minimum of one de-sexing programme undertaken annually.	Achieved. (2012/13 - Not achieved)
	Resource Management - Statutory timeframes for processing consents are met.	100%	Not achieved. 99.52% (2012/13 - 100%)

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2013/14 Target</i>	<i>2013/14 Actual</i>
A diverse and growing economy.	Roading - Invercargill's urban and rural roads are smoother than the New Zealand average.	Achieve.	Achieved. 95% (2012/13 - Achieved)
	Compliance - Parking patrols of Council managed parking spaces.	Average 80 hours patrolling per week.	Not achieved. 55 hours (2012/13 - Achieved 89 hours)
	Hydrants meet fire fighting standards.	At least 97.5% of hydrants tested by NZFS exceed 12.5 litres per second flow rate.	Achieved. 100% (2012/13 - 100%)
	Passenger Transport - Homes in the Invercargill urban area are within 400m of a serviced bus route.	90%	Achieved. 90%. (2012/13 - 90%)
	Enterprise - Number of Strategic Projects facilitated.	5	Achieved. 8 (2012/13 - Achieved)
	Investment Property - Rate of return is at least equal to the current market interest rate.	Achieve.	Achieved. 5.37% (2012/13 - 4%)

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2013/14 Target</i>	<i>2013/14 Actual</i>
A city that is a great place to live and visit.	Building Control - Council's 'Building Sector News' is regularly published.	Published 12 times per year.	Achieved. Published 12 times per year and delivered electronically. (2012/13 - Achieved)
	Community Development - Number of groups and households involved in Neighbourhood Support.	Increasing number of 10 groups.	Not achieved. 5 (2012/13 - Baseline 100 groups)
	Housing - Rental levels maintained between 20-30% of gross superannuation.	20-30%	Not achieved. 19.2-23.2% (2012/13 - 19.7-23.9%)
	Parks and Reserves - Queens Park is accredited as a "Garden of National Significance".	Accreditation retained.	Achieved. Accreditation retained. (2012/13 - Achieved)
	Public Toilets - Automated toilets are available 24 hours a day.	95%	Achieved. 98% (2012/13 - 98%)
	Destinational Marketing - Number of Media and Famil opportunities facilitated.	8 per year.	20 Achieved. (2012/13 - 14)

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2013/14 Target</i>	<i>2013/14 Actual</i>
Strong, innovative leadership.	Civil Defence - Advocacy by EMS to appropriate Councils on appropriate resources and policy to mitigate effects of natural disaster.	2	Achieved. 5 (2012/13 - 6)
	Library and Archives - Membership as a percentage of total population.	65-75%	Achieved. 75% (2012/13 - 70%)
	Pools - Percentage of Swim School customers who rate their experience as 'good' or 'very good' when surveyed.	80%	Achieved 90% (2012/13 - 83.9%)
	Democratic Process - Unmodified audit report received for Long Term Plan, Annual Report and any Long Term Plan amendments.	Achieve.	Achieved. (2012/13 - Achieved)

Audit Opinion

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Invercargill City Council and group's annual report for the year ended 30 June 2014

The Auditor-General is the auditor of Invercargill City Council (the City Council) and group. The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the City Council and group that comprise:
 - the statement of financial position as at 30 June 2014 on page 162;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 163 to 165;
 - the funding impact statement of the City Council on page 8;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 41 to 154; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 162 to 256;
- the statement of service performance (referred to as 'how did we measure up' in the Council activities) and the funding impact statements in relation to each group of activities of the City Council on pages 41 to 154; and
- the disclosures of the City Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 9 to 16.

In addition, the Auditor-General has appointed me to report on whether the City Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 200;
 - council-controlled organisations on pages 155 to 160;
 - reserve funds on pages 205 and 206;
 - each group of activities carried out by the City Council on pages 41 to 154;
 - remuneration paid to the elected members and certain employees of the City Council on pages 218 and 219;

- employee staffing levels and remuneration on page 219;
- severance payments on page 170;
- rating base units on page 167; and
- insurance of assets on page 181.
- a report on the activities undertaken by the City Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 258; and
- a statement of compliance signed by the mayor of the Council, and by the City Council and group's chief executive on page 28.

Opinion

Audited information

In our opinion:

- the financial statements of the City Council and group on pages 162 to 256:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the City Council and group's financial position as at 30 June 2014; and
 - the results of its operations and cash flows for the year ended on that date.
- The funding impact statement of the City Council on page 8, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan.
- The statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 41 to 154, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's annual plan.
- The statement of service performance of the City Council on pages 41 to 154:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the City Council's levels of service for the year ended 30 June 2014, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.

- The funding impact statements in relation to each group of activities of the City Council on pages 41 to 154, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.
- The disclosures on pages 9 to 16 represent a complete list of required disclosures and accurately reflects the information drawn from City Council's audited information.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the City Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 31 October 2014. This is the date at which our opinion is expressed.

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

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the City Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City Council and group's internal control.

An audit also involves evaluating:

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

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

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result, we do not express an audit opinion on the City Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the City Council and group's financial position, financial performance and cash flows; and
 - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the *Other Requirements*, we have no relationship with or interests in the City Council or any of its subsidiaries.



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

Statement of Compliance



The Council and its officers are responsible for the preparation of this Annual Report for 2013/14.

This report has been prepared in accordance with the provisions of the Local Government Act 2002, and the Reporting Standards of the New Zealand Institute of Chartered Accountants.

This report was approved and adopted by a meeting of the Invercargill City Council on 31 October 2014.

It correctly reflects the Council's financial position and operating results for the year ended 30 June 2014 and complies with all statutory requirements in relation to the Annual Report.

A handwritten signature in black ink, appearing to read "T R Shadbolt".

T R Shadbolt
MAYOR

A handwritten signature in black ink, appearing to read "R W King".

R W King
CHIEF EXECUTIVE OFFICER



Key Projects

The 2013-16 Council endorsed the previous Councils vision of **“Creating an exciting, innovative, safe, caring and friendly City offering lifestyles based on a healthy environment and diverse growing economy.”** To achieve the vision, eight areas of responsibility have become “Key Projects” and are detailed in the following pages.

Although not constituting individual key projects, the following list shows other important areas that Council has considered when making decisions to help achieve the vision. Council has taken into account any impact on these areas and looked at

how best to achieve a positive outcome in regard to them when it considered a project or made a decision:

- Affordability
- Community Safety
- Child and Family Friendly City
- Shared Services and Relationships
- Sustainability
- Youth Opportunities



Awarua Industrial Development

WHAT WE HAVE ACHIEVED

To encourage business to establish in Invercargill, Council purchased 611.75 hectares of land at Awarua. This land was then rezoned under the Resource Management Act from rural to industrial. Since May 2012 Invercargill City Property Limited has been developing and implementing on a marketing campaign for Awarua Industrial Estate, and is now responsible for any negotiations relating to the sale or lease of land within it. The final design and extent of the infrastructure required at Awarua will

depend on the requirements of the industry being established at Awarua. Development of these services will be restricted until the purchaser/ lessee has been finalised. Council is continuing to lease the land for dairy grazing. Leasing the land for dairy grazing ensures a return on Council's investment prior to the land's sale.

Bluff Foreshore Redevelopment

WHAT WE HAVE ACHIEVED

The Council has continued its commitment to the Bluff Community through financial support and Council collaboration. The Bluff Community has started various projects around Redevelopment that include beautifying the area with plantings, commissioning murals to bring some colour and life

to the town and creating welcoming green spaces to be used by visitors and residents alike. The continued work will now fall under our Urban Rejuvenation project as the Council and residents of Bluff work towards the Bluff Bicentennial and bringing new and exciting events to Bluff.



City Centre Revitalisation

WHAT WE HAVE ACHIEVED

The City Centre Revitalisation project has been making some good progress. The Inner City Master Plan was completed and adopted in 2013. The process has been a long and thorough one. After extensive public input into the plans and features for the City Centre public spaces the Council is ready to move forward with the first phase of the Esk Street changes. There are eleven main projects planned for the Revitalisation Project and this year the first project, the Esk Street Pocket Park, has been approved by Council and through public consultation.



FUNDING IMPACT STATEMENT - CITY CENTRE REVITALISATION

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	399	824	399
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	399	824	399
Applications of operational funding			
Payments to staff and suppliers	62	64	66
Finance costs	91	189	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	153	253	66
Surplus (deficit) of operational funding	246	571	332
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,154	1,188	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	1,154	1,188	-
Application of capital funding			
Capital expenditure	-	-	-
- to meet additional demand	1,400	1,759	-
- to improve the level of service	-	-	53
- to replace existing assets	-	-	279
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,400	1,759	332
Surplus (deficit) of capital funding	(246)	(571)	(332)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).



Cycling, Walking and Oreti Beach

WHAT WE HAVE ACHIEVED

As indicated in the Annual Plan the Council has completed a number of projects centred around cycling and walking. Cycle lanes were installed on Tweed Street from Elles Road to Nith Street and a safe crossing installed for pedestrians and cyclists at Tweed and Ness Streets. With the high number of students attending James Hargest Senior Campus, Council has installed a new pedestrian crossing on Layard Street to assist walkers and cyclists to cross this busy intersection safely.

Council recognises the importance of open space and recreational facilities and continues to provide access for residents. Invercargill is now trialling a Dual Pedestrian Crosswalk System providing slower walking pedestrians the choice of more time to cross the road. This was installed at the corner of St Andrews Street, an important crossing section to access the city centre and Queens Park.

District Plan Review

WHAT WE HAVE ACHIEVED

The District Plan assists Council in protecting natural resources and the City's heritage as well as providing opportunities for industry, business and residential activities in a way that minimises potential conflicts in what they are trying to achieve. Reviewing the District Plan is essential in ensuring that it remains relevant to the Invercargill District's environment and to what Council is trying to achieve.

During the 2013/14 year the review was completed and the Proposed District Plan was publicly notified for submissions. Once this process was completed, Council commenced hearings. So far the Council has heard 10 topics and hearings will continue through to the end of 2015. The Council is continuing to release decisions on submissions.



Population Growth

WHAT WE HAVE ACHIEVED

It is a common story that provincial towns and cities are struggling to maintain population and attract industry. Invercargill is unique in that we are the largest city in the far south and therefore our ability to thrive is even more important. As indicated in the Annual Plan we wanted to spend our Events Funds on getting people interested in visiting Invercargill. The success of this is shown with an outstanding turnout to the Brass Band Competition with people travelling from all over New Zealand to compete and giving the local economy a good boost. We also saw double the number of attendants at the Buskers Festival, and a great start to the first annual Wild Food Festival. With the success of these activities residents and visitors were able to appreciate what Invercargill has to offer.

One of the highlights for Invercargill this year was the Southland Party hosted at the Beehive. This is a bi-annual event highlighting how great it is to be a Southlander. It was attended by His Worship the Mayor and other successful Southerners from around the region to spread the word about the opportunities Invercargill offers.

Our population in the last Census showed a small increase and we have remained on track with the median income for New Zealand. This combined with our lower housing cost shows that we are a desirable location for living and prospering.



Southland Museum and Art Gallery Redevelopment

WHAT WE HAVE ACHIEVED

The redevelopment project for the Southland Museum and Art Gallery is still being investigated. As indicated in the Annual Plan a proposal was developed and brought forward for review. However, during the process, and as part of our future proofing works, the building has undergone an earthquake strength analysis. This analysis discovered that there was going to be more design work needed to get the building up to standard before redevelopment could begin.

As a result the Southland Museum and Art Gallery Trust Board have asked for two new proposals and are currently working to develop an engineering design that will be ready in the next financial year. It is still the Museum's long-term goal to be able to display more of their collection to the public and maintain a high standard of exhibits. We have maintained free entry which we hope continues to encourage a love of art, culture and history in Southland.





Urban Rejuvenation

WHAT WE HAVE ACHIEVED

We have used our Urban Rejuvenation Project to help realise Council's vision of being a city that is safe, friendly and offers a lifestyle based on a healthy environment. Through continued work with Community Groups and property owners in our City and urban areas we are working to achieve this vision.

In Invercargill and Bluff a number of dilapidated properties have been demolished and cleared making way for redevelopment. In addition, Council has continued having discussions with other owners to find solutions for their properties. Many owners have been taking care of their overgrown sections or working with the Council to address properties that need to be mowed or have debris removed, making the neighbourhoods better places to live in.

Council has continued to work with and support projects in South City, Glengarry, Windsor and Bluff. A major achievement has been the approval by the public and businesses to adopt an upgrade project at Martin Street and Elles Road in South City. This will

include a pocket park and new lighting and will be a fantastic addition to other projects already underway by South Alive including a number of beautification projects and an arts centre.

The Glengarry Community Group has secured a landscape designer and are planning a community project in the area to the west of the Habitat for Humanity complex. The Windsor Business Group has also received funding for designing plantings, pots, beautification, rubbish bins, seating and street flags.

Along with all these wonderful projects, Invercargill's first dog park opened on Elles Road. The site offers both a large and small dog off leash area and water for the animals. It has been very popular with people from all over the City since it's opening in November, a great example of positive Urban Rejuvenation.

For information on Bluff's Rejuvenation Projects please refer to the Key Projects section under the heading Bluff Foreshore Redevelopment.

FUNDING IMPACT STATEMENT - URBAN REJUVENATION

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	300	145	-
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	60
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	15
Total operating funding	300	145	75
Applications of operational funding			
Payments to staff and suppliers	300	145	169
Finance costs	-	-	-
Internal charges and overheads applied	-	-	60
Other operating funding applications	-	-	-
Total applications of operational funding	300	145	229
Surplus (deficit) of operational funding	-	-	(154)
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	-	-	-
Application of capital funding			
Capital expenditure	-	-	-
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(154)
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	(154)
Surplus (deficit) of capital funding	-	-	154
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).





Council Activities

This section outlines all of the activities of Council and includes information so that the Community can see how we planned, managed, delivered and funded activities. This section is divided into 23 activities.

The first five activities encompass the infrastructural services role of Council. These are generally accepted as essential for a predominantly urban population. The cost of providing these five activities accounts for over 50% of Council's rates draw. These activities are:

- Roading
- Sewerage
- Solid Waste Management
- Stormwater
- Water Supply

The Development and Regulatory Services activities include those which enable people to live closely together by establishing with the Community minimum standards for development and behaviour.

The activities within this group are:

- Animal Control
- Building Control
- Civil Defence Emergency Management
- Compliance
- Environmental Health
- Resource Management

The Community Services Group include activities which provide services and facilities for the Community's enjoyment. The activities within this group are:

- Community Development
- Housing Care Services
- Libraries and Archives
- Parks and Reserves
- Passenger Transport
- Pools
- Public Toilets
- Theatre Services

The Corporate Services activities include those which provide democratic processes and provide or promote business-to-business relationships. The activities are:

- Democratic Process
- Destinalional Marketing
- Enterprise
- Investment Property



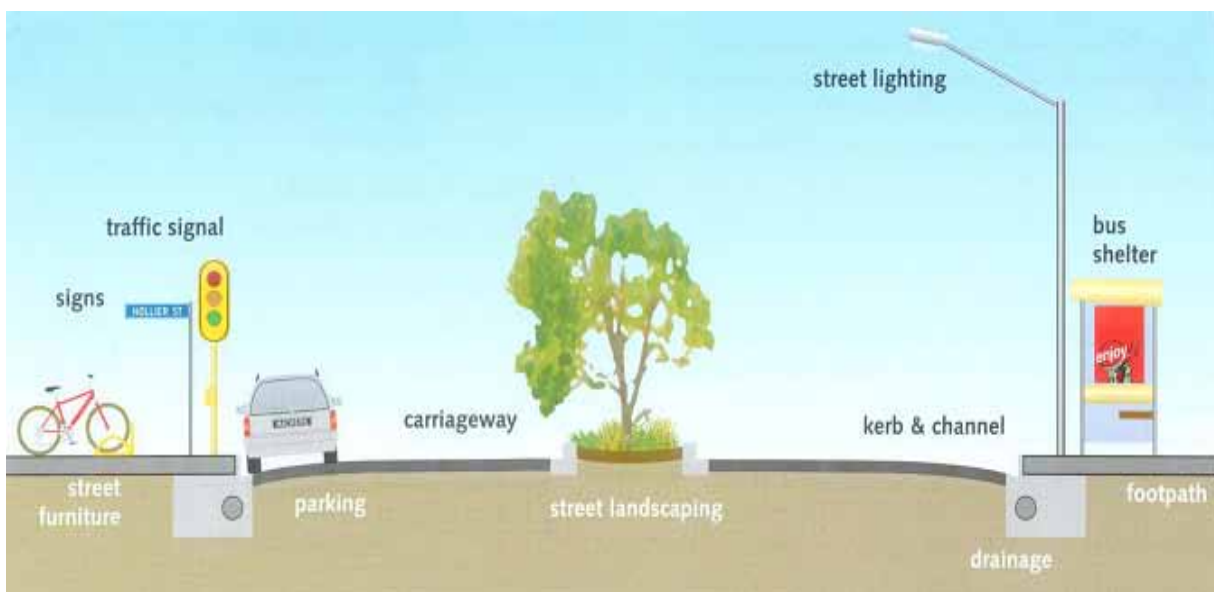


Roading

WHAT WE HAVE DONE

The Roothing Activity provided a safe, convenient and efficient transport system in the City. This was achieved by providing smooth road surfaces appropriate for the level of road usage; enhancing the safety of the roading network through the provision

of street lighting; carrying out renewal programmes which ensured the assets were sustainably managed; and providing more opportunities for walking and cycling.



WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
A city that is a great place to live and visit.	Design spaces, buildings and roads with community safety and interest in mind, and encourage others to do the same.	Council provides street lighting, signs, road markings and signals on urban roads so that vehicles, cyclists and pedestrians can travel in safety.	Provision of a street lighting network in urban areas.	Compliance with the New Zealand Street Lighting Standard.
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place, including energy, water, communications and workforce.	Quality road surfaces, road signs and markings and traffic signals allow people and vehicles to easily travel within the District in a safe and efficient manner for their business and leisure activity requirements.	Invercargill has good quality roads.	Invercargill's urban and rural roads are smoother than the New Zealand average.
			Traffic signs, road name signs and public street maps are well maintained.	Signs and maps are promptly "responded to" when vandalised or missing.*
			Operational traffic signals promote the safe movement of people and vehicles.	Traffic signals are "responded to" within one hour for emergency works, four hours for serious faults and 12 hours for minor faults.*
Healthy lifestyles in a healthy environment.	Provide and promote access to open spaces, including green spaces and the coast.	The footpaths and cycleway network encourages people to become physically active and provides access to open spaces.	Provision of good condition smooth footpaths.	Sealed footpaths condition rating.
			Promotion of Council's cycling network.	Council's cycling network is fully marked.

* "Responded to" means that Council's contractor has been informed, inspected the issue and taken the necessary steps to resolve the problem.

HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Compliance with the New Zealand Street Lighting Standard.	62%	Achieved. 64% (2012/13 - 65%)
Invercargill urban and rural roads are smoother than the New Zealand average.	Achieve.	Achieved. 89% (2012/13 - 95%)
Vandalised / missing signs and maps are promptly responded to.	95% within 48 hours.	Achieved. 99% (2012/13 - 100%)
Traffic signals are responded to within one hour for emergency works, four hours for serious faults.	100%	¹ Not achieved. 98% (2012/13 - 100%)
The condition rating on sealed footpaths have a condition rating better than 'very poor'.	90%	² Achieved. 96% (2012/13 - 95.9%)
Council's cycling network is fully marked.	85%	Not Achieved. 83% (2012/13 - 80%)

THE DETAILS

1. Traffic Signals

65 of the 66 faults were met in the time frame. Responded to means that the contractor has been notified and has visited the site to ensure it is made safe for use by traffic and pedestrians.

2. Footpaths

The percentage of footpaths with a very poor rating was 4.1% for the last Annual Report. There has been a change to the way the condition is measured to make it more clearly understood. Therefore under the new measurement the 2012/13 is now listed at 95.9%.

WHAT ELSE HAVE WE DONE?

1. Road Surface/Pavements

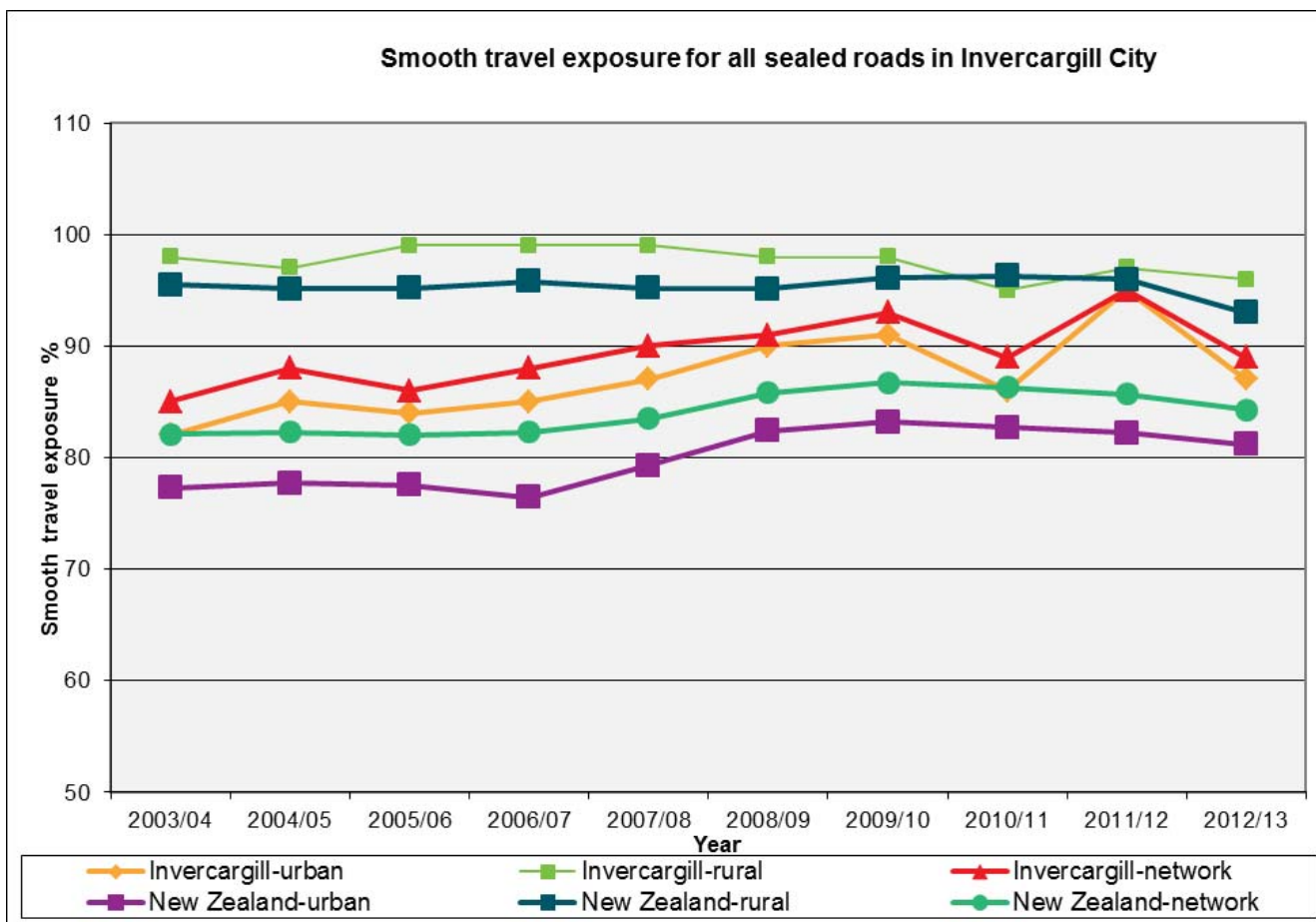
Invercargill roads continue to be smoother than the New Zealand average. During 2013/14 Council resurfaced a total of 19.4 kilometres of roading and 3.37 kilometres of pavement rehabilitation.

The table and graph below contain the data which compares the road smoothness of the Invercargill

district's roading network with the average New Zealand Territorial Authority. The data is a year behind due to the information being supplied by NZTA. This is consistent with previous years' reporting.

*Note: Refer to Programme of Works map

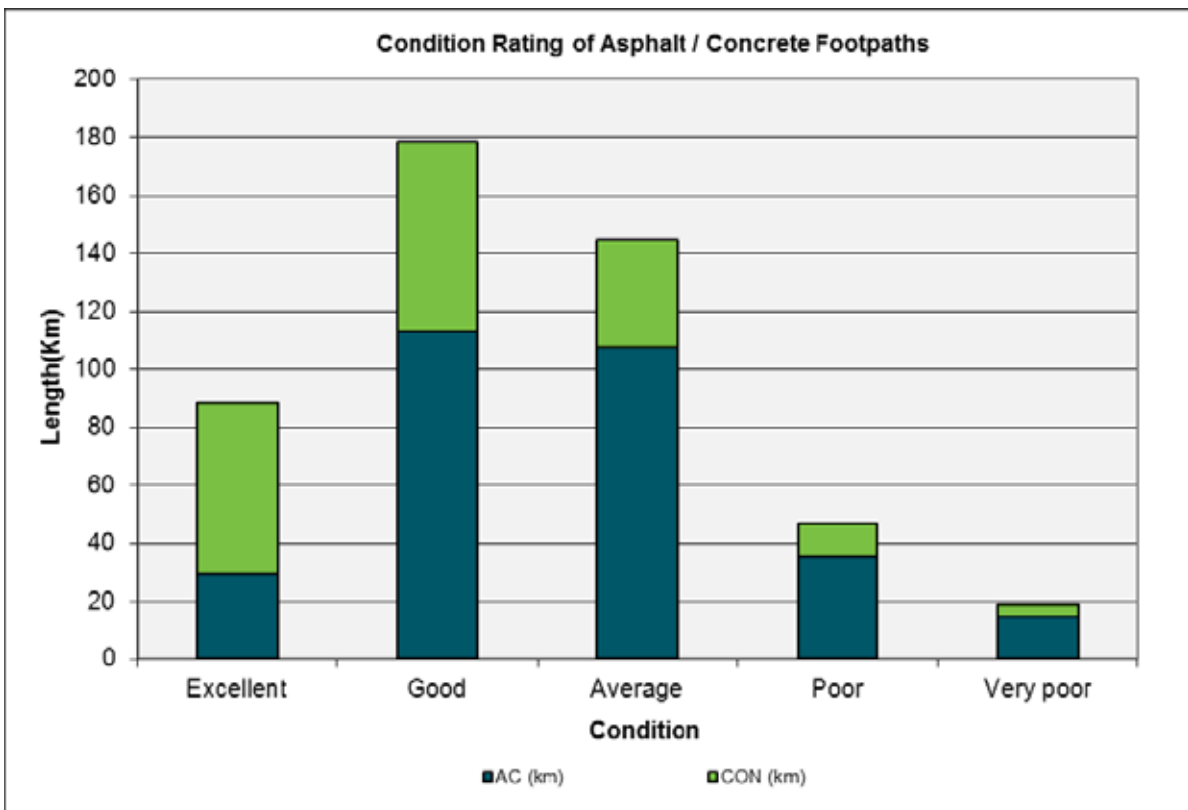
Road Surface / Pavements	Urban Roads	Rural Roads	Network
Average New Zealand Territorial Authority	81	93	84
Invercargill City Council	87	96	89



2. Footpaths and Cycleways

3.8 kilometres of concrete footpaths and 3.1 kilometres of asphalt footpaths were resurfaced in 2013/14.

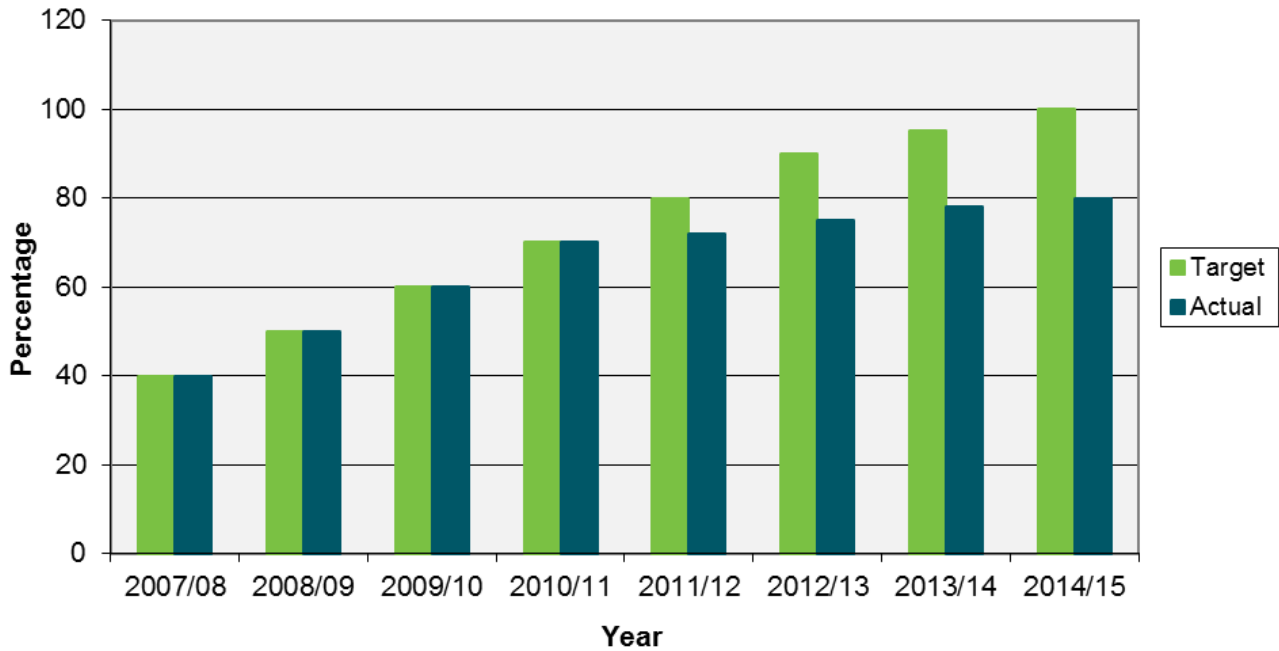
The graph below illustrates the condition ratings for Council's footpath network.



As of 30 June 2014 there were 39.16 kilometres of cycleways marked on the roads within the district. Increasing the marked cycleways provides safer opportunities for cycling in the district.

The graph on the next page illustrates Council's programme for marking the cycle lane network for the district. Cycle lane marking continues to be undertaken but is behind targets set in the original strategy as the more difficult locations are considered.

Urban Cycle Lane Network Markings



3. Kerb and Channel

2.38 kilometres of kerb and channel were replaced under the Maintenance Contract and 1.91 kilometres were replaced in conjunction with Rehabilitation Projects in 2013/14.

4. Bridges, Culverts and Structures

A "general inspection," as defined by the New Zealand Transport Agency, was undertaken by an experienced bridge professional during 2013/14 and a maintenance schedule of routine tasks prepared for 2014/15. Speed and weight restrictions have been imposed on five timber bridges. Rehabilitation work for Linds Underwood was started in June 2014.

5. Street Lighting

Street lighting continued to be upgraded as part of the 11 year programme. There were some delays in the commencement of this work. Changes in the finding of this project have also slowed progress from the original programme. It is anticipated that by June 2020 the entire district will comply with the Australia/ New Zealand Lighting Standard. (The LTP indicated that this would be achieved by June 2013.)

6. Traffic Signals

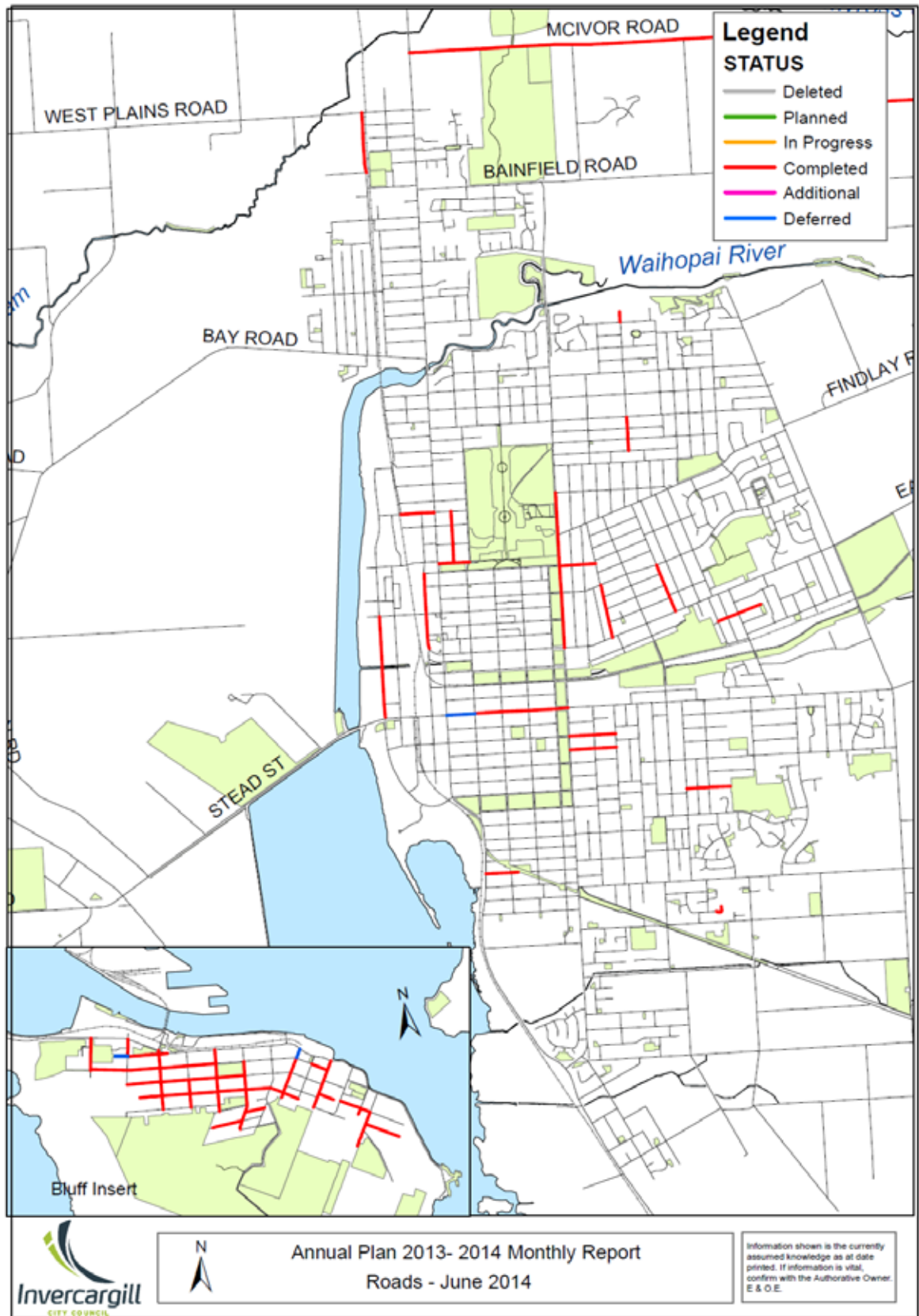
New traffic signals have been installed on Don Street at Queens Drive as part of the upgrade of Queens Drive. In addition two controllers, at Gala and Yarrow Streets (on Queens Drive) were renewed.

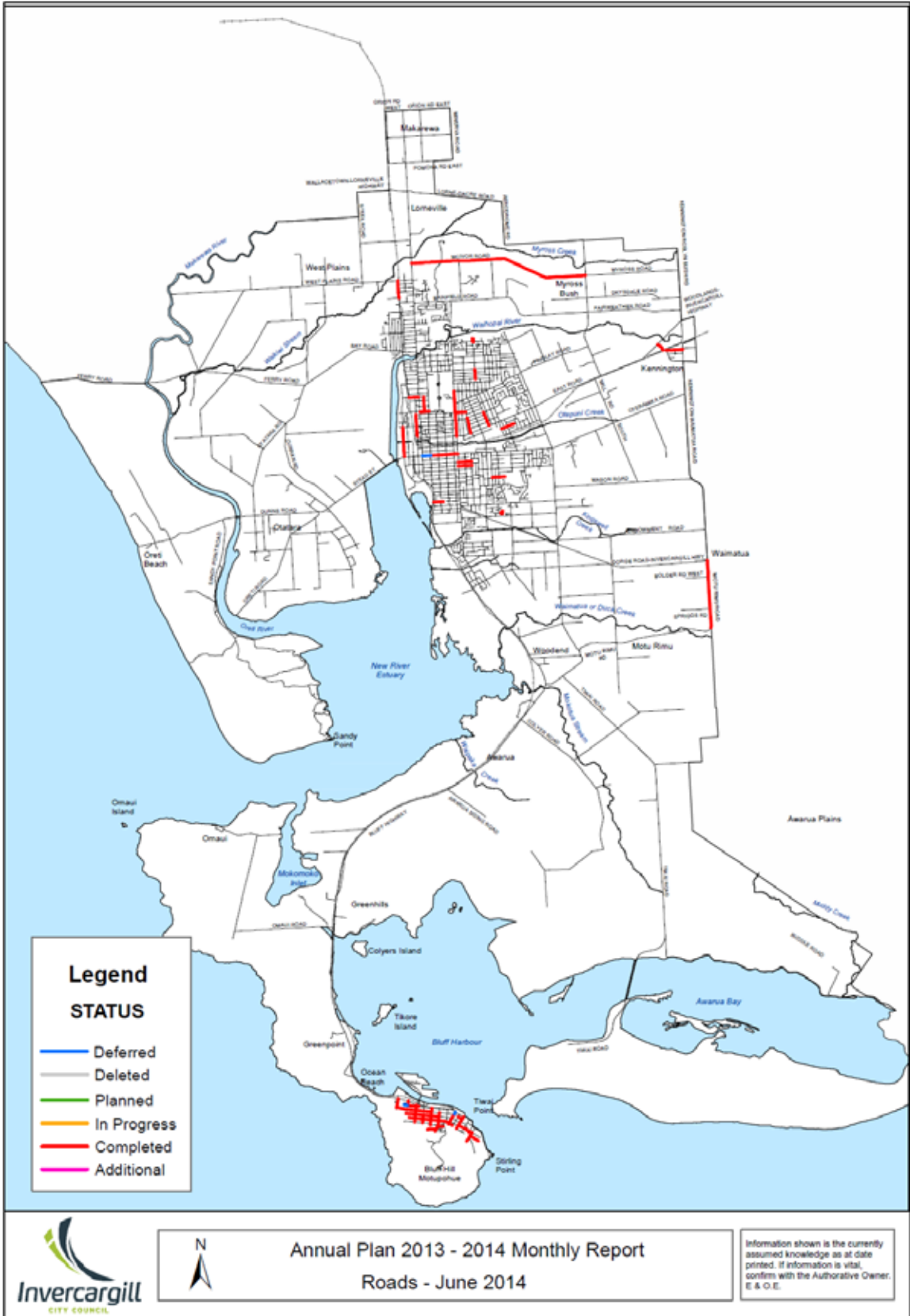
PROGRAMME OF WORKS - ROADING 2013/14

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Ann Street (Bluff)	Henderson Street	End of street	Reseal	Planned	Completed
Bamborough Street	Tay Street	Yarrow Street	Reseal	Planned	Completed
Bann Street east	Bandon Street	Onslow Street	Reseal	Planned	Completed
Bann Street west	Bandon Street	End of street	Reseal	Planned	Completed
Barrow Street east	Onslow Street	Henderson Street	Reseal	Planned	Completed
Barrow Street west	Liffey Street	McGorlick Street	Reseal	Planned	Completed
Bond Street	Bond-Tweed Roundabout	Spey Street	Asphalt	Planned	Completed
Bowmont Street	Elles Road	Nelson Street	Reseal	Planned	Completed
Boyne Street	Foyle Street west	Lagan Street west	Reseal	Planned	Completed
Budd Street	Mason Street	Slaney Street	Reseal	Planned	Completed
Clapham Road (Kennington)	McLew Road	State Highway 1	Reseal	Planned	Completed
Dart Street	David Street	No exit	Reseal	Planned	Completed
Ettrick Street	Elles Road	Nelson Street	Reseal	Planned	Completed
First Street	Rimu Road	District Road	Reseal	Planned	Completed
Fox Street	Phillip Street	Dee Street	Asphalt	Planned	Completed
Foyle Street west	Slaney Street	Suir Street south	Reseal	Planned	Completed

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Gala Street	Queens Drive	Ritchie Street	Reseal	Planned	Completed
Gloucester Street	Switzer Street	West plains Road	Reseal	Planned	Completed
Gore Street	Blackwater Street	Suir Street	Reseal	Planned	Completed
Gore Street	Suir Street	End of Street	Reseal	Planned	Deferred
Gregory Street	Marine Parade	End of street	Reseal	Carry Forward	Completed
Henderson Street	State Highway 1	Elizabeth Street north	Reseal	Planned	Completed
Leven Street	The Crescent	Gala Street	Asphalt	Planned	Completed
Liffey Street	Gore Street	McDougall Street	Reseal	Planned	Completed
Lothian Crescent	62 Lothian Crescent	End	Reseal	Carry Forward	Completed
McGorlick Street	Ocean Beach Road	Barrow Street	Reseal	Planned	Completed
McIvor Road	North Road	Mill Road North	Reseal	Planned	Completed
Moto Rimu Road	Bend	Gorge Road- Invercargill Road	Reconstruction	Planned	Completed
Palmer Street	Gore Street	Barrow Street	Reseal	Planned	Deferred
Palmer Street	Barrow Street	End of street	Reseal	Planned	Completed
Parrett Street	Burrows Street	Walker Street	Reseal	Planned	Completed
Pilcher Avenue	Walker Street	End of street	Reseal	Planned	Completed

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Queens Drive	Newcastle Street	119 Queens Drive	Reconstruction	Carry Forward	Completed
Queens Drive	Tay Street	119 Queens Drive	Reconstruction	Planned	Completed
Rimu Street	Conyers Street	End	Reseal	Planned	Completed
Ritchie Street	Tay Street	Yarrow Street	Reseal	Planned	Completed
Shannon Street south	Blackwater Street	Lagan Street west	Reseal	Planned	Completed
Slaney Street	Barrow Street west	Pearce Street	Reseal	Planned	Completed
Suir Street south	Blackwater Street	Gore Street	Reseal	Planned	Completed
Theodore Street	Slaney Street	End of seal	Reseal	Planned	Completed
Thomson Street	Victoria Avenue	Fox Street	Reseal	Carry Forward	Completed
Tweed Street	Clyde Street	Nith Street	Reconstruction	Planned	Deferred
Tweed Street	Nith Street	Elles Road	Reconstruction	Planned	Completed
Victoria Avenue	Dee Street	Kelvin Street	Reseal	Carry Forward	Completed
Walker Street	Raymond Street	End of street	Reseal	Carry Forward	Completed
Wilton Street	Bourke Street	Herbert Street	Reseal	Carry Forward	Completed
Wilton Street	Herbert Street	No exit (fence)	Reseal	Planned	Completed
Woodhouse Street	Bluff highway/ State Highway 1	End	Reseal	Planned	Completed



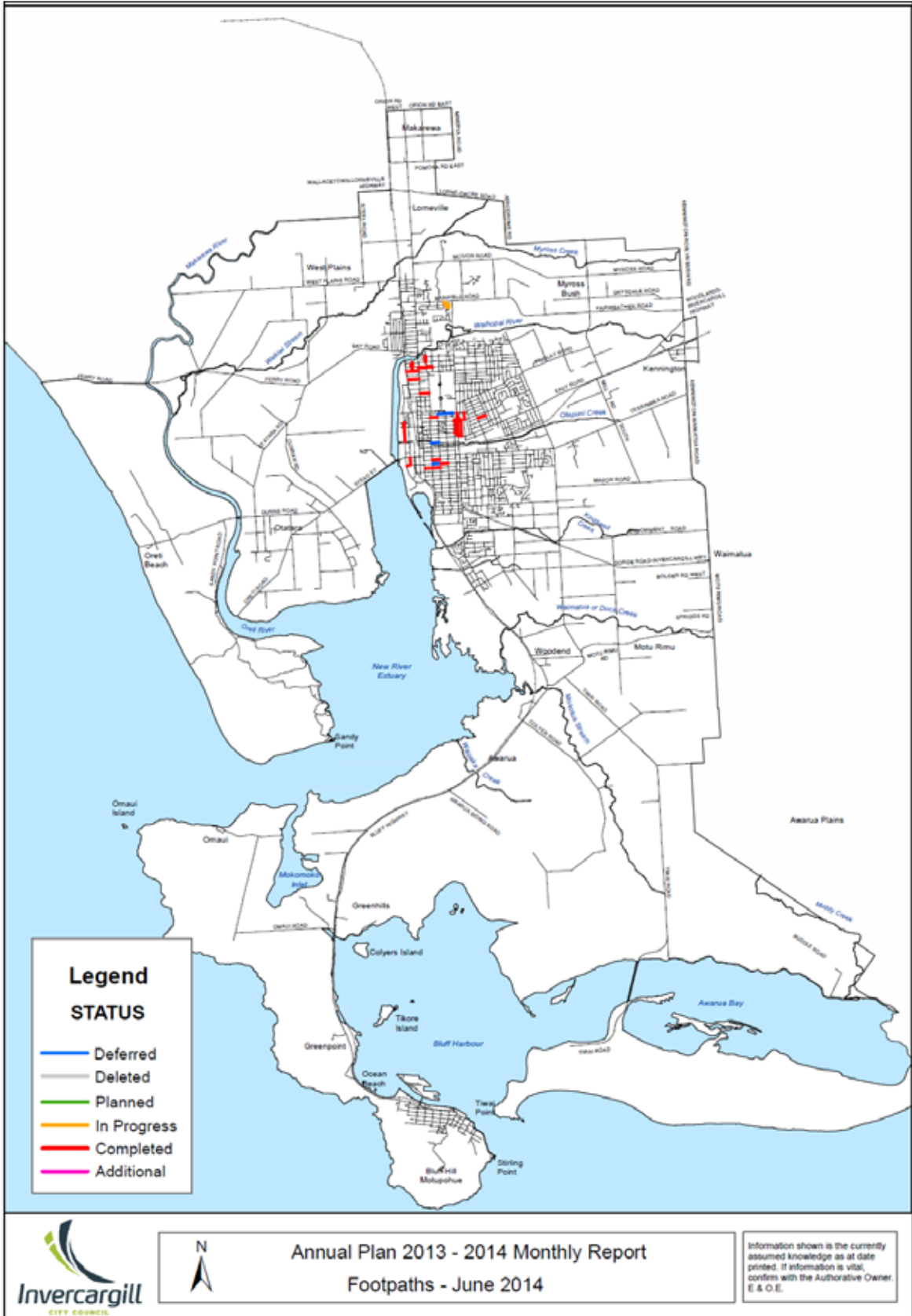


PROGRAMME OF WORKS - FOOTPATHS 2013/14

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Anne Street	Fulton Street	Hensley Street	Concrete	Carry Forward	Completed
Anne Street	Fulton Street	Hensley Street	Concrete	Carry Forward	Completed
Anne Street	Hensley Street	Filleul Street	Concrete	Carry Forward	Completed
Anne Street	Hensley Street	Filleul Street	Concrete	Carry Forward	Completed
Arthur Street	Phillip Street	Dee Street	Concrete	Planned	Completed
Arthur Street	Phillip Street	Dee Street	Concrete	Planned	Completed
Baird Street	Lindisfarne Street	Bamborough Street	Concrete	Planned	Completed
Baird Street	Lindisfarne Street	Bamborough Street	Concrete	Planned	Completed
Bond Street	Otepuni Bridge North	Spey Street	Asphalt	Planned	Completed
Bond Street	Spey Street	Bond Place	Asphalt	Planned	Completed
Bowmont Street	Clyde Street	Nith Street	Asphalt	Planned	Completed
Bowmont Street	Nith Street	Conon Street	Concrete	Planned	Completed
Ettrick Street	Nith Street	Conon Street	Concrete	Planned	Deferred
Ettrick Street	Nith Street	Conon Street	Concrete	Planned	Deferred
Ettrick Street	Conon Street	Ythan Street	Concrete	Planned	Completed
Ettrick Street	Bond Street	Mersey Street	Asphalt	Planned	Completed
Forth Street	Nith Street	Conon Street	Asphalt	Planned	Deferred
Fulton Street	Phillip Street	Dee Street	Concrete	Planned	Completed
Gala Street	Deveron Street	Jed Street	Asphalt	Carry Forward	Deferred
Gala Street	Jed Street	Doon Street	Asphalt	Carry Forward	Deferred
Kildare Court	Kildare Drive	End	Concrete	Additional	In Progress
Kildare Drive (East)	Kildare Court	Bainfield Road	Concrete	Additional	In Progress

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Kildare Drive (West)	Kildare Court	Bainfield Road	Concrete	Additional	Completed
Kildare Place	Kildare Drive	End	Concrete	Additional	In Progress
Leet Street	Kelvin Street	Deveron Street	Asphalt	Planned	Completed
Lewis Street	Dee Street	Russel Street	Concrete	Planned	Completed
Lewis Street	Russel Street	Grey Street	Concrete	Planned	Completed
Lowe Street	Dee Street	Philip Street	Concrete	Planned	Completed
MacMaster Street	Tay Street	Yarrow Street	Concrete	Planned	Completed
Mary Street	Yarrow Street	Gala Street	Concrete	Planned	Completed
Mersey Street	Ettrick Street	Tweed Street	Asphalt	Planned	Completed
Queens Drive	Yarrow Street	Don Street	Asphalt	Carry Forward	Completed
Queens Drive	Tay Street	Don Street	Asphalt	Carry Forward	Completed
Queens Drive	Yarrow Street	119 Queens Drive	Asphalt	Planned	Completed
Queens Drive	119 Queens Drive	Gala Street	Asphalt	Carry Forward	Completed
Queens Drive	Tay Street	Yarrow Street	Asphalt	Planned	Completed
Russel Street	Duke Street	Albert Street	Concrete	Planned	Completed
Teviot Street	Nith Street	Conon Street	Concrete	Planned	Completed
Teviot Street	Nith Street	Conon Street	Concrete	Planned	Completed
Wilton Street	Moana Street	End	Concrete	Carry Forward	Deleted
Yarrow Street	Doon Street	Queens Drive	Asphalt	Planned	Completed
Yarrow Street	Doon Street	Queens Drive	Asphalt	Planned	Completed
Yarrow Street	Queens Drive	McMaster Street	Asphalt	Planned	Completed
Yarrow Street	Queens Drive	McMaster Street	Asphalt	Planned	Completed





CAPITAL WORKS PROJECTS

Capital works having a value exceeding \$400,000 in 2013/14 were:

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Street Lighting	413	344
Kerb and channel and culvert replacement	748	731
Footpath renewals and rehabilitation	1,265	1,230
Road surface renewals and rehabilitation	3,812	3,784

As previously noted, the start of the street lighting work was delayed, however this was completed by late July.

Other capital projects, including one section of rehabilitation in Tweed Street have been undertaken as outlined in the previous tables. Works on Tweed Street were delayed due to inclement weather late in the project.

FUNDING IMPACT STATEMENT - ROADING

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	6,817	7,328	7,062
Targeted rates (other than targeted rate for water supply)	412	437	321
Subsidies and grants for operating purposes	1,794	1,986	2,132
Fees, charges and targeted rates for water supply	303	313	265
Internal charges and overheads recovered	263	272	258
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	808	837	753
Total operating funding	10,397	11,173	10,791
Applications of operational funding			
Payments to staff and suppliers	5,521	5,773	5,657
Finance costs	409	375	307
Internal charges and overheads applied	263	272	258
Other operating funding applications	-	-	-
Total applications of operational funding	6,193	6,420	6,222
Surplus (deficit) of operational funding	4,204	4,754	4,569
Sources of capital funding			
Subsidies and grants for capital expenditure	4,455	5,046	3,894
Development and financial contributions			
Increase (decrease) in debt	(418)	(560)	(560)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	4,037	4,486	3,334
Application of capital funding			
Capital expenditure			
- to meet additional demand	41	43	63
- to improve the level of service	331	0	749
- to replace existing assets	7,757	9,087	6,730
Increase (decrease) in reserves	112	110	361
Increase (decrease) in investments	-	-	-
Total application of capital funding	8,241	9,240	7,903
Surplus (deficit) of capital funding	(4,204)	(4,754)	(4,569)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	6,767	7,222	8,419

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).



Sewerage

WHAT WE HAVE DONE

The Sewerage Activity provided a network of pipes, pumping stations and treatment plants for the collection, treatment and disposal of sewage to protect public health, support city growth and contribute to the general well-being of the community.

WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
Healthy lifestyle in a healthy environment.	Provide or ensure provision of services that include a quality water supply and reliable effective sanitation.	The sewerage network efficiently removes sewage from urban areas for treatment.	Low levels of interruption from the sewerage network.	Service disruptions for individual property are less than 12 hours. Frequency of system blockage.
		Sewage is treated and discharged in a manner that minimises health risks.	Receiving waters are not adversely affected by effluent discharges.	Comply with effluent quality standards as defined in current discharge consents for Clifton and Bluff facilities.
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place.	Acceptance of tradewaste effluent compliant with Tradewaste Bylaw.	Applications for tradewaste discharges are processed efficiently.	Tradewaste consent applications are responded to within 10 working days.

HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Service disruptions for individual properties are less than 12 hours.	95%	¹ Not achieved. 90% (2012/13 - 74%)
Frequency of system blockage.	Less than 20 blockages annually per 100km of sewer.	Achieved. 19 (2012/13 - 18)
Compliance with effluent quality standards are defined in current discharge consents for Clifton and Bluff facilities.	100%	Achieved. 100% (2012/13 - 100%)
Trade waste consent applications are responded to in ten working days.	80%	² Achieved. 100% (2012/13 - 100%)

THE DETAILS

1. Service Disruptions

10% of service disruptions are recorded as exceeding 12 hours. While this is an improvement over last year's result, it is below the target level for this second year of the contract. Council staff will continue to work with the contractor to ensure repair times are reduced to the minimum.

2. Trade Waste

The recorded response time is from receipt of the application until the initial contact is made by the Tradewaste Officer to the applicant. There is usually a period of negotiation with the applicant to establish wastes and volumes that are acceptable for discharge to the sewer, and to set limits. At times it is advantageous to wait until the tradewaste discharge is initiated before finalising the consent.

PROGRAMME OF PIPEWORKS - SEWERAGE 2013/14

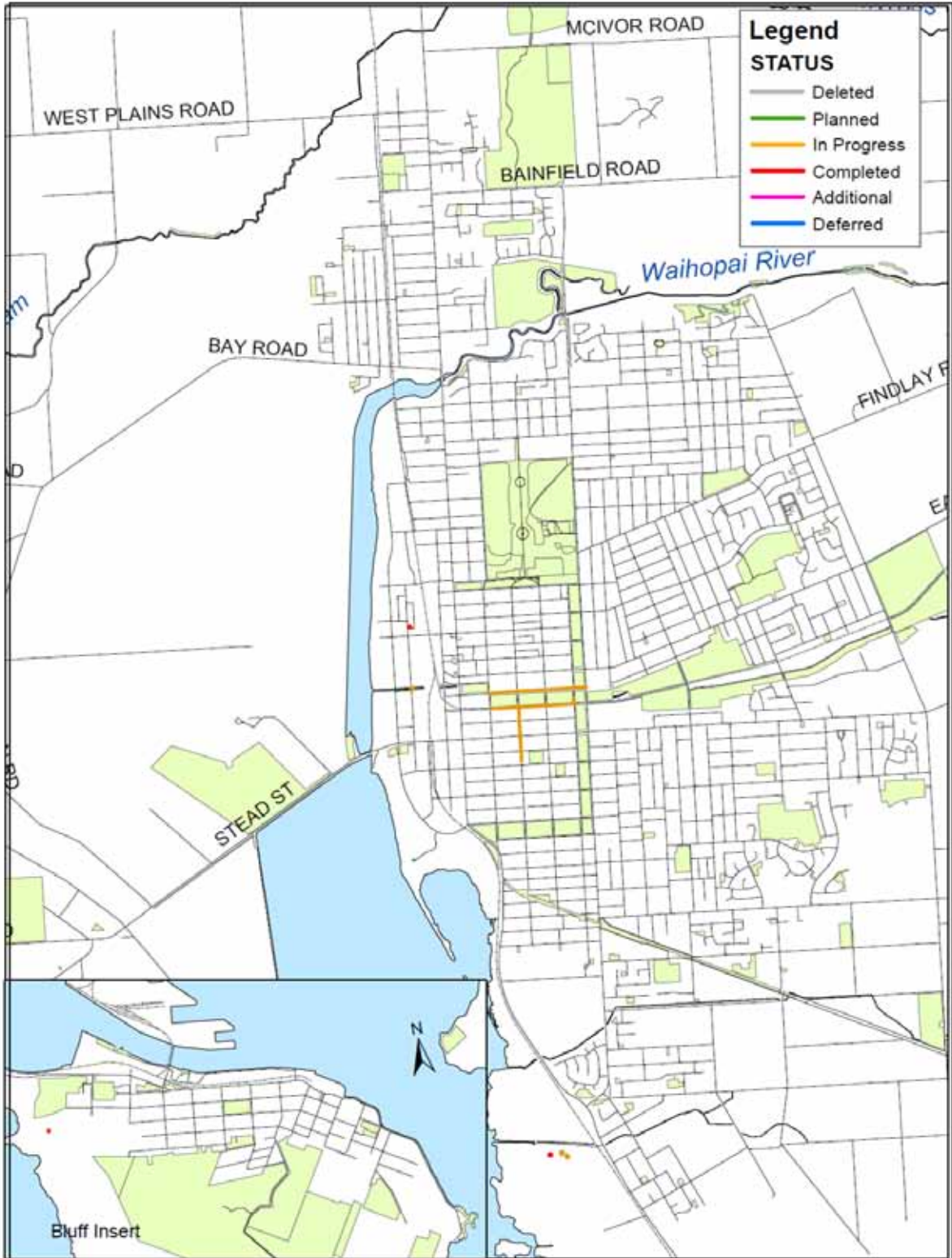
<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Conon Street - Ettrick Street to Tyne Street Project				
Conon Street	Teviot Street	Tweed Street	Planned	In Progress
Conon Street	Tweed Street Intersection	Tweed Street Intersection	Planned	In Progress
Conon Street	Tweed Street	Eye Street	Planned	In Progress
Conon Street	Eye Street	Tyne Street	Planned	In Progress
Conon Street	Ettrick Street	Teviot Street	Planned	In Progress
Ythan Street	Forth Street	Tyne Street	Carry forward	Planned

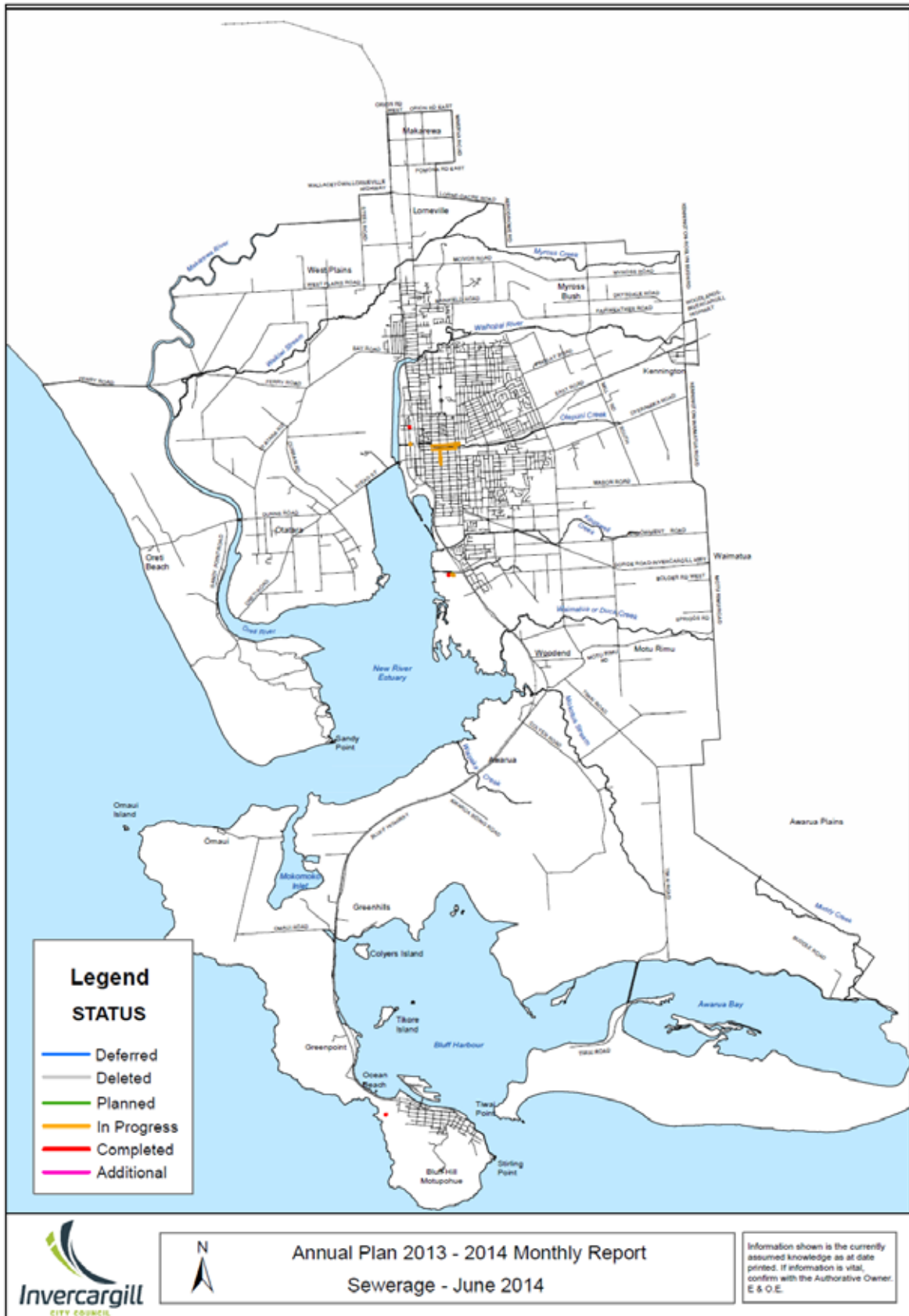
<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Forth Street - Elles Road to Nith Street Project				
Forth Street	Conon St	Nith Street	Carry forward	In Progress
Forth Street	Ness Street	Ythan Street	Planned	In Progress
Forth Street	Ythan Street	Conon Street	Planned	In Progress
Forth Street	Elles Road	Ness Street	Planned	In Progress
Ness Street	Otepuni Bridge	Tyne Street	Planned	In Progress
Tyne Street	Ness Street	Ythan Street	Planned	In Progress
Tyne Street	Ythan Street	Conon Street	Planned	In Progress
Tyne Street	Conon Street	Nith Street	Planned	In Progress

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Mersey Street Project				
Mersey Street	Otepuni Bridge	Otepuni Bridge	Carry forward	In Progress

PROGRAMME OF PUMPWORKS - SEWERAGE 2013/14

<i>Location</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Mersey Street Pump Station	Carry forward	Completed





**Legend
STATUS**

- Deferred
- Deleted
- Planned
- In Progress
- Completed
- Additional



Annual Plan 2013 - 2014 Monthly Report
Sewerage - June 2014

Information shown is the currently assumed knowledge as at date printed. If information is vital, confirm with the Authoritative Owner. E & O.E.

CAPITAL WORKS PROJECTS

Capital works having a value exceeding \$200,000 in 2013/14 were:

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Pipe Assets Renewals	975	145
Treatment Plant Assets Renewals	548	440

THE DETAILS

1. Pipe Assets Renewals

Planned upgrades were deferred to the 2014/15 year with contracts now in place for these projects. The difference between proposed and actual spending is because projects were deferred. Budgets have been carried forward for these projects into the next year.

2. Treatment Plant Assets Renewals

Planned asset renewals were not completed and budgets have been carried forward into the next year to fund this work.



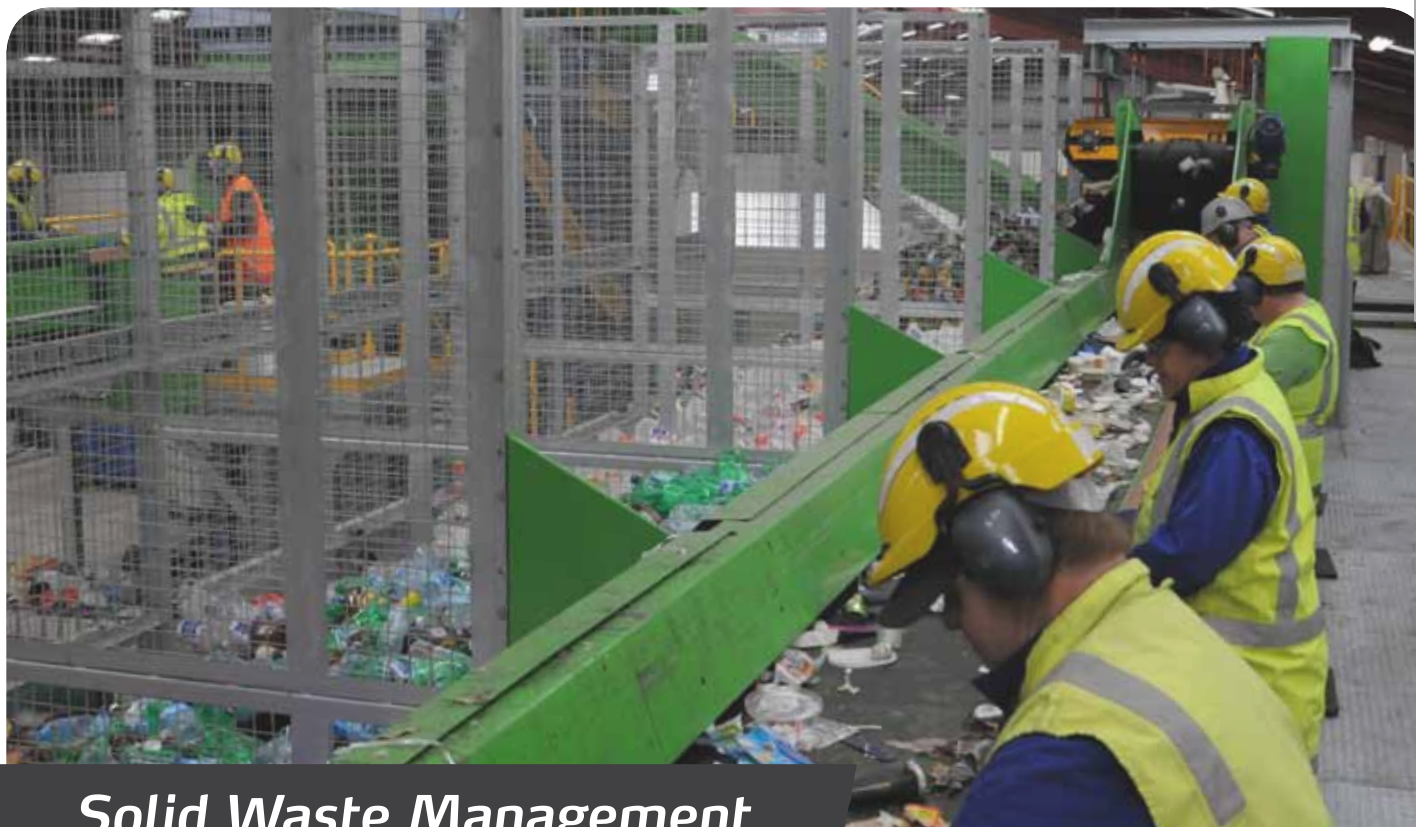
FUNDING IMPACT STATEMENT - SEWERAGE

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	4,762	4,914	4,801
Targeted rates (other than targeted rate for water supply)	69	69	29
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	569	586	596
Total operating funding	5,400	5,569	5,426
Applications of operational funding			
Payments to staff and suppliers	3,028	3,127	2,762
Finance costs	518	481	369
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	3,545	3,607	3,131
Surplus (deficit) of operational funding	1,855	1,962	2,295
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(575)	(568)	(546)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(575)	(568)	(546)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	3
- to improve the level of service	132	-	-
- to replace existing assets	1,618	1,394	696
Increase (decrease) in reserves	(470)	-	1,050
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,279	1,394	1,749
Surplus (deficit) of capital funding	(1,855)	(1,962)	(2,295)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	1,174	1,234	1,914

FUNDING IMPACT STATEMENT ANALYSIS

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Solid Waste Management

WHAT WE HAVE DONE

The Solid Waste Activity, through WasteNet Southland, assisted in the disposal of solid waste in a way that protects the health of the community and the environment. This was achieved by the provision

of solid waste facilities for the collection and disposal of recycling and rubbish and the delivery of waste minimisation education in Southland.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
Healthy lifestyle in a healthy environment.	Provide or ensure provision of services that include a quality water supply and reliable, effective sanitation.	Provision of solid waste facilities for the collection and disposal of recycling and rubbish.	<p>Ensure regular kerbside collection services.</p> <p>Appropriate operating hours for facilities.</p> <p>Encourage waste minimisation.</p>	<p>Comparing trends in recycling and rubbish tonnages.</p> <ul style="list-style-type: none"> ▪ Kerbside recycling. ▪ Kerbside rubbish. ▪ Solid waste to transfer station. ▪ Solid waste to landfill. ▪ Recycling to material recovery facility.
Strong, innovative leadership.	Actively seek efficiencies through innovation, shared services and streamlining processes.	Collaboration with other local territorial authorities for the coordinated delivery of waste management and minimisation in Southland.	Operation of WasteNet Southland as a shared service for the benefit of Southland.	WasteNet Southland produces an Action Plan.

HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Increasing trend in kerbside recycling.	Increasing trend.	Not achieved. 3,718 tonnes (2012/13 - 3,746 tonnes)
Decreasing trend in kerbside rubbish.	Decreasing trend.	Not achieved. 10,186 tonnes (2012/13 - 9,685 tonnes)
Decreasing trend in solid waste to transfer station.	Decreasing trend.	Achieved. 25,416 tonnes (2012/13 - 26,596 tonnes)
Increasing trend in recycling to material recovery facility.	Increasing trend.	Achieved. 3,836 tonnes (2012/13 - 3,746 tonnes)
WasteNet Southland produces an Action Plan.	Projects are completed on time and budget as per Action Plan.	'Not achieved. (2012/13 - Achieved)

THE DETAILS

Decreasing solid waste volumes at the transfer station, combined with increasing volumes through the kerbside collection indicates a growing customer preference for the disposal of waste through the kerbside collection. There is also a trend among commercial waste collection contractors to use larger vehicles which are able to directly access the Regional Landfill Site at Kings Bend.

The decreasing trend in recycling tonnages through the kerbside collection and the Materials Recycling Facility highlight the need for further effort in education and monitoring of the service to ensure that tonnage of material suitable for recycling is maximised. WasteNet Southland is continuing to develop and deliver programmes to this end throughout Southland.

1. WasteNet projects achieved this year include:

A total of 4,882 students and adults received waste education through work in schools, community workshops and field trips. Over 25 tonnes of rubbish has been uplifted from roadsides, beaches and reserves by community groups. Also, 784 kilograms of agrichemicals were collected as part of the Agrecovery Southland Agrichemical collection. Some of the projects are ongoing and take several years to complete this is why this measure has not been achieved.

FUNDING IMPACT STATEMENT - SOLID WASTE MANAGEMENT

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	3,643	3,769	3,756
Targeted rates (other than targeted rate for water supply)	27	27	13
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	2,634	2,725	2,188
Internal charges and overheads recovered	1,369	1,416	1,371
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	178	174	79
Total operating funding	7,850	8,111	7,407
Applications of operational funding			
Payments to staff and suppliers	6,679	6,909	5,844
Finance costs	-	-	-
Internal charges and overheads applied	1,369	1,416	1,371
Other operating funding applications	-	-	-
Total applications of operational funding	8,048	8,325	7,215
Surplus (deficit) of operational funding	(198)	(214)	192
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	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	23
Increase (decrease) in reserves	(198)	(214)	169
Increase (decrease) in investments	-	-	-
Total application of capital funding	(198)	(214)	192
Surplus (deficit) of capital funding	198	214	(192)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	78	81	351

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).





Stormwater

WHAT WE HAVE DONE

The Stormwater Activity provided the removal of stormwater from residential, industrial and commercial properties reducing the risk of property damage due to flooding.

WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
Healthy lifestyle in a healthy environment.	Provide or ensure provision of services that include a quality water supply and reliable effective sanitation.	The stormwater network reduces the impact of flooding on the built environment.	Low levels of stormwater ponding on roads during rainfall events.	Complaints of stormwater blockage are responded to within one hour.
		Provide a quick and effective response to potential environmental hazards or nuisance.	Reliable removal of stormwater where there are Council managed networks.	No flooding in living areas of houses during a five year return period storm.

HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Complaints of stormwater blockage responded to within 1 hour.	90%	¹ Not achieved. 83% (2012/13 - 100%)
No flooding in living areas of houses during a five year return period storm*.	No houses flooded.	Achieved. No houses flooded. (2012/13 - Achieved)

* Measured by number of complaints received of flooding inside dwelling during a five year return period storm.

THE DETAILS

1. Complaints of stormwater blockage

17% of response times to stormwater blockage are recorded as being greater than one hour. This is below the target response time. This was mainly

due to multiple requests for service being initiated in a short time due to a single rain event, while contractors were still working on previous complaints.

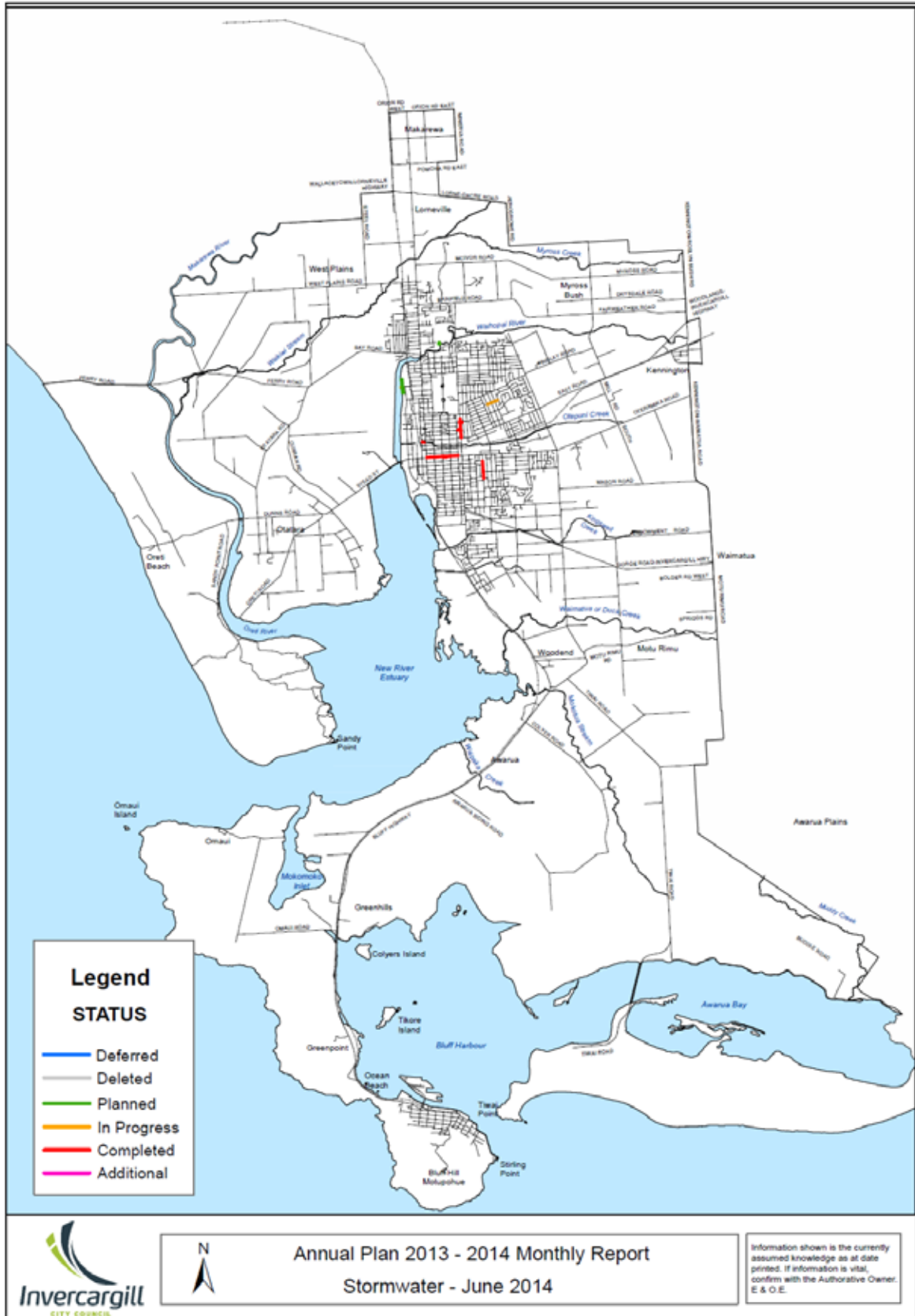
PROGRAMME OF PIPEWORKS - STORMWATER 2013/14

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Don Street	Doon Street	Queens Drive	Planned	Completed
James Street	Crawford Street	Isabella Street	Planned	In Progress
James Street	Isabella Street	Margaret Street	Planned	In Progress
James Street	Margaret Street	Lorn Street	Planned	In Progress
Pomona Street	Beatty Street	Centre Street	Carry forward	Completed
Pomona Street	76 Pomona Street	Compton Street	Carry forward	Completed
Queens Drive	109 Queens Drive	Tay Street	Planned	Completed
Tweed Street (North Side)	162 Tweed Street	Nith Street	Planned	Completed
Tweed Street (North Side)	166 Tweed Street	Conon Street	Planned	Completed
Tweed Street (North Side)	212 Tweed Street	Conon Street	Planned	Completed
Tweed Street (North Side)	Ness Street	Ythan Street	Planned	Completed
Tweed Street (North Side)	214 Tweed Street	Ythan Street	Planned	Completed
Tweed Street (North Side)	122 Tweed Street	Nith Street	Planned	Completed
Tweed Street (North Side)	122 Tweed Street	Clyde Street	Planned	Completed
Wood Street	8 Wood Street	16 Wood Street	Carry forward	Completed
Yarrow Street	205 Yarrow Street	Queens Drive	Planned	Completed

PROGRAMME OF PUMPWORKS - STORMWATER 2013/14

<i>Location</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Beatrice Street	Carry forward	In Progress
Beatrice Street	Carry forward	Planned
Prestonville Stormwater Pump Station	Planned	Planned





CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$500,000 in 2013/14 were:

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Stormwater Pipe Asset Renewal/Upgrade.	1,209	1,626

Actual expenditure on stormwater improvements and upgrades included a \$460,000 carry forward from the proposed funding in the 2012/13 year.

FUNDING IMPACT STATEMENT - STORMWATER

	<i>Long Term Plan 2012 - 2022</i>		<i>Actual</i>
	<i>2012/13 \$'000</i>	<i>2013/14 \$'000</i>	<i>2013/14 \$'000</i>
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	2,505	2,752	2,510
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	7	7	3
Internal charges and overheads recovered	1	1	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1	2	453
Total operating funding	2,514	2,762	2,966
Applications of operational funding			
Payments to staff and suppliers	1,267	1,308	1,343
Finance costs	27	26	1
Internal charges and overheads applied	1	1	-
Other operating funding applications	-	-	-
Total applications of operational funding	1,294	1,334	1,344
Surplus (deficit) of operational funding	1,219	1,427	1,622
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(12)	(13)	298
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(12)	(13)	298
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	133
- to improve the level of service	88	98	461
- to replace existing assets	1,117	1,315	2,004
Increase (decrease) in reserves	2	2	(678)
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,207	1,415	1,920
Surplus (deficit) of capital funding	(1,219)	(1,427)	(1,622)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	1,946	2,054	1,970

FUNDING IMPACT STATEMENT ANALYSIS

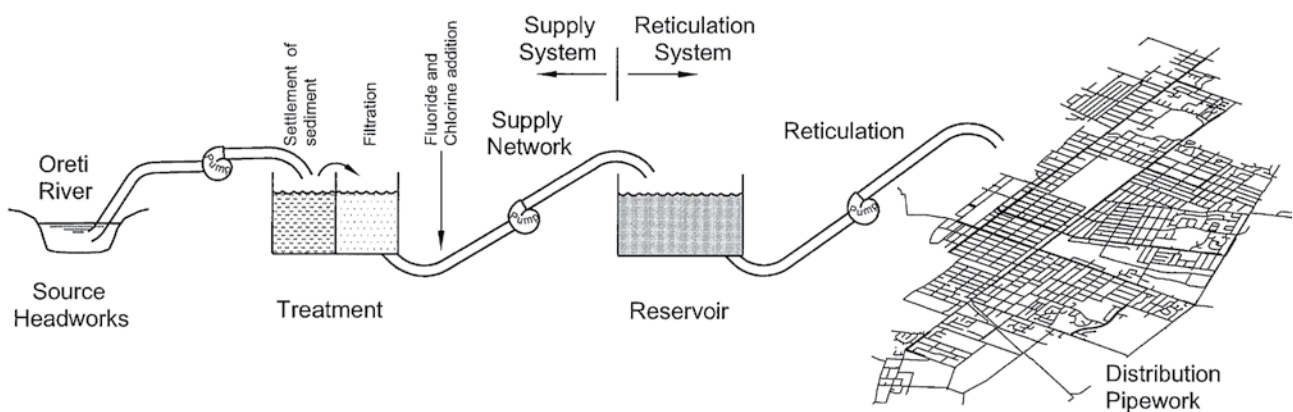
A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).



Water Supply

WHAT WE HAVE DONE

The Water Supply Activity supplied potable water at pressure to the boundary of each property in the Bluff and Invercargill urban areas. It did this through taking water from the Oreti River, treating it at Branxholme and piping it throughout the District. Council supplied water was also used for fire fighting via the street hydrants.



WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
Healthy lifestyle in a healthy environment.	Provide or ensure provision of services that include a quality water supply and reliable, effective sanitation.	By operating, maintaining, upgrading and developing the water supply system so that the water supplied is safe to consume.	The water supply is safe to drink.	Ministry of Health Grade.
			The water is pleasant to drink.	Number of complaints of taste and smell.
			Reticulated properties receive a continuous supply of water.	Notification of planned shutdowns. Duration of break.
			The water supply is reliable.	Availability of service.
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place, including energy, water, communications and work force.	By ensuring that: <ul style="list-style-type: none"> ▪ The Community's water needs are met. ▪ Risks to property and public health are minimised. ▪ The water supply system is managed in a way that is sensitive to social, cultural, environmental and economic goals of the Community. 	There is sufficient water flow and pressure for fire-fighting purposes.	Hydrants meet fire-fighting standards.

HOW DID WE MEASURE UP

Measure	Target 2012/13	Result 2012/13
Ministry of Health Grade.	Invercargill -Aa Bluff -Aa	¹ Not achieved. (2012/13 Invercargill - Aa Bluff - Ab)
Number of complaints of taste and smell.	No more than ten per month.	Achieved. 2 in February and 2 in May (2012/13 - 3)
Notification of planned shutdowns.	At least 24 hours by letter drop.	² Not achieved. (2012/13 - Not achieved)
Duration of break.	No more than 8 hours.	³ Not achieved. (2012/13 - Not achieved)
Availability of service.	Total accumulated time of water shutdown to any consumer not to exceed 36 hours per annum (99.6% availability).	Achieved. 99.6% availability (2012/13 - Achieved)
Hydrants meet fire fighting standards.	At least 97.5% of hydrants tested by New Zealand Fire Service exceed 12.5 litres per second flow rate.	Achieved. 100% (2012/13 - 100%)

THE DETAILS

1. Ministry of Health Grade

Bluff reticulation remains as "b" grade instead of the target "a" because the full Bluff reticulation upgrade has not yet been completed. Upon completion of the Bluff upgrade and improvement works at the Branxholme Water Treatment Plant, a review of the Ministry of Health grades is intended.

2. Notification of Planned Shutdowns

144 out of 162 tasks, or 89%, of planned tasks were notified according to the target. The success of this measure is dependent on the maintenance contractor's management skills to plan timing for non-urgent works. On a monthly basis, the success rate generally varies between 80% and 100%.

3. Duration of Break (Of Supply)

There were four occurrences of non-compliance throughout the year, one in August, one in March and two in April. Exceedance over the target of eight hours ranged from just over half an hour to five hours.

WHAT ELSE WE HAVE DONE

1. Water Treatment Plant Performance

All months, with the exception of August, saw a performance at or above the minimum as set by the Drinking Water Standards for New Zealand. Equipment malfunction during August resulted in non-compliance with the protozoal criteria set in the Drinking Water Standards.

A consultant was appointed to review the Plant performance and to develop options to bring the performance in line with the Drinking Water Standards as well as to how to address the long standing taste and odour issue. Detailed design works will occur over the 2014/15 year and we will make a start on what will be a two year construction period to improve overall plant performance.

2. Water Demand

The annual demand for water was slightly down on the previous year being 8,489,610 cubic metres (1% lower than the previous year.) No restriction on domestic hosing was necessary as the peak daily demand was 33,108 cubic metres which is only slightly up on the typical maximum experienced in previous years, being in the late 32,000's.

PROGRAMME OF WORKS - WATER 2013/14

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Bluff Road	Bluff	Clifton	Carry forward	In Progress
Branxholme Duplicate	Branxholme	Makarewa	Carry forward	Completed
Burrows Street	Marine Parade (SH 1)	Athelney Street	Additional	Completed
Clyde Street (east)	Otepunu Stream	Tweed Street	Carry forward	In Progress
Clyde Street (west)	Otepunu Stream	Tweed Street	Carry forward	In Progress
Conon Street	Tay Street	Otepunu Stream	Carry forward	Completed
Dee Street	Fox Street	Victoria Avenue	Carry forward	Completed
Deveron Street	Leet Street	Tay Street	Carry forward	Completed
Doyle Street	Suir Street	West End	Additional	Completed
Duncraig Street	Anglesey Street	Purdue Street	Carry forward	Completed
Gore Street	Suir Street	West End	Additional	Completed
Henderson Street	Barrow Street	24 Henderson Street	Additional	Completed

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Status 2013/14 Annual Plan</i>	<i>Progress to 30 June 2014</i>
Kew Road	Bluff Highway	56 Kew Road	Additional	In Progress
Lee Street	Gore Street (SH 1)	Barrow Street	Additional	In Progress
Onslow Street	Foyle Street	Barrow Street	Additional	Completed
Queens Drive	Tay Street	Yarrow Street	Carry forward	Completed
Slaney Street	Foyle Street	Theodore Street	Carry forward	Completed
Thames Street	Kelvin Street	Thomson Street	Carry Forward	Completed
Thames Street	Thomson Street	Dee Street	Carry forward	Completed
Tweed Street	Elles Road	Southland Girls High School	Additional	Completed
Walker Street	Marine Parade (SH 1)	Parrett Street	Additional	Completed
Wood Street	Liddel Street	Clyde Street	Carry forward	Completed
Wood Street	Clyde Street	Nith Street	Carry forward	Deleted
Wood Street	Liddel Street	Nith Street	Carry forward	Deleted





CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$500,000 in 2013/14 were:

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Development of underground water source to act as an Emergency Supply.	3,132	0
Renewal of various Branxholme Treatment Plant items of plant and equipment.	1,348	0
Bluff Replacement Pipeline	-	2,270

THE DETAILS

1. Development of Underground Water Source

This project has been deferred due to the fact that there has been insufficient investigation works to locate a suitable source. This project was deferred in favour of the Branxholme Water Treatment Plant improvements.

2. Renewal of Branxholme Treatment Plant

In recent years it has become evident that the water treatment process is not sufficiently robust to always meet the Drinking Water Standards and that the public expectation in respect to suppression of taste and odour is not being met. During the year an investigation into the performance of the Branxholme Water Treatment Plant was undertaken together with exploration of options as to how to address those issues.

Rather than commit the renewal budget on items of plant and equipment that may not figure in a redesigned water treatment process the decision was taken to defer expenditure on that budget and instead consult through the Annual Plan process the concept of utilisation of the budget towards overall treatment improvements.

3. Bluff Pipeline Replacement

Contract works commenced the previous year continued towards replacement of the asbestos cement water main which in recent years had an increasing frequency of failure. The pipe line was close to completion at the end of June and was successfully linked to the Bluff Reservoir in August 2014.

FUNDING IMPACT STATEMENT - WATER SUPPLY

	<i>Long Term Plan 2012 - 2022</i>		<i>Actual</i>
	<i>2012/13 \$'000</i>	<i>2013/14 \$'000</i>	<i>2013/14 \$'000</i>
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	6,174	6,721	6,193
Targeted rates (other than targeted rate for water supply)	77	77	28
Subsidies and grants for operating purposes	1	1	-
Fees, charges and targeted rates for water supply	1,148	1,187	1,097
Internal charges and overheads recovered	5,015	4	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	87	87	50
Total operating funding	12,501	8,077	7,368
Applications of operational funding			
Payments to staff and suppliers	4,674	4,800	3,968
Finance costs	725	880	427
Internal charges and overheads applied	4	4	-
Other operating funding applications	-	-	-
Total applications of operational funding	5,403	5,684	4,395
Surplus (deficit) of operational funding	7,098	2,393	2,973
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,841	2,954	2,141
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	1,841	2,954	2,141
Application of capital funding			
Capital expenditure			
- to meet additional demand	7,130	-	139
- to improve the level of service	1,641	2,385	16
- to replace existing assets	125	3,434	3,254
Increase (decrease) in reserves	43	(472)	1,706
Increase (decrease) in investments	-	-	-
Total application of capital funding	8,939	5,347	5,114
Surplus (deficit) of capital funding	(7,098)	(2,393)	(2,973)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	2,530	2,689	2,623

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).

Animal Control

WHAT WE HAVE DONE

The Animal Control Activity provided for the control of dogs and stock and assisted to minimise the harm done by dogs. It also promoted good dog care and welfare in the community through education and raising awareness. It did this through investigating

complaints received in relation to animal behaviour; maintaining a register of dogs in the City; and by providing a facility for impounding and caring for stray and seized animals.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Promote Invercargill actively as a great place to live, work, play and visit.	The Animal Control Activity minimises the effects of dogs on Invercargill residents' and visitors' quality of life.	The Animal Control Service encourages responsible dog ownership.	De-sexing programmes for dogs are undertaken.
Healthy lifestyles in a healthy environment.	Provide a quick and effective response to potential environmental hazards or nuisance.	Animal Control Activity provides 24-hour Animal Control Services to ensure that animal related nuisances are responded to.	The Animal Control Service is professional and prompt, especially in instances of community safety.	"Suitably trained staff" are available to respond to requests for service.*

* "Suitably trained staff" are those staff who hold accreditation from the National Institute of Animal Control.

HOW DID WE MEASURE UP

Measure	Target 2013/14	Result 2013/14
De-sexing programmes for dogs are undertaken.	Minimum of one de-sexing programme undertaken annually.	Achieved. (2012/13 - Not achieved)
Suitably trained staff are available to respond to requests for service.	Suitably trained staff are available 24 hours per day, seven days per week.	Achieved. (2012/13 - Achieved)

THE DETAILS

This year our animal care facility designed for use as an animal surgery has been specially equipped to enable the de-sexing of cats and dogs.

We are working with the Community Desexing Project and currently desexing is only performed on unclaimed dogs being rehomed from our facility or through the SPCA.

In future we will be working with the SPCA, local vets and the Community Desexing Project to develop further desexing programs aimed at reducing the numbers of unwanted dogs and cats in the city.

FUNDING IMPACT STATEMENT - ANIMAL CONTROL

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	135	120	167
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	473	489	473
Internal charges and overheads recovered	6	6	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	17	18	54
Total operating funding	631	633	694
Applications of operational funding			
Payments to staff and suppliers	573	590	691
Finance costs	20	19	9
Internal charges and overheads applied	6	6	-
Other operating funding applications	-	-	-
Total applications of operational funding	598	615	700
Surplus (deficit) of operational funding	32	18	(6)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(8)	(8)	(4)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(8)	(8)	(4)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	26	20
Increase (decrease) in reserves	24	(16)	(30)
Increase (decrease) in investments	-	-	-
Total application of capital funding	24	10	(10)
Surplus (deficit) of capital funding	(32)	(18)	6
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	17	2	22

FUNDING IMPACT STATEMENT ANALYSIS

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Building Control

WHAT WE HAVE DONE

The Building Control Activity implemented the requirements of the Building Act fairly and impartially so that the public has confidence that buildings are constructed in accordance with the Building Code and consented buildings meet Building Code requirements.

This was achieved by providing advice and education to the community on proposed building work; by receiving and processing applications under the Building Act; and by policing the requirements of the Building Act.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Design spaces, buildings and roads with community safety and interest in mind, and encourage others to do the same.	The Building Control Activity ensures that all buildings are of a safe and durable standard for occupation.	The Council ensures that building work is safe and in accordance with the Building Act by processing applications, inspecting work and providing information and advice.	Statutory time frames for processing consents are met.
		The Building Control Activity keeps records showing that commercial and industrial buildings have been maintained to the standard required to ensure public safety.		Council's 'Earthquake Prone Buildings' Policy reflects the most recent advice from the Department of Building and Housing.
		The Building Control Activity promotes best practice in the building industry by providing informative materials and advice.		Council's 'Building Sector News' is regularly published.
		The Building Consenting system is a quality control process covering building work.		Accreditation as a Building Consent Authority is retained.



HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Statutory time frames for processing consents are met.	100%	¹ Not achieved. 99.52% (2012/13 - 97.23%)
Council's 'Earthquake Prone Buildings' Policy reflects the most recent advice from the Department of Building and Housing.	Policy adopted and requirements actioned.	² Not achieved. (2012/13 - Not achieved)
Council's 'Building Sector News' is regularly published.	Published 12 times per year.	Achieved. (2012/13 - Achieved)
Accreditation as a Building Consent Authority is retained.	Accreditation is retained.	Achieved. (2012/13 - Achieved)

THE DETAILS

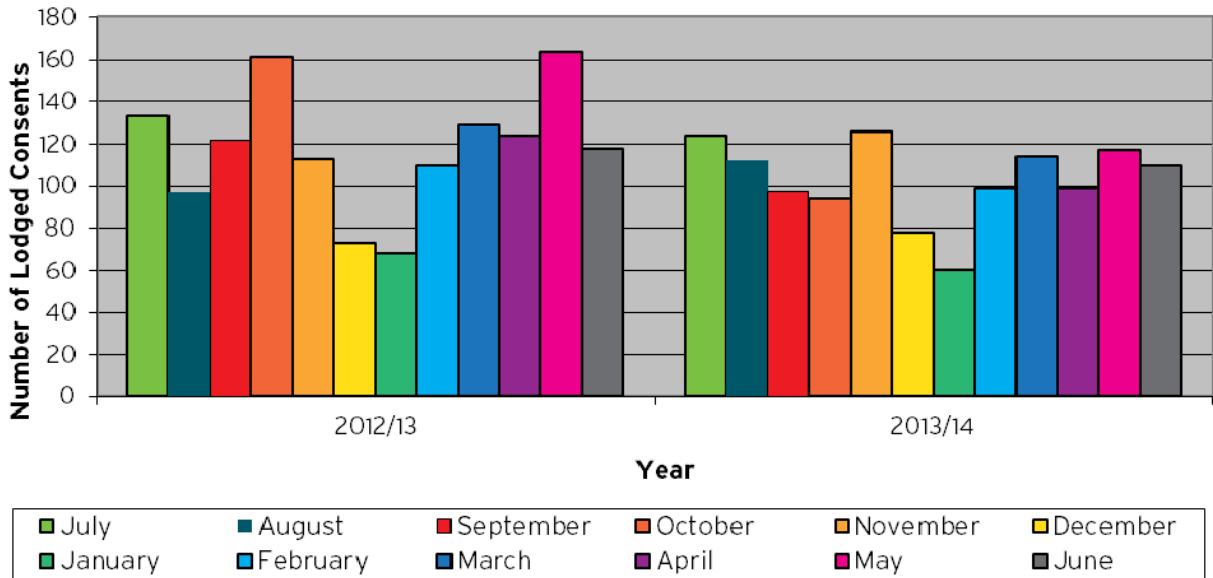
1. Statutory Times

Six consents out of the 1,254 processed went over 20 working days.

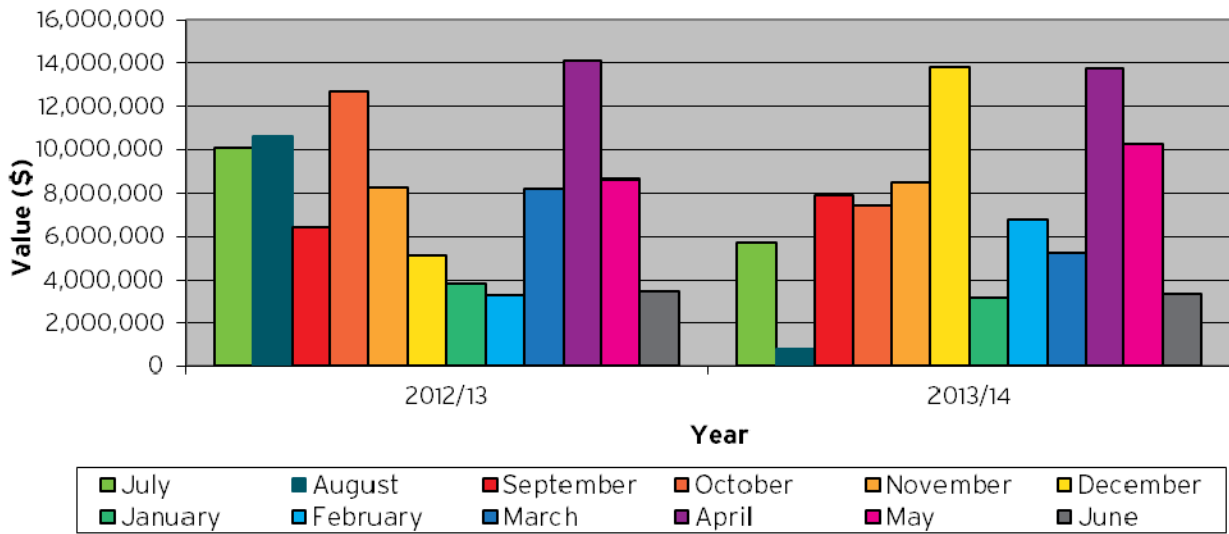
2. Earthquake Policy

Council has not progressed this policy as Central Government is considering an amendment to the Building Act 2004 that will establish a framework around earthquake prone buildings. Council is waiting for the outcome of the amendment before developing our policy.

Number of Building Consents Lodged



Value of Building Consents Lodged



FUNDING IMPACT STATEMENT - BUILDING CONTROL

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	548	525	499
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	2,000	2,069	1,876
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	18	16	63
Total operating funding	2,566	2,610	2,438
Applications of operational funding			
Payments to staff and suppliers	2,468	2,510	2,364
Finance costs	-	-	-
Internal charges and overheads applied	-	-	6
Other operating funding applications	-	-	-
Total applications of operational funding	2,468	2,510	2,364
Surplus (deficit) of operational funding	98	100	74
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	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	41	42	49
Increase (decrease) in reserves	57	57	25
Increase (decrease) in investments	-	-	-
Total application of capital funding	98	100	74
Surplus (deficit) of capital funding	(98)	(100)	(74)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	102	106	38

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).

Civil Defence Emergency Management

WHAT WE HAVE DONE

The Civil Defence Emergency Management Activity, through Emergency Management Southland provided the Civil Defence Emergency Management service to ensure Council has response and recovery plans

in place in the event of an emergency affecting the District and assisted the community in being prepared for an emergency.

WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
Healthy lifestyles in a healthy environment.	Provide a quick and effective response to potential environmental hazards or nuisance.	The activity provides the necessary resources to coordinate and respond to emergency events and educates the Community on how best to prepare for emergency events.	Enhancing the Community's capability to respond to and recover from civil defence emergencies.	Number of public education activities delivered to residents, schools and interest groups.
			Increasing Community awareness, understanding and preparedness and participation in Civil Defence Emergency Management.	Percentage of residents who have awareness of at least three of the major hazards likely to affect Southland.
				Percentage of residents who have a plan for coping with a civil defence emergency.

HOW DID WE MEASURE UP

Measure	Target 2013/14	Result 2013/14
Number of public education activities delivered to residents, schools and interest groups.	30	¹ Achieved. 43 (2012/13 - 37)
Percentage of residents who have awareness of at least three of the major hazards likely to affect Southland.	45%	² Not achieved. 28% (2012/13 - 28%)
Percentage of residents who have a plan for coping with a civil defence emergency.	50%	Not achieved. 47% (2012/13 - 42%)
Advocacy by EMS to appropriate councils on appropriate resources and policy to mitigate effects of natural disasters.	2	Achieved. 5 (2012/13 - 6)
Facilitation and funding of the Engineering Lifelines group (measured by meeting per annum).	3	Not achieved. 2 (2012/13 - 5 Achieved)

THE DETAILS

1. Public Education

This increase is a result of a high demand for public talks which Emergency Management Southland was able to meet.

2. Resident's Hazard Awareness

High levels of awareness for both earthquake and flooding have been achieved, but we are working to find better ways to further educate residents about tsunami awareness.



FUNDING IMPACT STATEMENT - CIVIL DEFENCE EMERGENCY MANAGEMENT

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	238	246	238
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	165	171	190
Total operating funding	403	417	428
Applications of operational funding			
Payments to staff and suppliers	403	417	428
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	403	417	428
Surplus (deficit) of operational funding	-	-	-
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	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	-
Surplus (deficit) of capital funding	-	-	-
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).



Compliance *including Parking Services*

WHAT WE HAVE DONE

The Compliance Activity managed parking enforcement services to ensure equitable parking for all and protecting pedestrians as well as responding to environmental nuisances. This was achieved by enforcing car parking in the District; monitoring

and removing vehicles left abandoned; promoting good parking behaviour, including education around schools; and providing support staff to the New Zealand Police when required.

WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
A diverse and growing economy.	Provide an environment that is business friendly and nurtures strong business.	Promotes good parking practices and enforces parking time limits to ensure regular turnover of vehicles in areas of high parking demand, for example the City Centre.	Provide and manage equitable parking access for all users.	Parking patrols of Council managed parking spaces.
A city that is a great place to live and visit.	Ensure that all projects/ services consider how best they can cater for people with disabilities, the elderly, youth and families.	Promotes good parking practice, particularly around schools.	Ongoing education of drivers about safety around schools.	Educational material is distributed at schools.

HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Parking patrols of Council managed parking spaces.	Average 80 hours patrolling per week.	¹ Not achieved. 55 hours (2012/13 - 89 hours)
Educational material is distributed at schools.	Distributed to 8 schools per year.	² Not achieved. 5 schools (2012/13 - 12 schools)

Schools involved were Middle School; Aurora; Newfield Park; Donovan and Salford.

THE DETAILS

1. **Parking Patrols**

We only averaged 55 hours patrolling per week. This was a result of being understaffed. The future needs of these services and staffing requirements are being reviewed.

2. **Educational Material**

Only five schools received material. This is due to an electronic means of delivering the information. The distribution will increase next year.

FUNDING IMPACT STATEMENT - COMPLIANCE

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	(84)	(88)	(79)
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	6	6	109
Internal charges and overheads recovered	51	53	53
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	789	816	596
Total operating funding	763	787	679
Applications of operational funding			
Payments to staff and suppliers	687	709	542
Finance costs	-	-	-
Internal charges and overheads applied	51	53	53
Other operating funding applications	-	-	-
Total applications of operational funding	738	762	595
Surplus (deficit) of operational funding	25	25	84
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	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	18	9	4
Increase (decrease) in reserves	7	16	80
Increase (decrease) in investments	-	-	-
Total application of capital funding	25	25	84
Surplus (deficit) of capital funding	(25)	(25)	(84)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	26	26	13

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).



Environmental Health

WHAT WE HAVE DONE

The Environmental Health Activity improved, promoted and protected public health within the District by controlling food premises and alcohol

licencing as well as providing resolution of odour, noise, litter and pest nuisances.

WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
Healthy lifestyles in a healthy environment.	Provide a quick and effective response to potential environmental hazards or nuisance.	Environmental Health provides 24 hour noise response services.	Members of the Community are not subjected to inappropriate noise levels.	Excessive noise complaints are investigated and responded to within one hour.
A diverse and growing economy.	Provide an environment that is business friendly and nurtures strong business.	Environmental Health provides for the registration and inspection of businesses that ensures commercial, industrial, and retail activities meet Environmental Health legislation.	Food premises are safe and healthy for the public. Alcohol is appropriately controlled within the District.	Food premises are checked annually for compliance. Tavern or Entertainment licences are checked annually for compliance.



HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Excessive noise complaints are investigated and responded to within one hour.	95%	¹ Not achieved. 81% (2012/13 - 97.5%)
Food premises are checked annually for compliance.	80-90%	² Not achieved. 43% (2012/13 - 79%)
Tavern or entertainment licences are checked annually for compliance.	80-90%	³ Not achieved. 68% (2012/13 - 77%)

THE DETAILS

1. Noise Complaints

Staff service response times were reviewed in 2013/14 and this service has now been contracted to an external provider.

2. Food

This measure was not achieved because of a shortage of staff resources. The issue has now been resolved through the use of contractors and new staff.

3. Licenses

During 2013/2014 the Sale and Supply of Alcohol Act 2012 came into force and significant changes occurred around the way Council administered and issued licences for the sale of alcohol. This measure is no longer relevant and will change in the next Long Term Plan.

FUNDING IMPACT STATEMENT - ENVIRONMENTAL HEALTH

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	855	883	905
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	175	181	208
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	23	20	71
Total operating funding	1,053	1,085	1,184
Applications of operational funding			
Payments to staff and suppliers	1,035	1,069	1,133
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	1,035	1,069	1,133
Surplus (deficit) of operational funding	18	16	51
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	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	45	-	51
Increase (decrease) in reserves	(27)	16	-
Increase (decrease) in investments	-	-	-
Total application of capital funding	18	16	51
Surplus (deficit) of capital funding	(18)	(16)	(51)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	19	19	21

FUNDING IMPACT STATEMENT ANALYSIS

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Resource Management

WHAT WE HAVE DONE

The Resource Management Activity promoted the sustainable management of the natural and physical resources of the District by developing policies that reflected the Invercargill environment;

processing applications made under the Resource Management Act; implementing the District Plan and other environmental policies; and by promoting best environmental practice.

WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
A diverse and growing economy.	Provide an environment that is business friendly and nurtures strong business.	The Resource Management Activity ensures that a District Plan is in place that contains appropriate standards and guidelines for development and infrastructure.	The District Plan addresses environmental issues through ongoing review.	The District Plan is monitored and changes recommended to Council.
Healthy lifestyles in a healthy environment.	Implement and protect distinct development zones across the District.	The Resource Management Activity establishes environmental standards for activities throughout the District, and promotes sustainable development.	Development that does not meet the standards in the District Plan is subject to the resource consent process where it can be refused or granted with appropriate conditions.	Statutory timeframes for processing consents are met.

HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
The District Plan is monitored and changes recommended to Council.	Calling for submissions and further submissions to the District Plan Review. Commencement of Hearings on the issues raised in the submissions.	Achieved. (2012/13 - Achieved.)
Statutory timeframes for processing consents are met.	100%	Achieved. 100% (2012/13 - 100%)

THE DETAILS

1. District Plan

The submissions and further submissions process was completed between August 2013 and January 2014. Hearings commenced in May 2014. Hearings were

held in May and June 2014 which covered 10 topics. The Hearings will continue in the 2014/15 financial year.

FUNDING IMPACT STATEMENT - RESOURCE MANAGEMENT

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	1,108	1,140	1,150
Targeted rates (other than targeted rate for water supply)	20	20	15
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	189	201	148
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	32	32	35
Total operating funding	1,348	1,394	1,348
Applications of operational funding			
Payments to staff and suppliers	1,333	1,378	1,278
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	1,333	1,378	1,278
Surplus (deficit) of operational funding	15	16	70
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	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	2	2	-
Increase (decrease) in reserves	13	14	70
Increase (decrease) in investments	-	-	-
Total application of capital funding	15	16	70
Surplus (deficit) of capital funding	(15)	(16)	(70)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	15	16	4

FUNDING IMPACT STATEMENT ANALYSIS

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Provision of Specialised Community Services

PROVISION OF SPECIALISED COMMUNITY SERVICES

Council has developed relationships with other entities which provide specialised community services which the Council supports financially to enhance the Community's cultural well-being. These services support the "A City that is a great place to live and visit" Community Outcome by promoting Invercargill actively as a great place to live, work, play and visit and providing or promoting a range of events that create vibrancy and build community. These services

also support the "Healthy lifestyles in a healthy environment" Community Outcome by providing or promoting the provision of a diverse range of excellent quality and safe indoor and outdoor recreational facilities.

Significant entities that provided specialised services and the level of financial support from Council are detailed below:

Entity	Contribution towards the Specialised Service Provided	Proposed Level of Financial Support Per Annum 2013/14 (\$)	Actual Level of Financial Support Per Annum 2013/14 (\$)
Service Contracts			
Andersons Park Art Gallery Trust Board	Operation and promotion of the Anderson Park Art Gallery and care of the extensive collection.	171,900	171,900
Invercargill Venue and Events Management	Managing operation of the Civic Theatre.	12,750	12,750
Southland Indoor Leisure Centre Charitable Trust	Operation and maintenance of Stadium Southland.	500,000	500,000
Southland Museum and Art Gallery Trust Board	Operation of the Southland Museum and Art Gallery.	423,140	423,150
Southland Museum and Art Gallery Trust Board	Museum Redevelopment.	253,754	253,744
Southland Regional Heritage Committee	Preserving the Regional Heritage of Southland.	687,023	697,386
Vibrant City Centre Invercargill Incorporated	Maintaining and promoting a healthy City Centre.	80,000	80,000
Grants			
Bluff Maritime Museum Trust Board	Operation of the Bluff Maritime Museum.	20,000	20,000
Bluff Pool Trust	Operation of the Bluff Community Pool.	180,000	190,862
Citizens Advice Bureau		24,000	24,000
Environment Southland	Contribution towards the completion of the Invercargill - Bluff Walkway/ Cycleway.	50,000	-

<i>Entity</i>	<i>Contribution towards the Specialised Service Provided</i>	<i>Proposed Level of Financial Support Per Annum 2013/14 (\$)</i>	<i>Actual Level of Financial Support Per Annum 2013/14 (\$)</i>
Events Fund*	Contribution towards event creation/ promotion.	100,000	109,000
Facilities Maintenance Fund	Contribution to the ongoing maintenance of Council owned facilities utilised by Community Groups and Sports Clubs.	100,000	50,000
Football for all Weathers		13,470	7,138
Iconic Events Fund*	Contribution towards the holding of iconic events or performances in Invercargill.	100,000	89,348
Southland Indoor Leisure Centre Charitable Trust	Loan interest for 2013/14 year resulting from the contribution to Stadium Southland rebuild.	181,120	213,239
Southland Multicultural Council	Operation of the Southland Multicultural Council.	5,000	5,000
Southland Warm Homes Trust	Providing subsidies on Healthy Homes initiatives for citizens.	50,000	50,000
Southland Youth One Stop Shop Trust	Contribution towards building rental.	25,000	25,000
Sport Southland	Contribution towards a South City Kiwisport programme and contribution to Sport Southland.	20,000	20,000

The purpose of the **Events Fund is to provide financial assistance to encourage the holding of significant events or performances in Invercargill. Applicants must meet eligibility criteria and then Council will determine whether a financial contribution will be made. The purpose of the **Iconic Events Fund** is to provide financial assistance for iconic events or performances in Invercargill that no longer meet the eligibility criteria for the Events Fund, for example, events that have been operating for more than three years. Examples of iconic events are The Buskers' Festival and the Burt Munro Challenge.*

FUNDING IMPACT STATEMENT - OTHER GRANTS

Excluding Venture Southland and Southland Regional Heritage Committee

	<i>Long Term Plan 2012 - 2022</i>		<i>Actual</i>
	<i>2012/13 \$'000</i>	<i>2013/14 \$'000</i>	<i>2013/14 \$'000</i>
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	111	118	538
Targeted rates (other than targeted rate for water supply)	1,967	2,092	1,738
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	3	3	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7	21	33
Total operating funding	2,088	2,234	2,309
Applications of operational funding			
Payments to staff and suppliers	2,002	3,963	1,758
Finance costs	-	-	107
Internal charges and overheads applied	3	3	-
Other operating funding applications	-	-	-
Total applications of operational funding	2,006	3,967	1,865
Surplus (deficit) of operational funding	82	(1,733)	444
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(59)	1,757	(127)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(59)	1,757	(127)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	23	24	317
Increase (decrease) in investments	-	-	-
Total application of capital funding	23	24	317
Surplus (deficit) of capital funding	(82)	1,733	(444)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	15

FUNDING IMPACT STATEMENT ANALYSIS

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FUNDING IMPACT STATEMENT - SOUTHLAND REGIONAL HERITAGE COMMITTEE

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	661	941	941
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	359	471	392
Total operating funding	1,020	1,412	1,333
Applications of operational funding			
Payments to staff and suppliers	1,020	2,691	1,079
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	1,020	2,691	1,079
Surplus (deficit) of operational funding	-	1,279	254
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	1,279	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	254
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	254
Surplus (deficit) of capital funding	-	(1,279)	(254)
Funding balance			
	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

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Community Development

WHAT WE HAVE DONE

The Community Development Activity provided individuals, groups and organisations with advice and information to assist them with project development, the administration of funding programmes and the co-

ordination of community based projects. The Activity also developed relationships and worked with youth and other identified sectors.

WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
A city that is a great place to live and visit.	Design spaces, buildings and roads with community safety and interest in mind, and encourage others to do the same.	The Community Development Activity champions the Crime Prevention Through Environmental Design principles and coordinates the Safer Invercargill Subcommittee.	Council provides assistance in District Safety programmes.	Number of groups and households involved in Neighbourhood Support.
	Provide and promote a range of events that create vibrancy and build Community.	The Community Development Activity works collaboratively with the Community to encourage the development of local events and administers funding through the Creative Communities Invercargill and Invercargill Active Communities programmes.	Funding is available for increasing participation in arts, culture and physical activity.	Funding rounds for the Creative Communities Invercargill and Invercargill Active Communities programmes are held.
Strong, innovative leadership.	Communicate effectively with ratepayers, be accessible and respond to Community need.	The Community Development Activity coordinates the Invercargill Community Council Consultation programme.	Councillors are accessible to the Community.	Provide Community Clinics that ensure public level access to Councillors.

HOW DID WE MEASURE UP

Measure	Target 2013/14	Result 2013/14
Number of groups and households involved in Neighbourhood Support.	Increase of 10 groups	¹ Not achieved. 5 (2012/13 - Baseline 100 groups)
Funding rounds for the Creative Communities Invercargill and Invercargill Active Communities programmes are held.	Two Creative rounds, 10 Active rounds.	Achieved. 2 - Creative 16 - Active (2012/13 - Two Creative rounds and 16 Active rounds.)
Provide community clinics that ensure public level access to Councillors.	Six clinics held.	² Not achieved. (2012/13 - Five clinics held.)

THE DETAILS

1. Numbers of Groups in Neighbourhood Support

Eleven new groups were formed, however some groups were closed. This has resulted in an overall increase of five groups. Two further groups began the process but did not complete.

2. Community Clinics

Due to the previous lack of public participation no clinics were held. The programme was made available on request. There was however, the development

of the South Alive and Glengarry Community Development Projects that gave these communities the opportunity to meet with Councillors and to have queries answered. In addition, Cr Amundsen who was elected in October 2013 has been holding a form of 'Community Clinic' in different locations around the community where anyone can come and voice issues.



FUNDING IMPACT STATEMENT - COMMUNITY DEVELOPMENT

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	258	240	268
Subsidies and grants for operating purposes	2	2	396
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	190
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	17
Total operating funding	259	242	871
Applications of operational funding			
Payments to staff and suppliers	250	233	761
Finance costs	7	6	1
Internal charges and overheads applied	-	-	190
Other operating funding applications	-	-	-
Total applications of operational funding	257	239	952
Surplus (deficit) of operational funding	3	3	(81)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(3)	(3)	110
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(3)	(3)	110
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	29
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	29
Surplus (deficit) of capital funding	(3)	(3)	81
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

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Housing Care Services

WHAT WE HAVE DONE

The Housing Care Service Activity provided housing for elderly people with limited financial resources for whom the general housing market presents a problem in terms of affordability and manageability. This was

achieved by providing 21 complexes with 215 units and maintaining these properties at their current standards.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Ensure that all projects/services consider how best they can cater for people with disabilities, the elderly, youth and families.	The provision of low cost, quality accommodation to pensioners, the disabled and those on low/fixed incomes who meet the entry criteria.	Affordable accommodation is provided.	Rentals levels maintained between 20-30% of gross superannuation.

HOW DID WE MEASURE UP

Measure	Target 2013/14	Result 2013/14
Rentals levels maintained between 20-30% of gross superannuation.	20-30%	Not achieved. 19.2-23.2% (2012/13 19.7 - 23.9)

THE DETAILS

1. Rental levels

Based on the new single gross superannuation rate set at 1 April 2014, the percentage range is 19.2% - 23.2% as at 30 June 2014, with the number of units

at the lower end being less than 10% of the combined unit total of 215 units.



CAPITAL WORKS PROJECTS

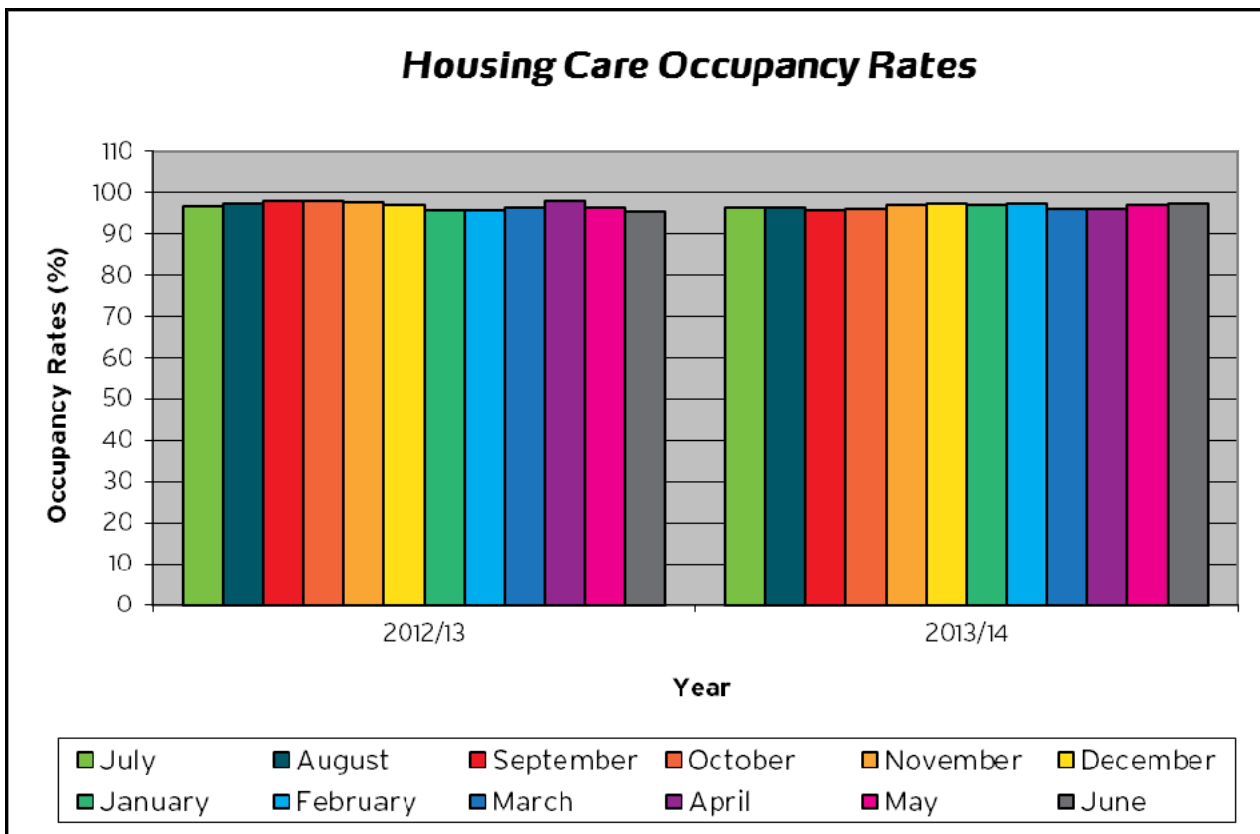
Project	Proposed \$'000	Actual \$'000
Clarendon Court Recladding	100	0

THE DETAILS

1. Clarendon Court Recladding

This project was carried forward from 2012/13 and has now been re-estimated by Southern Quantity Surveyors Ltd at a cost of \$120,665 per double unit. Construction drawings are being prepared in order to

tender the work. The work programme is intended to be scheduled to occur over a four year period which will spread the cost but still require significant loan funding.



FUNDING IMPACT STATEMENT - HOUSING CARE SERVICES

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	(35)
Targeted rates (other than targeted rate for water supply)	-	-	(16)
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	968	1,002	991
Internal charges and overheads recovered	800	815	750
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	27	20	24
Total operating funding	1,796	1,837	1,714
Applications of operational funding			
Payments to staff and suppliers	647	682	798
Finance costs	37	36	21
Internal charges and overheads applied	800	815	750
Other operating funding applications	-	-	-
Total applications of operational funding	1,484	1,534	1,569
Surplus (deficit) of operational funding	312	304	145
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(55)	(59)	(134)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(55)	(59)	(134)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	388	298	2
Increase (decrease) in reserves	(132)	(53)	9
Increase (decrease) in investments	-	-	-
Total application of capital funding	256	245	11
Surplus (deficit) of capital funding	(312)	(304)	(145)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	388	412	293

FUNDING IMPACT STATEMENT ANALYSIS

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Libraries and Archives

WHAT WE HAVE DONE

The Libraries and Archives Activity operated the central library with four departments (Adult Services, Children's Services, Information Services and Activities and Technology Services) and the small

branch library in Bluff. By doing this the Activity provided a resource for education, recreation, culture and the well-being of the community.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place, including energy, water, communications and workforce.	The Libraries and Archives Activity supports lifelong learning, digital literacy and reading across all ages and abilities. This ensures that we have an informed community and workforce.	Library stock is of good quality, quantity and variety.	Number of issues per year. Level of reference enquiries.
Healthy lifestyles in a healthy environment.	Provide or promote the provision of a diverse range of excellent quality and safe, indoor and outdoor recreational facilities, both natural and man-made.	The Libraries and Archives Activity provides two libraries, the Central Library and the branch library in Bluff. These libraries provide safe public space for the Community to use.	Services offer a good experience for all users.	Increasing number of visits per year.
Strong, innovative leadership.	Actively seek efficiencies through innovation, shared services and streamlining processes.	The Libraries and Archives Activity is involved in Shared Services with the Clutha, Gore and Southland District Councils through membership in the Southlib (regional library management software) consortia.	Libraries are accessible and available to the wider Community.	Membership as a percentage of total population.

HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Number of issues per year.	665,000	Not achieved. 601,506 (2012/13 - 660,000)
Level of reference enquiries.	85,000	Achieved. 92,374 (2012/13 - 104,256)
Increasing number of visits per year.	520,000	Achieved. 531,204 (2012/13 - 524,484)
Membership as a percentage of total population.	65-75%	Achieved. 75% (2012/13 - 70%)

THE DETAILS

The levels of service results reflect the changing use of Invercargill City Libraries and Archives. Circulation has shown a decrease down to 601,506; however the numbers visiting the library have increased to 531,204. As more and more information becomes

digitised, the internet becomes the first port of call for many people. We have seen that despite growing numbers of visitors, people are borrowing fewer books as computer usage goes up and eBooks pick up in popularity.

WHAT ELSE HAVE WE DONE?

Events and programmes provided for all ages remain popular, the spectrum includes, book clubs, Minecraft and family history evenings. We are in the process of initiating a partnership with the local runanga to identify any service gaps we might have. Libraries are also being looked at to incorporate community areas which can be used for socialising, as teaching spaces for local groups, and for holding hobby and learning sessions of all sorts while staying near to the Libraries rich selection of resources.

Challenges identified for the future include providing welcoming spaces for all ages and incorporating technology to provide easier access to library

resources while at the same time ensuring existing resources are more accessible to current library users. The library also needs to market and promote its services and to find out what customers and potential customers need. The central Library and Bluff Library weekend hours have been extended and this will continue to be monitored particularly in Bluff where circulation is relatively small.

The Library Archives have collaborated with a number of organisations such as the Genealogical Society, Heritage South, and Dan Davin Literary Foundation and this is likely to increase in the future.

CAPITAL WORKS PROJECTS

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Repaint of Library Building	86	86
Floor Coverings Renewal	25	0

THE DETAILS**1. Floor coverings**

This project will likely be carried forward to next year, pending resolution of building modifications for the Radio Frequency Identification Project (RFID project)

FUNDING IMPACT STATEMENT - LIBRARIES AND ARCHIVES

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	3,574	3,613	3,624
Targeted rates (other than targeted rate for water supply)	62	62	32
Subsidies and grants for operating purposes	8	8	5
Fees, charges and targeted rates for water supply	192	198	130
Internal charges and overheads recovered	580	618	607
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	90	78	71
Total operating funding	4,505	4,576	4,469
Applications of operational funding			
Payments to staff and suppliers	3,123	3,138	3,134
Finance costs	125	120	106
Internal charges and overheads applied	580	618	607
Other operating funding applications	-	-	-
Total applications of operational funding	3,828	3,877	3,847
Surplus (deficit) of operational funding	676	699	622
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(79)	(84)	(83)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(79)	(84)	(83)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	846	588	610
Increase (decrease) in reserves	(248)	27	(71)
Increase (decrease) in investments	-	-	-
Total application of capital funding	597	615	539
Surplus (deficit) of capital funding	(676)	(699)	(622)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	1,245	1,166	1,440

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).

Parks and Reserves *including Cemeteries and Crematorium*

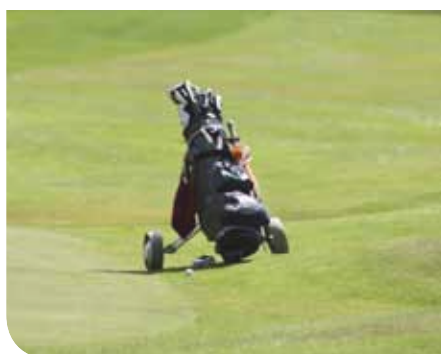
WHAT WE HAVE DONE

The Parks and Reserves Activity provided and maintained public spaces, facilities and amenities for outdoor sports, recreation, beautification projects, as well as cemeteries for burial and cremation to

meet the needs of the community. This was achieved through the provision of 161 parks and reserves comprising a total land area of 3,016 hectares.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Promote Invercargill actively as a great place to live, work, play and visit.	Parks and reserves enhance the aesthetic value of the City.	Queens Park is recognised nationally as a significant municipal garden.	Queens Park is accredited as a "Garden of National Significance".
		Parks and reserves assist in protecting Invercargill's history and heritage.	Burial records are available to the general public.	Burial records are available on Council's website.
Healthy lifestyles in a healthy environment.	Provide or promote the provision of a diverse range of excellent quality and safe indoor and outdoor recreational and facilities, both natural and man-made. Provide and promote access to open spaces, including green spaces and the coast.	Parks and reserves provide facilities and opportunities for sport, recreation and leisure activities.	A diverse range of parks and reserves are available and accessible.	Percentage of urban residents within 500 metres of a park or reserve.



HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Queens Park is accredited as a "Garden of National Significance".	Accreditation retained.	Achieved. Accreditation retained. (2012/13 - Achieved.)
Percentage of urban residents within 500 metres of a park or reserve.	96%	Achieved. 96% (2012/13 - 96%)
Burial records are available on Council's website.	100%	Achieved. 100% (2012/13 - 100%)

CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$75,000 in 2013/14 were:

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Queens Park Specialist Displays	83	100
New Play Equipment	143	61
Plant and Equipment	98	35

THE DETAILS

The Parks and Reserves Capital Works Projects are currently being evaluated and this is why the entire budget was not spent. We are considering closing some playgrounds around the city and will

be withholding spending until a decision is made. The funds allocated for the 2013/14 budget that were not spent have stayed in a special funds budget and will be moved into the 2014/15 budget.

FUNDING IMPACT STATEMENT - PARKS AND RESERVES

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	5,423	5,852	5,590
Targeted rates (other than targeted rate for water supply)	72	72	63
Subsidies and grants for operating purposes	35	36	9
Fees, charges and targeted rates for water supply	874	903	949
Internal charges and overheads recovered	7,198	7,444	7,409
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,156	1,134	1,150
Total operating funding	14,758	15,441	15,170
Applications of operational funding			
Payments to staff and suppliers	6,216	6,497	6,266
Finance costs	48	44	42
Internal charges and overheads applied	7,198	7,444	7,409
Other operating funding applications	-	-	-
Total applications of operational funding	13,462	13,985	13,717
Surplus (deficit) of operational funding	1,296	1,455	1,453
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	93	(61)	(64)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	93	(61)	(64)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	20
- to improve the level of service	-	-	45
- to replace existing assets	1,713	1,501	741
Increase (decrease) in reserves	(324)	(107)	584
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,389	1,394	1,389
Surplus (deficit) of capital funding	(1,296)	(1,455)	(1,453)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	682	712	715

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).



Passenger Transport

WHAT WE HAVE DONE

The Passenger Transport Activity provided an affordable, accessible and sustainable transport system for the District. This was achieved by contracting a bus service for the Invercargill urban

area and by providing the Total Mobility Scheme, a subsidised taxi voucher system, for those who are unable to use the bus system because of disability or medical condition.

WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place, including energy, water, communications and workforce.	Passenger Transport ensures that a quality public transport service is available, accessible and affordable for people to travel to work and education centres.	Bus routes are convenient.	Homes in the Invercargill urban area are within 400 metres of a serviced bus route.
Healthy lifestyle in a healthy environment.	Provide or promote the provision of a diverse range of excellent quality and safe, indoor and outdoor recreational facilities, both natural and man-made.	Passenger Transport ensures that a quality public transport service is available, accessible and affordable for people to travel to recreational facilities.	The bus service is well utilised.	Farebox recovery percentage.
A city that is a great place to live and visit.	Ensure that all projects/ services consider how best they can cater for people with disabilities, the elderly, youth and families.	Passenger Transport provides the Total Mobility Service that provides subsidised transport for people who are unable to use the bus service due to physical or mental impairment or condition.	Passenger Transport services are provided for all members of the Community.	All members of the Community have the opportunity to use public transport.

HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Homes in the Invercargill urban area are within 400 metres of a serviced bus route.	90%	Achieved. 90% (2012/13 - 90% Achieved)
Farebox recovery percentage.	34%	Achieved. 34% (2012/13 - 30% Achieved)
All members of the community have the opportunity to use public transport.	Total Mobility Scheme is administered.	Achieved. (2012/13 - Achieved)

WHAT ELSE HAVE WE DONE?

The Bus Smart service has been operating for 20 months and some growth in passenger numbers has been shown. A recent customer satisfaction survey of existing bus patrons provided positive feedback for the service. Service reliability, quality, attitude of the drivers and safety and security scored very highly amongst the respondents.

The audible message, television screens and free wi-fi on board the buses are popular with users. The Bus Smart electronic card payment system is also very popular, particularly amongst the younger users. Overall, the new Bus Smart service continues to be popular amongst new users.

FUNDING IMPACT STATEMENT - PASSENGER TRANSPORT

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	878	901	662
Targeted rates (other than targeted rate for water supply)	132	136	140
Subsidies and grants for operating purposes	1,194	1,171	1,070
Fees, charges and targeted rates for water supply	12	12	253
Internal charges and overheads recovered	1	1	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	2	0	51
Total operating funding	2,219	2,221	2,176
Applications of operational funding			
Payments to staff and suppliers	2,092	2,165	2,034
Finance costs	-	-	-
Internal charges and overheads applied	1	1	-
Other operating funding applications	-	-	-
Total applications of operational funding	2,094	2,166	2,034
Surplus (deficit) of operational funding	125	55	142
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	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	172	54	152
Increase (decrease) in reserves	(47)	1	(10)
Increase (decrease) in investments	-	-	-
Total application of capital funding	125	55	142
Surplus (deficit) of capital funding	(125)	(55)	(142)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	34

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).



Pools

WHAT WE HAVE DONE

The Pools Activity provided aquatic facilities at the Southland Aquatic Centre (Splash Palace) to ensure affordable aquatic health and fitness, education, sport and leisure services for the community. This was achieved by delivering quality 'learn to swim'

programmes; ensuring the pools are kept within the required water treatment standards; and ensuring the pools are managed within the New Zealand Poolsafe Quality Management Scheme.

WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
Healthy lifestyles in a healthy environment.	Provide or promote the provision of a diverse range of excellent quality and safe indoor and outdoor recreational facilities, both natural and man-made.	The Pools Activity provides a safe, fun environment where people can enjoy a diverse range of sport, recreation and leisure opportunities.	Splash Palace is safe for users.	All water quality standards are within limits set in NZS 5876:2010.
A city that is a great place to live and visit.	<p>Ensure that all projects/ services consider how best they can cater for people with disabilities, the elderly, youth and families.</p> <p>Promote Invercargill actively as a great place to live, work, play and visit.</p> <p>Promote and provide a range of events that create vibrancy and build Community.</p>	<p>The Pools Activity offers a range of learn-to-swim, fitness and other water-based learning activities that cater for all members of the Community.</p> <p>The Pools Activity provides the only 50 metre swimming pool in the Southland Region.</p> <p>The Pools Activity offers a high quality facility in which tournaments and championships are hosted.</p>	Splash Palace is affordable and well utilised.	Number of visits to Splash Palace per head of Invercargill population.
Strong, innovative leadership.	Develop and nurture partnerships with key stakeholders.	The Pools Activity works together with the Invercargill Licensing Trust and the ILT Foundation in providing free Learn to Swim programmes.	Splash Palace provides accessible, quality learning opportunities.	Percentage of Swim School customers who rate their experience as good or very good when surveyed.

HOW DID WE MEASURE UP

Measure	Target 2013/14	Result 2013/14
All water quality standards are within normal limits.	95%	Achieved. 99% (2012/2013 - 96%)
Number of visits to Splash Palace per head of Invercargill population.	At least 6	Achieved. 7.5 (2012/13 - 7.6 visits)
Percentage of Swim School customers who rate their experience as good or very good when surveyed.	80%	Achieved. 90% (2012/13 - 83.9%)

CAPITAL WORKS PROJECTS

Project	Proposed \$000	Actual \$000
Family Changing Room	430	0
Woodchip Storage	208	0
Dry Gym	500	0

THE DETAILS

The proposed spending for the above projects will be carried forward to the 2014/2015 year, as Council is still determining the best way to carry out the projects.



FUNDING IMPACT STATEMENT - POOLS

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	1,492	1,500	1,578
Targeted rates (other than targeted rate for water supply)	20	20	17
Subsidies and grants for operating purposes	137	142	153
Fees, charges and targeted rates for water supply	718	856	728
Internal charges and overheads recovered	1,198	1,236	1,345
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	571	587	814
Total operating funding	4,136	4,342	4,635
Applications of operational funding			
Payments to staff and suppliers	2,628	2,807	3,221
Finance costs	102	88	116
Internal charges and overheads applied	1,198	1,236	1,345
Other operating funding applications	-	-	-
Total applications of operational funding	3,928	4,132	4,682
Surplus (deficit) of operational funding	208	211	(47)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	276	708	(263)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	276	708	(263)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	488	-	-
- to replace existing assets	62	954	72
Increase (decrease) in reserves	(65)	(36)	(382)
Increase (decrease) in investments	-	-	-
Total application of capital funding	485	918	(310)
Surplus (deficit) of capital funding	(208)	(211)	47
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	423	458	467

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).

Public Toilets

WHAT WE HAVE DONE

The Public Toilets Activity provided public toilets in retail areas and at Stirling Point in Bluff to provide an amenity to the community.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A City that is a great place to live and visit.	Design spaces, buildings and roads with community safety and interest in mind, and encourage others to do the same.	Provide an amenity to the Community.	Public toilets are operational and accessible.	Automated toilets are available 24 hours a day.

HOW DID WE MEASURE UP

Measure	Target 2013/14	Result 2013/14
Automated toilets are available 24 hours a day.	95%	Achieved. 98% (2012/13 - 98%)



FUNDING IMPACT STATEMENT - PUBLIC TOILETS

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	365	376	366
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1	3	-
Total operating funding	366	379	366
Applications of operational funding			
Payments to staff and suppliers	280	290	229
Finance costs	29	29	17
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	310	318	246
Surplus (deficit) of operational funding	57	61	120
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(15)	(16)	(14)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(15)	(16)	(14)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	96	-
Increase (decrease) in reserves	42	(51)	106
Increase (decrease) in investments	-	-	-
Total application of capital funding	42	45	106
Surplus (deficit) of capital funding	(57)	(61)	(120)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	50	52	26

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).

Theatre Services

WHAT WE HAVE DONE

The Theatre Services Activity provided a quality theatre and associated facility for hire and was extensively used by local and regional organisations as well as national and international touring companies. Within the Civic Theatre complex there are function rooms which are available for hire.

WHAT WE AGREED WITH THE COMMUNITY

Invercargill Venue and Events Management Limited (a Council Controlled Organisation) has been established to operate the Civic Theatre. This included the hiring of the Theatre to promoters / organisations with additional charges for specialist services. Levels of service that were provided by Invercargill Venue and Events Management are detailed on page 159.



FUNDING IMPACT STATEMENT - THEATRE SERVICES

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	957	973	1,011
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	714	740	810
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	(77)	(81)	13
Total operating funding	1,593	1,632	1,834
Applications of operational funding			
Payments to staff and suppliers	672	677	500
Finance costs	62	57	236
Internal charges and overheads applied	714	740	810
Other operating funding applications	-	-	-
Total applications of operational funding	1,448	1,474	1,546
Surplus (deficit) of operational funding	145	158	288
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(78)	(83)	(274)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(78)	(83)	(274)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	65	-
Increase (decrease) in reserves	67	10	(14)
Increase (decrease) in investments	-	-	-
Total application of capital funding	67	75	(14)
Surplus (deficit) of capital funding	(145)	(158)	(288)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	381	403	375

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).

Democratic Process

WHAT WE HAVE DONE

The Democratic Process Activity supported the implementation of the Local Government Act in the Invercargill District through supporting elected representatives and ensuring they are informed of

issues and their responsibilities and by encouraging community involvement in Council's decision making processes.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
Strong, innovative leadership.	Provide good governance underpinned by a clear vision, intelligent strategies, robust plans and informed decision making.	The Democratic Process Activity supports elected representatives with training and information. This enables representatives to make robust decisions to implement the Local Government Act incorporating the widespread views of the Community.	The Long Term Plan and Annual Report are prepared in accordance with the Local Government Act 2002.	Unmodified audit report received for Long Term Plan, Annual Report and any Long Term Plan amendments.

HOW DID WE MEASURE UP

Measure	Target 2013/14	Result 2013/14
Unmodified audit report received for Long Term Plan, Annual Report and any Long Term Plan amendments.	Achieve.	Achieved. (2012/13 - Achieved)

THE DETAILS

The 2012/13 Annual Report was adopted by Council on 29 October 2013 and received an unmodified Audit Report.

No Long Term Plan amendments were undertaken in the 2013/14 year.

FUNDING IMPACT STATEMENT - DEMOCRATIC PROCESS

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	72	74	72
Targeted rates (other than targeted rate for water supply)	2,699	2,792	2,793
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	295	305	320
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	17	14	45
Total operating funding	3,083	3,185	3,230
Applications of operational funding			
Payments to staff and suppliers	2,769	2,864	2,625
Finance costs	-	-	-
Internal charges and overheads applied	295	305	320
Other operating funding applications	-	-	-
Total applications of operational funding	3,064	3,169	2,945
Surplus (deficit) of operational funding	19	16	285
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	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	70	18	12
Increase (decrease) in reserves	(51)	(1)	272
Increase (decrease) in investments	-	-	-
Total application of capital funding	19	16	285
Surplus (deficit) of capital funding	(19)	(16)	(285)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	40	41	48

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).

Destinational Marketing

WHAT WE HAVE DONE

Through Venture Southland, the Destinational Marketing Activity promoted Invercargill and Southland as a quality destination for visitors, skilled migrants, investors, students, conferences and events

and assisted with visitor industry development.

Through doing this, the Activity ensured that the Invercargill and Southland communities enjoyed the social and economic benefits of tourism.

WHAT WE AGREED WITH THE COMMUNITY

<i>Community Outcome</i>	<i>Council's Role</i>	<i>How the Activity Contributes</i>	<i>Customer Level of Service</i>	<i>Measure of Service</i>
A city that is a great place to live and visit.	Promote Invercargill actively as a great place to live, work, play and visit.	The Destinational Marketing Activity promotes Invercargill and Southland as a quality destination for visitors, skilled migrants, investors, students, conferences and events and assists destination management and visitor industry development.	Council, through Venture Southland, works with local businesses, promotions associations, and key community stakeholder groups, as well as national and international agencies to support tourism growth and development within Invercargill.	<p>Number of media and famil opportunities facilitated.</p> <p>Percentage of programmed promotional activities delivered.</p> <p>Number of tourism businesses using Venture Southland services.</p> <p>Number of conference and event opportunities assisted.</p>

HOW DID WE MEASURE UP

Measure	Target 2013/14	Result 2013/14
Number of Media and Famil opportunities facilitated.	8 per year	¹ Achieved. 20 (2012/13 - Achieved)
Percentage of programmed promotional activities delivered.	100%	Achieved. 100% (2012/13 - 100%)
Number of Tourism Businesses using Venture Southland services.	70	² Achieved. (2012/13 - 23)
Number of conference and event opportunities assisted.	15 per year	³ Achieved (2012/13 - 14)

THE DETAILS

1. Media and Famil

Some of the highlights in Media and Famil opportunities were the following: Southern Scenic Route 25th Anniversary, the Cycle South launch and the 'Your Doorstep' campaign. The 'Your Doorstep' campaign is a popular Southland tourism campaign encouraging us to get out and explore our own backyard, with deals provided by local operators, which continue to add local ambassadors for the region by building pride in the local tourism market. This campaign will result in more people influencing friends and family to visit Southland. These opportunities helped us with an 8% growth for the year in the international primary/secondary student market and made us the best performing region in New Zealand in this sector in 2013.

2. Tourism Businesses Using Venture Southland

54 trade ready operators, along with over 16 non-trade operators are regular attendees at Venture Southland workshops.

3. Conference and Events

During the year we assisted in over 15 conferences and event opportunities. These included the ILT Kidzone, Burt Munro Challenge, Southland A&P, Buskers Festival, Arts Festival, Targa Rally, Classic Hits Winery Tour, Dairy Conference, Brass Band Championships, Cake Decorators Guild, Volleyball Southland - South Island Championships, Altrussa, Jersey Breeders, Asure Motel Group, KidsCan, Santa Run, VAR (Vintage Car) AGM, Southern Field days, Retired Baden Powell Scout Leaders.



Enterprise

WHAT WE HAVE DONE

Through Venture Southland, the Enterprise Activity identified and promoted opportunities for diversification, employment and business growth in Invercargill and Southland. The Activity worked

with regional industry sectors, business and key stakeholder groups to support economic and industry development across the Southland region.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A diverse and growing economy.	Attract a diverse range of business and industry to locate in Invercargill, targeting especially business that offer high skilled job opportunities.	The Enterprise Activity proactively identifies and promotes opportunities for diversification, employment and business growth in Invercargill and Southland.	Council, through Venture Southland works with regional industry sectors, business and key stakeholder groups to support economic and industry development across the Southland region.	<ul style="list-style-type: none"> Number of strategic projects facilitated. Number of investment opportunities facilitated. Number of sector groups engaged with. New Zealand Trade and Enterprise Programme delivered. Amount of funding allocated.



HOW DID WE MEASURE UP

<i>Measure</i>	<i>Target 2013/14</i>	<i>Result 2013/14</i>
Number of strategic projects facilitated.	6	¹ Achieved. 8 (2012/13 - Achieved.)
Number of investment opportunities facilitated.	2	Achieved. 12 (2012/13 - Achieved.)
Number of sector groups engaged with.	5	² Achieved. 8 (2012/13 - Achieved.)
New Zealand Trade and Enterprise Programme delivered.	Achieve	Achieved. (2012/13 - Achieved.)
Amount of Funding allocated.	\$225,000	³ Achieved. (2012/13 - Achieved.)

THE DETAILS

Strategic projects

Eight strategic projects were facilitated/completed. These include Methane Recovery (facilitated), Oats (facilitated), Wood Energy (facilitated), Southland Futures (Youth employment) (facilitated), Silica (facilitated), Canterbury South (facilitated), Regional Tax intake (Completed), and the Southland Economic Profile (Completed).

Sector group engagement

Eight groups made up of Engineering, Dairy, Manufacturing, Tourism, ICT, Education, Agricultural Contractors and Transport were engaged with.

Funding allocation

\$400,000 Research and Development funding and \$197,000 training funding was allocated.

FUNDING IMPACT STATEMENT - ENTERPRISE

Council provides the Destinal Marketing and Enterprise activities via Venture Southland. Venture Southland is funded through contributions from Invercargill City, Southland District and Gore District Councils and the Community Trust of Southland. The Destinal Marketing Activity is also incorporated into the Funding Impact Statement below.

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	1,658	1,715	1,715
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,517	1,530	1,621
Total operating funding	3,175	3,246	3,336
Applications of operational funding			
Payments to staff and suppliers	3,175	3,246	3,199
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	3,175	3,246	3,199
Surplus (deficit) of operational funding	-	-	137
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	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	137
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	137
Surplus (deficit) of capital funding	-	-	(137)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-



Investment Property

WHAT WE HAVE DONE

The Investment Property Activity managed Council's investment property to maximise the financial returns from properties. In doing so the Investment Property Activity provided a continuing source of income to

Council; ensured Council's Investment Property was maintained to an appropriate standard; and ensured the review and monitoring of the performance of individual investment properties.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A diverse and growing economy.	Attract diverse range of business and industry to locate in Invercargill, targeting especially business that offer high skills job opportunities.	Investment Property supports appropriate commercial and economic development in the District environs through the purchase, sale and/or lease of land.	A commercial return is received on Endowment and Trading properties. *	Rate of return is at least equal to the current market interest rate.

* Excluding land purchased for strategic purposes and land being prepared for disposal (rating sale).

HOW DID WE MEASURE UP

Measure	Target 2013/14	Result 2013/14
Rate of return is at least equal to the current market interest rate.	Achieve.	Achieved. 5.37% (2012/13 - 4%)

THE DETAILS

The return from Endowment and Trading Properties was 5.37%. This is greater than the current market interest rate of 4.25%. This equates to an additional return on investments of 26%.

FUNDING IMPACT STATEMENT - INVESTMENT PROPERTY

	Long Term Plan 2012 - 2022		Actual
	2012/13 \$'000	2013/14 \$'000	2013/14 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	(284)	(314)	(279)
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	327	339	340
Internal charges and overheads recovered	59	60	15
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,064	1,093	1,293
Total operating funding	1,167	1,177	1,369
Applications of operational funding			
Payments to staff and suppliers	888	916	1,074
Finance costs	477	477	502
Internal charges and overheads applied	5,070	60	15
Other operating funding applications	-	-	-
Total applications of operational funding	6,435	1,453	1,591
Surplus (deficit) of operational funding	(5,268)	(275)	(222)
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	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	55
Increase (decrease) in reserves	(5,268)	(275)	(277)
Increase (decrease) in investments	-	-	-
Total application of capital funding	(5,268)	(275)	(222)
Surplus (deficit) of capital funding	5,268	275	222
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	27

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statement has not been undertaken as we are legislatively required to use the 2013/14 budgets prepared as part of the 2012-2022 Long Term Plan. Council's intentions and priorities have changed since these initial budgets, and this change was consulted on as part of development of the 2013/14 Annual Plan (including the annual budget).



Council Controlled Organisations

Council Controlled Organisations and Council Organisations provide opportunities for councils to provide services and activities. A Council Controlled Organisation is a company or an organisation in which a council, or councils, hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. A Council Controlled Trading Organisation is similar, but its main focus is trading. A Council Organisation is the same as a Council Controlled Organisation, but does not require 50% or more control.

Each Council Controlled Organisation prepares a Statement of Intent which sets out, for the benefit of its shareholders, its mission and objectives for each financial year. The following Council Controlled Organisations are included in this section:

- Invercargill City Holdings Limited
- Southland Museum and Art Gallery Trust
- Invercargill Venue and Events Management Limited
- Bluff Maritime Museum Trust

Invercargill City Holdings Limited

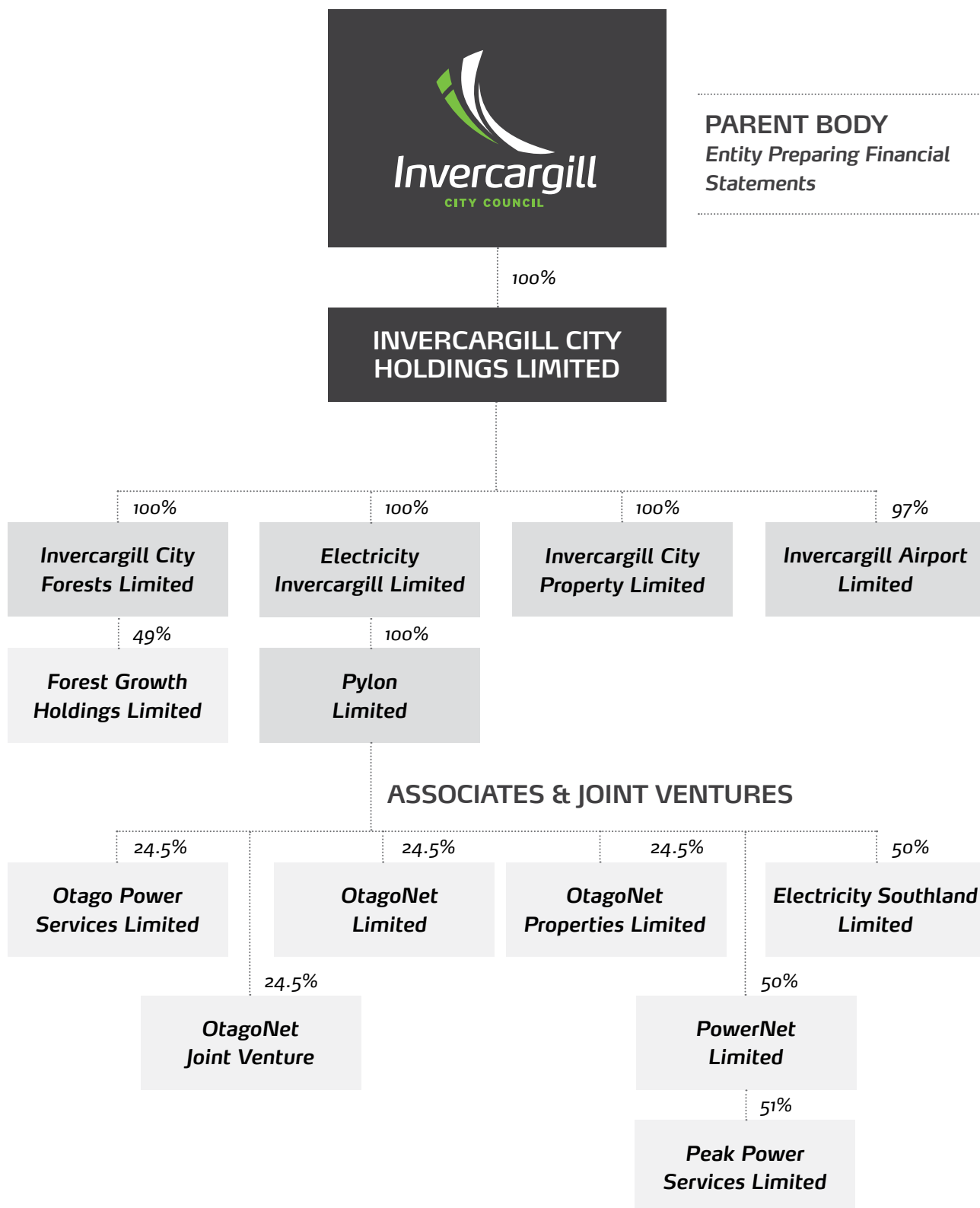
Invercargill City Holdings Limited is wholly owned by Invercargill City Council. There was no proposal to change the ownership or control of Invercargill City Holdings Limited in 2013/14.

The scope and nature of the activities that Invercargill City Holdings Limited intended to provide was to provide input into the Statement of Intent of each of its subsidiaries to ensure that they reflected the objectives and policies of Invercargill City Council, to monitor the performance of its subsidiaries and to provide reasonable returns to Invercargill City Council as its shareholder. This was

achieved during the 2013/14 year by keeping the Council informed of matters of substances affecting the Group, ensuring regular reporting of results to both Invercargill City Holdings Limited and the Council, acting as a responsible corporate citizen and providing returns to Council as its shareholder as outlined below.

<i>Financial Performance Targets – Rate of return on equity funds</i>	<i>2013/14 Targets</i>	<i>2013/14 Result</i>
Invercargill City Holdings Limited - % Before Tax	8.95%	10.28%
Invercargill City Holdings Limited - % After Tax	6.45%	8.08%

Group Structure for Invercargill City Holdings Limited



Southland Museum and Art Gallery Trust

Southland Museum and Art Gallery Trust is a Council Controlled Organisation. There was no proposal to change the ownership or control of the Trust in 2013/14.

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. This was achieved during the 2013/14 year by professionally managing and developing the collection so that it

builds on its existing strengths, maintaining vibrant, innovative public programmes, widening its community support base, providing increased access to the Community, recognising the cultural identity and the place of the tangata whenua in our Community, maintaining a strong customer focus in its marketing and promotional activities and through Museum commercial trading, building an awareness of the collections so that the Southland Museum and Art Gallery becomes an immutable part of all marketing and promotion of Southland.

<i>Non- Financial Performance – Southland Museum and Art Gallery Trust</i>	<i>2013/14 Target</i>	<i>2013/14 Result</i>
Collections are maintained in optimal conditions for their long term preservation.	Undertake building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.	¹ Not achieved. (2012/13 - Achieved)
Development and implementation of an annual visitor experience programme.	A minimum of 15 short-term exhibitions, including four in the community access gallery, are presented annually.	² Achieved. (2012/13 - Achieved 21 exhibitions)
Promotion of the Southland Museum and Art Gallery as a quality venue to visit for residents and visitors.	Annual visitor numbers exceed 220,000/annum.	³ Achieved. (2012/13 - Achieved)

THE DETAILS

1. Collections

The redevelopment project is still in the preliminary planning stage. This will need to be completed before we can maintain our collection with optimal long term results. For further information see the 'Key Projects' section.

2. Visitor experience

15 exhibitions were held, of which nine were in the Community Access Gallery.

3. Promotion

We recorded 231,700 visitors during the 2013/2014 year.

Invercargill Venue and Events Management Limited

Invercargill Venue and Events Management Limited's purpose is to operate and market the Civic Theatre and to promote the most appropriate venue for events. Invercargill Venue and Events Management Limited is a Council Controlled Organisation.

The nature and scope of activities intended to be provided by Invercargill Venue and Events Management are those of a venue management, operations and promotions company. This was achieved during the 2013/14 year by managing and operating the Civic Theatre and promoting events in Invercargill.

HOW DID WE MEASURE UP

Measure	Target 2013/14	Result 2013/14
Increase in bookings for the Civic Theatre complex.	Increase in bookings for the Civic Theatre complex.	Achieved. (2012/13 - Achieved)

THE DETAILS

The hireage of the Civic Theatre during the 2013/14 year is as follows

- Theatre - 144 hires up 80 on the previous year (2012/13 - 64 hires)
- Victoria Rooms - 100 hires up 59 on the previous year (2012/13 - 41 hires)
- Drawing Room - 90 hires up 31 on the previous year (2012/13 - 59 hires)

Bluff Maritime Museum Trust

The Bluff Maritime Museum Trust's vision is to make the Bluff Maritime Museum a must-see attraction for residents and visitors.

The Bluff Maritime Museum Trust contributes towards the achievement of Invercargill City's Community Outcomes.

The nature and scope of activities that the Bluff Maritime Museum 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. This was achieved during the 2013/14 year by caring for, developing and researching collections, telling the story of Bluff and the Foveaux Strait area and by engaging communities in exploring the maritime heritage of Southland.

<i>Measure of Service</i>	<i>Target Levels of Performance 2013/14</i>	<i>2013/14 Result</i>
Maintain strong community relationships over issues relating to the collections.	The museum is open for a minimum of six and a half hours each day during the summer months and five and a half hours Monday to Friday during the winter months.	Achieved. (2012/13 - Achieved)



Financial Management

The Council must under the Local Government Act, manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently, and in a manner that sustainably promotes the current and future interests of the Community.

This section includes:

- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cashflows
- Notes to the Financial Statements
- Statement of Accounting Policies.

Financial Statements

STATEMENT OF FINANCIAL POSITION

As at June 30, 2014

	Note	Council Actual 2014 (\$000)	Council Budget 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Assets						
Current assets						
Cash and cash equivalents	9	6,598	2,882	1,435	10,022	6,855
Trade and other receivables	10	10,010	11,259	11,793	8,801	9,128
Tax Receivables		-	-	-	2	-
Inventories	11	670	763	648	1,035	1,313
Other financial assets	18	-	-	-	-	61
Derivative financial instruments		-	-	-	454	-
Total current assets		17,278	14,904	13,876	20,314	17,357
Non-current assets						
Work in progress		4,175	-	10,908	10,838	12,737
Property, plant and equipment	12	647,785	689,875	591,518	737,189	683,125
Intangible assets	13	307	56	273	307	273
Forestry assets	14	2,005	904	1,370	17,453	16,800
Investment property	15	25,538	27,768	24,467	29,618	28,399
Investments in associates and joint ventures	16,17	-	-	-	60,124	45,224
Investments in CCO's and similar entities	18	36,069	-	36,069	-	-
Other financial assets - other investments	18	8,432	45,886	20,237	14,874	21,242
Other financial assets - Derivative financial instruments	18	238	-	171	238	487
Deferred tax asset	23	-	-	-	239	465
Total non-current assets		724,549	764,489	685,013	870,880	808,752
Total Assets		741,827	779,393	698,889	891,194	826,109
Liabilities						
Current liabilities						
Bank Overdraft	9	-	-	-	-	-
Trade and other payables	19	9,501	9,565	10,635	15,929	14,696
Provisions	20	112	143	112	112	112
Employee benefit liabilities	21	2,028	2,820	2,649	2,092	2,714
Borrowings	22	-	2,920	-	-	-
Tax payable		-	-	-	654	576
Derivative financial instruments	18	7	1,105	38	7	1,608
Total current liabilities		11,648	16,553	13,434	18,794	19,706
Non-current liabilities						
Provisions	20	863	948	906	863	906
Employee benefit liabilities	21	812	696	860	812	860
Borrowings	22	29,716	54,883	40,331	88,377	81,375
Deferred tax liability	23	-	-	-	20,647	20,975
Derivative financial instruments	18	374	-	897	1,129	897
Total non-current liabilities		31,765	56,527	42,994	111,828	105,013
Total liabilities		43,413	73,080	56,428	130,622	124,719
Equity						
Retained earnings	24	402,983	398,115	401,890	439,249	435,256
Other reserves	24	295,431	308,198	240,572	321,323	266,134
Total equity		698,414	706,313	642,462	760,572	701,390
Total liabilities and equity		741,827	779,393	698,889	891,194	826,109
Total equity attributable to the Council		698,414	706,313	642,462	757,742	698,563
Total equity attributable to Minority		-	-	-	2,830	2,827
Interests		-	-	-	-	-
Total equity		698,414	706,313	642,462	760,572	701,390

The accompanying notes form an integrated part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2014

	Note	Council Actual 2014 (\$000)	Council Budget 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Income						
Rates excluding targeted water supply rates	1	39,564	38,838	39,009	39,564	39,009
Rates - targeted water supply	1	6,217	6,193	6,197	6,217	6,197
Development and financial contributions		-	-	-	-	-
Subsidies and grants		7,699	7,259	7,190	7,930	7,427
Other revenue	2	25,326	25,612	23,947	53,920	39,550
Other gains/(losses)	3	1,899	835	731	4,711	6,030
Total income		80,705	78,737	77,074	112,342	98,213
Expenditure						
Employee expenses	6	21,517	20,302	20,352	22,542	21,249
Depreciation and amortisation		19,487	19,208	18,844	23,988	23,224
Other expenses		35,284	37,856	35,596	59,511	45,336
Total operating expenditure		76,288	77,366	74,792	106,041	89,809
Results from operating activities		4,417	1,371	2,282	6,301	8,404
Finance income	7	683	425	701	1,021	1,003
Finance expenses	7	2,154	2,986	2,070	4,620	4,297
Less net finance costs		1,471	2,561	1,369	3,599	3,294
Operating surplus (deficit) before tax		2,946	(1,190)	913	2,702	5,110
Share of associate surplus (deficit)		-	-	(5)	4,617	3,232
Surplus (deficit) before tax		2,946	(1,190)	908	7,319	8,342
Income tax expense	8	-	-	-	1,776	3,026
Surplus (deficit) after tax		2,946	(1,190)	908	5,543	5,316
Attributable to:						
Invercargill City Council		2,946	(1,190)	908	5,546	5,319
Minority interest		-	-	-	(3)	(3)
		2,946	(1,190)	908	5,543	5,316
Other comprehensive income						
Property, Plant and Equipment Revaluation gains/(losses) - pre tax		52,385	70,117	-	52,385	-
Tax on revaluation equity items		-	-	-	-	-
Cash flow hedges		621	-	854	1,254	1,798
Total other comprehensive income		53,006	70,117	854	53,639	1,798
Total comprehensive income		55,952	68,927	1,762	59,182	7,114
Total comprehensive income attributable to:						
Equity holders of the Council		55,952	68,927	1,762	59,185	7,117
Minority interest		-	-	-	(3)	(3)
		55,952	68,927	1,762	59,182	7,114

The accompanying notes form an integrated part of these financial statements

STATEMENT OF CHANGES IN EQUITY*For the year ended June 30, 2014*

	Council	Council	Council	Group	Group
	Actual	Budget	Actual	Actual	Actual
Note	2014	2014	2013	2014	2013
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Balance at 1 July	642,462	637,386	640,700	701,390	694,276
Total comprehensive income for the year	55,952	68,927	1,762	59,182	7,114
Balance at 30 June	698,414	706,313	642,462	760,572	701,390
Attributable to:					
Invercargill City Council	698,414	706,313	642,462	757,742	698,563
Minority interest	-	-	-	2,830	2,827
Balance at 30 June	698,414	706,313	642,462	760,572	701,390

The accompanying notes form an integrated part of these financial statements

STATEMENT OF CASHFLOWS

For the year ended June 30, 2014

		Council Actual 2014 (\$000)	Council Budget 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
	Note					
Cash flows from operating activities						
Receipts from rates revenue		46,101	45,031	45,031	46,101	45,031
Interest received		745	425	698	1,536	1,120
Dividends received		3,950	4,150	3,450	-	-
Receipts from other revenue		30,306	28,342	26,572	61,717	46,326
Payments to suppliers and employees		(58,561)	(57,779)	(55,153)	(76,782)	(62,253)
Interest paid		(2,154)	(2,986)	(2,122)	(4,687)	(4,633)
Income tax paid (refund)		-	-	-	(2,033)	(2,063)
Goods and services tax (net)		63	-	54	29	(85)
Net cash from operating activities	25	20,450	17,183	18,530	25,881	23,443
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		297	112	1,197	348	1,260
Proceeds from sale of investment property		132	-	287	132	287
Proceeds from sale of investments		11,785	3,875	-	13,721	-
Advances repayments by subsidiaries/associates		-	-	-	5	2,044
Advances repayments by non subsidiaries		-	-	-	-	5
Purchase of property, plant and equipment		(16,886)	(22,458)	(23,284)	(24,385)	(31,455)
Purchase of investments		-	(2,986)	(8,589)	(1)	(8,591)
Purchase of Biological Assets		-	-	-	(1,623)	(1,466)
Advances made to non subsidiaries		-	-	-	(5,370)	(1,000)
Investments in associates		-	-	-	(44)	-
Net cash from investing activities		(4,672)	(21,457)	(30,389)	(17,217)	(38,916)
Cash flows from financing activities						
Proceeds from borrowings		2,773	6,961	9,767	8,391	15,782
Repayment of borrowings		(13,388)	(2,687)	(2,892)	(13,888)	(4,401)
Net cash from financing activities		(10,615)	4,274	6,875	(5,497)	11,381
Net (decrease) increase in cash, cash equivalents and bank overdrafts		5,163	-	(4,984)	3,167	(4,092)
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,435	2,882	6,419	6,855	10,947
Cash, cash equivalents and bank overdrafts at the end of the year	9	6,598	2,882	1,435	10,022	6,855

The accompanying notes form an integrated part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

1 Rates revenue

	Actual 2014 (\$000)	Actual 2013 (\$000)
General rates	27,918	27,508
Targeted rates attributable to activities		
Water	6,217	6,197
Sewerage and Drainage	7,343	7,302
Refuse and recycling	3,770	3,649
Rates penalties	622	638
Total revenue from rates	45,870	45,294

Rates remissions

Rates revenue is shown net of rates remissions. The purpose of granting rates remission to an organisation is to:

- assist the organisation's survival, and
- make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, those with disabilities and economically disadvantaged people.

As required by the Local Government (Rating) Act 2002, details of rates remitted during the year are as follows:

	Actual 2014 (\$000)	Actual 2013 (\$000)
Halls, Museums and other similar groups	5	5
Organisations whose object is the health and well-being of the community	21	20
Organisations whose principal object is the promotion of the arts as recreation	39	39
Organisations using premises as a showground or meeting	-	-
Organisations using premises for gaming and sport	9	9
Organisations using premises for branches of the arts	15	15
Total remissions	89	88
Rates revenue net of remissions	45,781	45,206

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.

Reclassification of Rates and Other Income disclosures

The Council and Group has changed the presentation of items within income to comply with the new presentation requirements of the Local Government (Financial Reporting) Regulations 2011.

The effect of the changes to income are shown in the table below:

Rating Base Information

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, clause 31A of schedule 10.

	Actual 2014 (\$000)	Actual 2013 (\$000)
Number of rating units within the Invercargill City Council	25,022	24,997
Total rateable land value within the Invercargill City Council	6,662,450	6,589,041
Total rateable capital value within the Invercargill City Council	-	-

Invercargill City Council does not rate based on land value, and as such has not recorded land value data within the rating system. Therefore the Council is unable to disclose rating base information related to land value. This puts Council in breach of clause 30A, Schedule 10, Local Government Act 2002.

2 Other revenue

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Sales and Services	19,861	17,976	52,355	37,529
Dividends	3,900	3,950	-	-
Interest	-	-	-	-
Vested Assets	-	324	-	324
Rental income	1,565	1,697	1,565	1,697
	<u>25,326</u>	<u>23,947</u>	<u>53,920</u>	<u>39,550</u>

3 Other gains and losses

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Change in fair value and harvesting of biological assets (refer note 14)	635	386	3,247	4,975
Change in fair value of investment property	1,172	237	1,320	269
Change in fair value of investments	(20)	5	(20)	5
Net gain/(loss) on sale of property, plant and equipment	112	103	112	103
Rental income from property subleases	-	-	-	-
Reversal of prior impairment loss	-	-	-	777
Gain/(loss) on derivatives - foreign exchange contracts	-	-	62	(62)
Gain/(loss) on foreign exchange rate conversion	-	-	(10)	(37)
	<u>1,899</u>	<u>731</u>	<u>4,711</u>	<u>6,030</u>

4 Reconciliations of Funding Impact Statements to Statement of Comprehensive Income**Rates Revenue reconciliation from Funding Impact Statements to Statement of Comprehensive Income**

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)
General rates, uniform annual general charges, rates penalties	38,196	37,917
Targeted rates (other than targeted rate for water supply)	<u>7,585</u>	<u>7,289</u>
Per Funding Impact Statement	<u>45,781</u>	<u>45,206</u>
Rates excluding targeted water supply rates	39,564	39,009
Rates - targeted water supply rates	<u>6,217</u>	<u>6,197</u>
Total rates income - per statement of comprehensive income	<u>45,781</u>	<u>45,206</u>

Operating Revenue reconciliation from Funding Impact Statements to Statement of Comprehensive Income

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)
Total Operating Funding - Per Funding Impact Statement	75,707	73,149
PLUS: Capital Funding - "subsidies and grants for capital expenditure"		
- Roading activity	3,894	3,674
PLUS - Non cash capital additions		
- Vested assets	-	324
PLUS - Non cash revaluations		
- Investment Property Revaluation Gain/(Loss)	1,172	237
- Biological assets Revaluation Gain/(Loss)	635	386
- Investments Revaluation Gain/(Loss)	(20)	5
Total Revenue Funding - per statement of comprehensive income	81,388	77,775
Per Statement of Comprehensive Income:		
Rates excluding targeted water supply rates	39,588	39,009
Rates - targeted water supply	6,193	6,197
Development and financial contributions	-	-
Subsidies and grants	7,699	7,190
Other revenue	25,326	23,947
Change in fair value and harvesting of biological assets	635	386
Change in fair value of investment property	1,172	237
Change in fair value of investments	(20)	5
Gain on sale of assets	112	103
Finance Income	683	701
Total Revenue	81,388	77,775

Operating Expenditure reconciliation from Funding Impact Statements to Statement of Comprehensive Income

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)
Total Applications of Operating Funding - Per Funding Impact Statement	58,970	58,018
Per Statement of Comprehensive Income:		
Employee benefit expenses	21,517	20,352
Other expenses	35,284	35,596
Finance expenses	2,154	2,070
	58,955	58,018
Plus Depreciation expenses (not in Funding Impact Statement)	19,487	18,844
Total operating expenditure including finance costs - per statement of comprehensive income	78,442	76,862

5 Administrative expenses

The following items of expenditure are included in administrative expenses:

	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	(\$000)	(\$000)	(\$000)	(\$000)
Directors Fees	-	-	543	521
Donations	19	4	19	4
Bad debts written off	9	8	9	8
Subvention payment	98	89	98	89
Operating lease expenses	-	-	-	1
Revaluation of property, plant and equipment	-	-	192	760
Impairment of property, plant and equipment	-	-	192	760
Auditor's remuneration to Audit New Zealand comprises:				
· audit of financial statements	122	120	199	191
· audit of financial statements - share of joint committees	21	22	21	22
Auditor's remuneration to other auditors comprises:				
· audit of financial statements	-	-	39	39
· other audit-related services	-	-	48	51

Other audit-related services include services for the audit or review of financial and non financial information other than financial reports including the LTP.

6 Employee expenses

	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	(\$000)	(\$000)	(\$000)	(\$000)
Wages and salaries	22,043	20,177	23,068	21,074
Contributions to defined contribution plans	128	248	128	248
Increase/(decrease) in employee benefits	(654)	(73)	(654)	(73)
Total employee expenses	21,517	20,352	22,542	21,249

Employee Severance Payments:

Council made two severance payments during the year ended 30 June 2014 totalling \$46,095 comprising of \$27,875 and \$18,220.

For the year ended 30 June 2013 Council made two severance payments totalling \$25,211 comprising of \$24,321 and \$890.

7 Finance costs

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Finance Income				
Interest income on bank deposits	683	701	1,021	1,003
Total finance income	683	701	1,021	1,003
Financial expenses				
Interest expense on financial liabilities measured at amortised cost	2,154	2,070	4,620	4,297
Total finance expenses	2,154	2,070	4,620	4,297
Total financial costs	1,471	1,369	3,599	3,294

8 Income tax expense in the Income Statement

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Current tax expense				
Current period	-	-	2,128	2,048
Adjustment for prior periods	-	-	3	4
Total current tax expense	-	-	2,131	2,052
Deferred tax expense				
Origination and reversal of temporary differences	-	-	(505)	1,675
Adjustment for prior periods	-	-	32	(6)
Recognition of previously unrecognised tax losses	-	-	-	7
Other	-	-	118	(702)
Total deferred tax expense	-	-	(355)	974
Total income tax expense	-	-	1,776	3,026
Reconciliation of effective tax rate				
Profit for the period excluding income tax	2,946	908	7,319	8,342
Permanent Differences	-	-	(79)	(79)
Profit excluding income tax	2,946	908	7,240	8,263
Tax at 28%	814	255	2,863	2,306
Non-deductible expenses	(814)	245	(824)	237
Tax exempt income	-	-	-	1
Continuity loss of shareholding change	-	(500)	874	486
Change in recognised permanent differences	-	-	(4)	(4)
Under/(over) provided in prior periods	-	-	(4)	(4)
Total income tax expense	-	-	2,909	3,026

Within the Group; Invercargill City Holdings Limited will transfer tax losses to Electricity Invercargill Limited of \$936,010 (2013: \$675,908). Invercargill City Forests Limited will transfer tax losses to Electricity Invercargill Limited of \$Nil (2013: \$102,675).

From the above tax position of loss offsets transferred to other Group companies for the year ended 30 June 2014, there are no unrecognised tax losses of the Group (2013: \$Nil).

Imputation credits

	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Imputation credits available for use in subsequent periods	8,339	4,078

9 Cash and cash equivalents

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Bank balances	6,583	1,421	8,202	3,186
Call deposits	-	-	1,805	3,655
Cash and cash equivalents	15	14	15	14
Cash and cash equivalents in the statement of cash flows	6,598	1,435	10,022	6,855

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

10 Trade and other receivables

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Rates receivables	1,997	2,317	1,997	2,317
Other receivables	3,938	5,452	6,104	6,237
Related party receivables	3,956	3,994	496	526
Sundry debtors	-	-	27	2
Prepayments	147	47	205	63
	10,038	11,810	8,829	9,145
Less provision or impairment of receivables	(28)	(17)	(28)	(17)
	10,010	11,793	8,801	9,128

The carrying value of trade and other receivables approximate their fair value.

There is no concentration of credit risk with respect to receivables outside the Group, as the Group has a large number of customers.

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments.

These powers allow the 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 judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Current	10,010	11,793	8,801	9,128
3 to 6 months	-	-	-	-
6 to 9 months	-	-	-	-
9 to 12 months	-	-	-	-
> 12 months	-	-	-	-
Carrying amount	10,010	11,793	8,801	9,128

As of 30 June 2014 and 2013, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined based on an analysis of the Council's losses in previous periods, and review of specific debtors.

Movements in the provision for impairment of receivables and community loans are as follows:

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
At 1 July	(17)	(27)	(17)	(27)
Additional provisions made during the year	-	-	-	-
Receivables written off during period	(28)	10	(28)	10
At 30 June	(45)	(17)	(45)	(17)

11 Inventories

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Water and sewerage reticulation spare parts	181	181	181	181
Timber logs	-	-	334	627
Other	489	467	520	505
Total inventories	670	648	1,035	1,313

The carrying amount of inventories held for distribution that are measured at current replacement cost as at 30 June 2014 amounted to \$0 (2013 \$0)

The write-down of inventories held for distribution amounted to \$0 (2013 \$0), while reversals of write-downs amounted to \$0 (2013 \$0).

The carrying amount of inventories pledged as security for liabilities is \$0 (2013 \$0).

12 Property, plant and equipment

	2014					
	\$000 Cost/ revaluation Accumulated depreciation and impairment charges Carrying amount Additions and transfers Disposals Current year accumulated depreciation					
	1-Jul-13	1-Jul-13	1-Jul-13			
Council operational assets						
Land	13,369	23	13,392	-	-	-
Buildings	62,096	(3,336)	58,760	279	(156)	14
Library books	7,643	(2,172)	5,471	403	-	-
Plant and equipment	18,013	(11,798)	6,215	907	(76)	55
Motor vehicles	3,597	(2,398)	1,199	420	(244)	191
Furniture and fittings	3,379	(3,167)	212	12	-	-
Total operational assets	108,097	(22,848)	85,249	2,021	(476)	260
Council infrastructural assets						
Roads and bridges	223,706	(16,388)	207,318	7,933	-	-
Stormwater systems	100,247	(3,861)	96,386	985	-	-
Wastewater systems - Treatment Plants & Facilities	18,440	(666)	17,774	371	-	-
Wastewater systems - Other Assets	58,850	(3,061)	55,789	196	-	-
Water systems - Treatment Plant & Facilities	7,614	(608)	7,006	6	-	-
Water systems - Other Assets	70,570	(4,560)	66,010	11,977	-	-
Land under roads	45,009	(4)	45,005	-	-	-
Total infrastructural assets	524,436	(29,148)	495,288	21,468	-	-
Council restricted assets						
Land	7,122	(63)	7,059	-	-	-
Land - Forestry	1,625	-	1,625	-	-	-
Buildings	3,380	(1,189)	2,191	11	-	-
Total restricted assets	12,127	(1,252)	10,875	11	-	-
Share of Joint-Committee assets	303	(197)	106	5	(73)	72
Total Council property, plant and equipment	644,963	(53,445)	591,518	23,505	(549)	332
Subsidiaries property, plant and equipment						
Land	5,562	-	5,562	412	-	-
Gravel and fencing	2,085	(445)	1,640	21	-	-
Buildings, yards and terminals	1,576	(1,527)	49	-	-	-
Network assets	82,702	(8,604)	74,098	1,544	(310)	40
Plant and equipment	2,297	(2,170)	127	203	(2)	-
Motor vehicles	2,645	(2,485)	160	39	(76)	65
Furniture and fittings	526	(499)	27	1	-	-
Runways and taxi ways	14,142	(5,165)	8,977	32	-	-
Roading	1,025	(58)	967	521	-	-
Total subsidiaries	112,560	(20,953)	91,607	2,773	(388)	105
Total group property, plant and equipment	757,523	(74,398)	683,125	26,278	(937)	437

Transfers to Intangibles - cost	Transfers to Intangibles - depreciation	Impairment charges	Depreciation	Revaluation adjustment - cost	Revaluation adjustment - accumulated depreciation	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount	
							30-Jun-14	30-Jun-14	30-Jun-14
-	-	-	-	1,629	(23)	14,998	-	14,998	
-	-	-	(1,721)	6,197	5,043	68,416	-	68,416	
-	-	-	(1,067)	(3,245)	3,239	4,801	-	4,801	
-	-	-	(1,147)	-	-	18,844	(12,890)	5,954	
-	-	-	(437)	-	-	3,773	(2,644)	1,129	
-	-	-	(22)	-	-	3,391	(3,189)	202	
-	-	-	(4,394)	4,581	8,259	114,223	(18,723)	95,500	
-	-	-	(8,396)	(21,953)	24,784	209,686	-	209,686	
-	-	-	(1,970)	4,232	5,831	105,464	-	105,464	
-	-	-	(338)	(739)	1,004	18,072	-	18,072	
-	-	-	(1,571)	2,513	4,632	61,559	-	61,559	
-	-	-	(305)	(220)	913	7,400	-	7,400	
-	-	-	(2,315)	11,669	6,875	94,216	-	94,216	
-	-	-	-	-	4	45,009	-	45,009	
-	-	-	(14,895)	(4,498)	44,043	541,406	-	541,406	
-	-	-	(11)	-	-	7,122	(74)	7,048	
-	-	-	-	-	-	1,625	-	1,625	
-	-	-	(85)	-	-	3,391	(1,274)	2,117	
-	-	-	(96)	-	-	12,138	(1,348)	10,790	
-	-	-	(21)	-	-	235	(146)	89	
-	-	-	(19,406)	83	52,302	668,002	(20,217)	647,785	
-	-	-	-	-	-	5,974	-	5,974	
-	-	-	(67)	-	-	2,106	(512)	1,594	
-	-	-	(4)	-	-	1,576	(1,531)	45	
-	-	(74)	(3,498)	-	-	83,936	(12,136)	71,800	
-	-	-	(51)	-	-	2,498	(2,221)	277	
-	-	(20)	(21)	-	-	2,608	(2,461)	147	
-	-	(98)	(3)	-	-	527	(600)	(73)	
-	-	-	(781)	-	-	14,174	(5,946)	8,228	
-	-	-	(76)	-	-	1,546	(134)	1,412	
-	-	(192)	(4,501)	-	-	114,945	(25,541)	89,404	
-	-	(192)	(23,907)	83	52,302	782,947	(45,758)	737,189	

12 Property, plant and equipment

2013

\$000

	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions and transfers	Disposals	Current year disposals accumulated depreciation
	1-Jul-12	1-Jul-12	1-Jul-12			
Council operational assets						
Land	14,379	23	14,402	10	(1,020)	-
Buildings	60,558	(1,670)	58,888	1,538	-	-
Library books	7,256	(1,160)	6,096	387	-	-
Plant and equipment	17,083	(10,736)	6,347	939	(9)	7
Motor vehicles	3,369	(2,328)	1,041	701	(473)	375
Furniture and fittings	3,355	(3,145)	210	24	-	-
Total operational assets	106,000	(19,016)	86,984	3,599	(1,502)	382
Council infrastructural assets						
Roads and bridges	216,478	(8,383)	208,095	7,228	-	-
Stormwater systems	98,501	(1,927)	96,574	1,746	-	-
Wastewater systems - Treatment Plants & Facilities	18,079	(333)	17,746	361	-	-
Wastewater systems - Other Assets	58,025	(1,517)	56,508	825	-	-
Water systems - Treatment Plant & Facilities	7,614	(304)	7,310	-	-	-
Water systems - Other Assets	69,683	(2,272)	67,411	887	-	-
Land under roads	45,009	-	45,009	-	-	-
Total infrastructural assets	513,389	(14,736)	498,653	11,047	-	-
Council restricted assets						
Land	7,122	(47)	7,075	-	-	-
Land - Forestry	1,625	-	1,625	-	-	-
Buildings	3,368	(1,104)	2,264	12	-	-
Total restricted assets	12,115	(1,151)	10,964	12	-	-
Share of Joint-Committee assets	276	(183)	93	27	-	6
Total Council property, plant and equipment	631,780	(35,086)	596,694	14,685	(1,502)	388
Subsidiaries property, plant and equipment						
Land	4,834	-	4,834	728	-	-
Gravel and fencing	2,063	(380)	1,683	22	-	-
Buildings, yards and terminals	1,576	(718)	858	-	-	-
Network assets	79,005	(5,139)	73,866	4,028	(331)	32
Plant and equipment	2,288	(2,114)	174	9	-	-
Motor vehicles	2,645	(2,464)	181	-	-	-
Furniture and fittings	526	(494)	32	-	-	-
Runways and taxi ways	10,462	(4,516)	5,946	2,903	-	-
Roading	286	(20)	266	739	-	-
Total subsidiaries	103,685	(15,845)	87,840	8,429	(331)	32
Total group property, plant and equipment	735,465	(50,931)	684,534	23,114	(1,833)	420

Transfers to Intangibles - cost	Transfers to Intangibles - depreciation	Impairment charges	Depreciation	Revaluation adjustment - cost	Revaluation adjustment - accumulated depreciation	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount
						30-Jun-13	30-Jun-13	30-Jun-13
-	-	-	-	-	-	13,369	23	13,392
-	-	-	(1,666)	-	-	62,096	(3,336)	58,760
-	-	-	(1,012)	-	-	7,643	(2,172)	5,471
-	22	-	(1,091)	-	-	18,013	(11,798)	6,215
-	-	-	(445)	-	-	3,597	(2,398)	1,199
-	-	-	(22)	-	-	3,379	(3,167)	212
-	22	-	(4,236)	-	-	108,097	(22,848)	85,249
-	-	-	(8,005)	-	-	223,706	(16,388)	207,318
-	-	-	(1,934)	-	-	100,247	(3,861)	96,386
-	-	-	(333)	-	-	18,440	(666)	17,774
-	-	-	(1,544)	-	-	58,850	(3,061)	55,789
-	-	-	(304)	-	-	7,614	(608)	7,006
-	-	-	(2,287)	-	-	70,570	(4,560)	66,010
-	-	-	(4)	-	-	45,009	(4)	45,005
-	-	-	(14,412)	-	-	524,436	(29,148)	495,288
-	-	-	(16)	-	-	7,122	(63)	7,059
-	-	-	-	-	-	1,625	-	1,625
-	-	-	(85)	-	-	3,380	(1,189)	2,191
-	-	-	(101)	-	-	12,127	(1,252)	10,875
-	-	-	(20)	-	-	303	(197)	106
-	22	-	(18,769)	-	-	644,963	(53,445)	591,518
-	-	-	-	-	-	5,562	-	5,562
-	-	-	(65)	-	-	2,085	(445)	1,640
-	-	(760)	(49)	-	-	1,576	(1,527)	49
-	-	-	(3,947)	-	-	82,702	(8,604)	74,098
-	-	-	(56)	-	-	2,297	(2,170)	127
-	-	-	(21)	-	-	2,645	(2,485)	160
-	-	-	(5)	-	-	526	(499)	27
-	-	-	(649)	777	-	14,142	(5,165)	8,977
-	-	-	(38)	-	-	1,025	(58)	967
-	-	(760)	(4,830)	777	-	112,560	(20,953)	91,607
-	22	(760)	(23,599)	777	-	757,523	(74,398)	683,125

12 Property, plant and equipment

The net carrying amount of plant and equipment held under finance leases is nil, (2013: nil).

No depreciation is charged on land and there have been no impairments throughout the period.

The value of the land owned by Invercargill City Forests Limited, had it been carried at the cost model, would be \$3,940,788 at 30 June 2014 (\$3,528,348 at 30 June 2013).

Forestry land is revalued with sufficient regularity to ensure carrying value does not differ materially from that which would be determined as fair value. It is anticipated that the land revaluation will occur every three years, unless circumstances require otherwise. The last valuation was performed by Thayer Todd valuers (independent valuers) as at 30 June 2012. The fair value was determined on the highest and best use of the land. The valuation was carried out on sales of comparable land, based on the Valuers sales database. Invercargill City Council has assessed the carrying value of the forestry land for impairment as at 30 June 2014. The assessment has shown the fair value of the land to be not materially different than the carrying amount shown in these financial statements.

The value of the network assets owned by Electricity Invercargill Limited, had it been carried at the cost model, would be \$47,092,000 at 30 June 2014 (\$49,316,000 at 30 June 2013).

The network assets of Electricity Invercargill Limited were revalued to fair value using discounted cash flow methodology on 1 April 2011 by Ernst & Young, who is an independent valuer. This resulted in a revaluation increase movement of \$9,259,000.

The following valuation assumptions were adopted;

- The free cash flows is based on the company's five year business plan and asset management plan adjusted for non-recurring or non-arms length transactions and for transactions that arise from expansionary growth in the network after the date of the valuation.
- The corporate tax rate used is 28%.
- The weighted average cost of capital (WACC) used is 7.9%.
- The sustainable growth adjustment used is 0%.

The terminal building asset of Invercargill Airport Limited was tested for impairment at 30 June 2014 as the Company has commenced replacing the current terminal building. There was no further impairment as the carrying amount of the asset was fully impaired at June 2013. At June 2013 the asset was assessed at its fair value using cash flow methodology based on the expected cashflows over the next year. This resulted in an impairment decrease movement of (\$760,000).

The runway/taxiway assets of Invercargill Airport Limited were revalued to fair value using discounted cash flow methodology on 30 June 2014 by the company. This resulted in a revaluation decrease movement of (\$98,000).

The following valuation assumptions were adopted;

- The free cash flows are based on the Company's 20 year business plan, based on the business plan inflationary adjusted and asset management plan information for major capital expenditure required for replacement over the twenty years. The Gordon Growth has been used to calculate the terminal value of the assets. A terminal growth rate of 2% and an average terminal capex of \$1.2m per annum has been assumed.
- The free cash flows are also based on receiving funding for the major capital expenditure required over the twenty one years from operational revenue.
- The corporate tax rate used is 28%.
- The weighted average cost of capital (WACC) used is 10.2%.

For 2013 the runway/taxiway assets of Invercargill Airport Limited were revalued to fair value using discounted cash flow methodology on 30 June 2014 by the company with the valuation methodology reviewed by Ernst & Young Transactional Advisory Services Limited, who is an independent valuer. This resulted in a revaluation increase movement of \$777,000.

The following valuation assumptions were adopted:

- The free cash flows are based on the company's 20 year business plan, based on the business plan inflationary adjusted and asset management plan information for major capital expenditure required for replacement over the twenty years. The Gordon Growth has been used to calculate the terminal value of the assets. A terminal growth rate of 2% and average terminal capex of \$1.3m per annum has been assumed.
- The free cash flows are also based on receiving funding for the major capital expenditure required over the twenty one years from operational revenue.
- The corporate tax rate used is 28%.
- The weighted average cost of capital (WACC) used is 10.2%.

Insurance of Assets

The following disclosures are made in accordance with the local Government Act 2002 Amendment Act 2014, clause 31A of Schedule 10.

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)
Total Value of all assets that are covered by insurance contracts	893,367	865,215
Maximum amount to which these assets are insured	932,614	883,697
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	-	-
Value of any fund maintained by Council for that purpose*	-	-

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

13 Intangible assets

	COUNCIL Computer Software \$000	COUNCIL Goodwill \$000	COUNCIL Total \$000
Cost			
Balance at 1 July 2012	988	-	988
Balance at 30 June 2013 (Restated)	988	-	988
Balance at 1 July 2013	988	-	988
Reclassifications	104	-	104
Additions	55	-	55
Disposals	(45)	-	(45)
Balance at 30 June 2014	1,102	-	1,102
Amortisation and impairment charges			
Balance at 1 July 2012	617	-	617
Reclassifications	22	-	22
Amortisation for the year	76	-	76
Balance at 30 June 2013 (Restated)	715	-	715
Balance at 1 July 2013	715	-	715
Reclassifications	44	-	44
Amortisation for the year	81	-	81
Disposals	(45)	-	(45)
Balance at 30 June 2014	795	-	795
Carrying amounts			
Balance at 1 July 2012	371	-	371
Balance at 30 June 2013 (Restated)	273	-	273
Balance at 1 July 2013	273	-	273
Balance at 30 June 2014	307	-	307

	GROUP Computer Software \$000	GROUP Goodwill \$000	GROUP Total \$000
Cost			
Balance at 1 July 2012	989	-	989
Balance at 30 June 2013 (Restated)	989	-	989
Balance at 1 July 2013	989	-	989
Reclassifications	104	-	104
Additions	55	-	55
Disposals	(45)	-	(45)
Balance at 30 June 2014	1,103	-	1,103
Amortisation and impairment charges			
Balance at 1 July 2012	618	-	618
Reclassifications	22	-	22
Amortisation for the year	76	-	76
Balance at 30 June 2013 (Restated)	716	-	716
Balance at 1 July 2013	716	-	716
Reclassifications	44	-	44
Amortisation for the year	81	-	81
Disposals	(45)	-	(45)
Balance at 30 June 2014	796	-	796
Carrying amounts			
Balance at 1 July 2012	371	-	371
Balance at 30 June 2013 (Restated)	273	-	273
Balance at 1 July 2013	273	-	273
Balance at 30 June 2014	307	-	307

14 Biological assets

	COUNCIL Forestry \$000	GROUP Forestry \$000
Balance at 1 July 2012	984	12,503
Acquisitions	-	1,383
Forest Assets logged at cost	-	(1,434)
Forest Assets held in Inventory	-	(627)
Change in fair value less estimated point-of-sale costs	386	4,975
Balance at 30 June 2013 (Restated)	<u>1,370</u>	<u>16,800</u>
Balance at 1 July 2013	1,370	16,800
Acquisitions	-	1,623
Forest Assets logged at cost	-	(3,883)
Forest Assets held in Inventory	-	(334)
Change in fair value less estimated point-of-sale costs	635	3,247
Balance at 30 June 2014	<u>2,005</u>	<u>17,453</u>

At 30 June 2014, standing timber comprised approximately 488 hectares of plantations at one location, which range from newly established plantations to plantations that are 50 years old. The Council's group includes a further 2,120 hectares at seven different locations.

At 30 June 2013, standing timber comprised approximately 483 hectares of plantations at one location, which range from newly established plantations to plantations that are 50 years old. The Council's group includes a further 1,993 hectares at seven different locations.

The forests were revalued as at 30 June 2014 by an independent valuer, Mr Geoff Manners of Chandler Fraser Keating Limited. The analysis includes taxation as a cost. The discount rate is the mid-point of pre-tax discount rates published by the New Zealand Institute of Forestry adjusted for any valuer determined specific forest risk. The pre-tax discount rate chosen for the 2014 valuations is 9.5% for the Invercargill City Forests Limited's forests, and 12% for the Council's forests.

The Council and Group is exposed to a number of risks related to its forestry assets, refer further details at the end of this note.

Emissions Trading Scheme**Pre-1990 Forest:**

Pre-1990 forests are forests that were established before 1 January 1990. NZUs cannot be earned for an increase in the carbon stock (through forest growth) in a pre-1990 forest, but NZU's are allocated based on the size of the forested area in three tranches. Provided that pre-1990 forests are re-established after harvesting (by replanting or regeneration), there are no liabilities or obligations under the ETS. Landowners of pre-1990 forests must surrender NZUs equivalent to the carbon emissions from any deforestation.

Post-1989 Forests:

Post-1989 forests are exotic or indigenous forests established after 31 December 1989 on land that was not forest land on 31 December 1989. These forests earn credits under the Kyoto Protocol rules. Therefore, they are also known as "Kyoto Protocol-compliant" forests. Participating in the ETS is voluntary for post-1989 forest owners. If they are part of the ETS, then they earn NZUs for the carbon sequestered in the forest from 1 January 2008, but will need to surrender NZUs to the Crown when the carbon held in their trees decreases, whether through harvest or natural causes (such as by fire or storm). Any liability for post-1989 participants is capped at the amount of NZUs previously claimed for that area of forest land.

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Council

Invercargill City Council has harvested a total of 172 hectares of pre-1990 forest. Of this harvested land 29 hectares has not yet been replanted at 30 June 2014 and carries a potential deforestation liability. Deforestation liability from pre-1990 land at 30 June 2014, if the land is not replanted is \$96,788. It is Invercargill City Council's intention that these harvested area's will be re-established to ensure no obligation to surrender units.

Invercargill City Council has received and sold the following carbon credits:

	2014	2014	2013	2013
	Units	\$000	Units	\$000
Received:				
Post 1989	-	-	-	-
Pre 1990	-	-	35,580 units	102
		-		102
Sold:				
Post 1989		-		-
Pre 1990	3,370 units	-		-
		-		-

As at 30 June 2014 there are 32,210 carbon credits units on hand (30 June 2013: 35,580).

Invercargill City Forests Limited

Invercargill City Forests has harvested a total of 264 hectares of pre-1990 forest in Dunrobin Forest. It is Invercargill City Forests Limited's intention to replant all forests.

Invercargill City Forest Limited has received and sold the following carbon credits:

	2014	2014	2013	2013
	Units	\$000	Units	\$000
Received:				
Post 1989	33,831 units	131	66,526 units	192
Pre 1990		-	28,564 units	79
		<u>131</u>		<u>271</u>
Sold:				
Post 1989	100,357 units	253	20,356 units	56
Pre 1990		-	28,564 units	79
		<u>253</u>		<u>135</u>

As at 30 June 2014 there are nil carbon credit units on hand (30 June 2013: 66,526).

Future expected allocations are as follows:

	2014	2014	2013	2013
	Units	\$000	Units	\$000
2012 Post 1989		-		-
2013 Pre 1990		-	-	-

Supply and demand risk

The Council is exposed to risks arising from fluctuations in the price and sales volume of pine. Where possible the Company manages this risk by aligning its harvest volume to market supply and demand.

The Group is exposed to movements in the price of NZU's to the extent that, the Group has insufficient NZU's to offset a deforestation liability and has to purchase NZU's on the market.

Management performs regular industry trend analysis to ensure that the Council's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Council's pine plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces.

The Council has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

The Council also insures itself against natural disasters such as floods and snow damage.

15 Investment property

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Balance at 1 July	24,467	24,289	28,399	28,189
Acquisitions	-	202	-	202
Disposals	(100)	(261)	(100)	(261)
Transfer from property, plant and equipment	-	-	-	-
Change in fair value	1,171	237	1,319	269
Balance at 30 June	25,538	24,467	29,618	28,399

Investment property comprises a number of commercial properties that are leased to third parties.

The Council's investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence. The 2014 valuation was performed by Trevor Thayer, an independent valuer from Thayer Todd Valuations Limited. The valuer is an experienced valuer with extensive market knowledge in the types of investment properties owned by the Council.

The Group's investment properties are valued annually at fair value effective 30 June. All investment properties are related to Invercargill Airport Limited and were valued based on open market evidence except for two properties being less than 20% of the portfolio value. These two properties are planned to be replaced within the next two years, hence the open market evidence valuation has been adjusted by management to be valued on a discounted cash flow basis of their remaining expected earnings. The 2014 open market evidence valuation was performed by Trevor Thayer, an independent valuer from Thayer Todd Valuations Limited. The valuer is an experienced valuer with extensive market knowledge in the types of investment properties owned by the Group. This is consistent with the 2013 year.

16 Equity accounted associates

	Percentage Held by Group		Balance Date
	2014	2013	
Associate Companies			
Power Services Limited	-	49%	31-Mar
Electricity Southland Limited	50%	50%	31-Mar
Otago Power Services Limited	24.5%	24.5%	31-Mar
Peak Power Services Limited	-	25%	31-Mar
Forest Growth Holdings Limited	49%	-	31-Mar

On 2 December 2013 Powernet Limited, a joint venture of the Group, acquired 100% of the share capital of Power Services Limited. Power Services Limited was then amalgamated into PowerNet Limited. PowerNet Limited has from that date a 51% shareholding in Peak Power Service Limited.

Summary financial information for equity accounted associates, not adjusted for the percentage ownership held by the Group:

	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities
	2014	2014	2014	2014	2014
	\$000	\$000	\$000	\$000	\$000
Power Services Limited, Electricity Southland Limited, Otago Power Services Limited, Peak Power Services Ltd and Forest Growth Holdings	4,091	14,842	18,933	3,532	3,957
	2013				
Power Services Limited, Electricity Southland Limited, Otago Power Services Limited and Peak Power Services Ltd	6,971	20,566	27,537	3,937	8,038

Forest Growth Holdings Limited has a 31 March balance date. An adjustment has been made to the group statement of comprehensive income for significant forestry transactions for the three month period to 30 June, which had the effect of increasing the Group profit by \$3,328,000.

Total liabilities	Revenues	Expenses	Profit / (loss)
\$000	\$000	\$000	\$000
7,489	34,711	30,424	4,287
11,975	26,964	25,275	1,689

Movements in carrying value of equity accounted associates

	Group 2014 \$000	Group 2013 \$000
Balance at 1 July	7,715	7,426
Investments in associates	49	-
Share of profit/(loss)	1,954	523
Increase in advance to Associate	10,421	-
Distributions from associates	(269)	(234)
Disposal of associates	(2,217)	-
Balance at 30 June	<u>17,653</u>	<u>7,715</u>

17 Equity Accounted Joint Ventures

Joint Ventures	Percentage Held by Group		Balance date
	2014	2013	
PowerNet Limited Group	50%	50%	31 March
OtagoNet Joint Venture	24.5%	24.5%	31 March

On 2 December 2013 Powernet Limited acquired 100% of the share capital of Power Services Limited and immediately entered into a Short Form Vertical Amalgamation with Power Services Limited. Power Services Limited owned 51% of Peak Power Services Limited and PowerNet Limited took over the shareholding on the amalgamation. The 2014 PowerNet Limited group results reflect these changes.

Summary financial information for equity accounted joint ventures not adjusted for the percentage ownership held by the Group:

	Current assets	Non-current assets	Total assets	Current liabilities
	2014	\$000	\$000	\$000
PowerNet Limited Group and OtagoNet Joint Venture	33,222	159,630	192,852	15,650
	2013			
PowerNet Limited and OtagoNet Joint Venture	22,258	148,107	170,365	13,977

Non-current liabilities	Total liabilities	Revenues	Expenses	Profit / (loss)
\$000	\$000	\$000	\$000	\$000
25,976	41,626	81,652	70,288	11,364
10,424	24,401	126,642	114,203	12,439

Movements in carrying value of equity accounted joint ventures:

	Group	Group
	2014	2013
	\$000	\$000
Balance at 1 July	37,509	37,110
Investments in Joint Ventures	1,990	-
Share of profit/(loss)	2,663	2,714
Increase in advance to Joint Ventures	3,005	-
Distributions from Joint Ventures	(2,695)	(2,315)
Balance at 30 June	<u>42,472</u>	<u>37,509</u>

There are no public prices available to value these investments.

18 Other financial assets

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Current investments				
<i>Investments in other entities</i>				
Short term investments	-	-	-	61
Total current investments	-	-	-	61
Non-current investments				
<i>Investments in CCO's and similar entities</i>				
Investment in subsidiary	36,069	36,069	-	-
	36,069	36,069	-	-
<i>Investments in other entities</i>				
Loans and receivables	7,958	19,752	7,958	19,757
Loans to non subsidiaries	-	-	6,370	1,000
Other	-	-	72	-
Available-for-sale financial assets	474	485	474	485
	8,432	20,237	14,874	21,242
Total non-current investments	44,501	56,306	14,874	21,242
Current financial instruments				
Interest rate swaps (cash flow hedges) - assets	-	-	454	-
Interest rate swaps (cash flow hedges) - liabilities	(7)	(38)	(7)	(1,546)
Foreign exchange contracts (cash flow hedges) - liabilities	-	-	-	(62)
	(7)	(38)	447	(1,608)
Non-current financial instruments				
Interest rate swaps (cash flow hedges) - assets	238	171	238	487
Interest rate swaps (cash flow hedges) - liabilities	(374)	(897)	(1,129)	(897)
	(136)	(726)	(891)	(410)
Total financial instruments	(143)	(764)	(444)	(2,018)

19 Trade and other payables

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Trade payables	4,816	6,412	6,024	8,883
Directors fee payable	-	-	3	8
Accrued expenses	4,325	3,795	7,204	3,849
Amounts due to related parties	12	127	2,202	1,660
Income in advance	348	301	407	314
Goods and services tax	-	-	89	(18)
Total trade and other payables	9,501	10,635	15,929	14,696

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximate their fair value.

20 Provisions

Landfill aftercare provision

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Balance 1 July	1,018	1,127	1,018	1,127
Additional provisions made in the year	-	112	-	112
Amounts used in the year	(43)	(40)	(43)	(40)
Unused amounts reversed in the year	-	(181)	-	(181)
Balance at 30 June	975	1,018	975	1,018
Non-current	863	906	863	906
Current	112	112	112	112
	975	1,018	975	1,018

Landcare aftercare provision

The Council's current resource consent for the operation of its landfill expired in 2006. The Council has responsibility under the resource consent to provide maintenance and monitoring of the landfill after the site is closed. There are closure and part-closure responsibilities such as the following:

Closure responsibilities

- Site
- Planting and maintenance of vegetation
- Development of roading and walking tracks

Post closure responsibilities

- Ongoing maintenance of roading and walking tracks
- Treatment and monitoring of leachate

The management of the landfill will influence the timing of the recognition of some liabilities. The current site did close in 2006.

The cash outflows for landfill post-closure are expected to occur between 2007 and 2027. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7%.

21 Employee benefit liabilities

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Accrued pay	-	383	18	399
Annual leave	1,820	1,872	1,866	1,921
Long service leave	347	454	347	454
Retirement gratuities	673	800	673	800
	2,840	3,509	2,904	3,574
Comprising:				
Current	2,028	2,649	2,092	2,714
Non-current	812	860	812	860
Total employee benefit liabilities	2,840	3,509	2,904	3,574

22 Borrowings

	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	(\$000)	(\$000)	(\$000)	(\$000)
Non-current				
Secured loans	29,716	40,194	88,377	81,238
Forestry encouragement loans	-	137	-	137
Total non-current borrowings	29,716	40,331	88,377	81,375

Secured loans of the parent are secured by a special rate over the rateable land value of the Invercargill City area. Loans are financed by a Multi Option facility. The borrowing facility of \$50 million expired and was renewed for a further 3 years on 12 November 2012.

In addition to the loans held by the Council, Invercargill City Holdings Limited holds a multi-option note facility for \$45 million at 30 June 2012. This borrowing is secured against the assets and undertakings of the Group. The Invercargill City Holdings Limited facility of \$45 million expired on 2 July 2012. A new facility was renewed for \$50m for 3 years on 2 July 2012, and replaced with a renewed \$60m facility on 6 September 2013 for 3 years. Debt may be raised by a committed cash advance facility or by the issuance of promissory notes upon the multi-option note facility for a term of 90 days before being re-tendered.

Internal loans and borrowing

Below are the internal loans and interest charged used for the purpose of the relevant activities that have borrowed funds internally, per the disclosure requirements of the Local Government (Financial Reporting) Regulations 2011.

	Council	Council	Council	Council
	Actual	Actual	Actual	Actual
	2014	2014	2014	2014
	(\$000)	(\$000)	(\$000)	(\$000)
	Opening			Closing
	Balance	Loans drawn	Loans repaid	Balance
Loans - per Activity borrowing funds internally				
Water	498	1,291	31	1,758
Investment Property	1,906	6,760	-	8,666
Theatre Services	2,544	1,949	156	4,337
Other	-	-	-	-
Total	4,948	10,000	187	14,761

	Council	Council
	Actual	Actual
	2014	2013
	(\$000)	(\$000)
Interest paid by Activity		
Water	76	17
Investment Property	492	62
Theatre Services	239	87
Total	807	166

22 Borrowings

Maturity analysis and effective interest rates

The following is a maturity analysis of the Council's borrowings (excluding finance leases, which are shown separately below). There are no early repayment options.

Council	2014			
	Overdraft \$000	Secured Loans \$000	Forestry Encouragement Loan \$000	Total \$000
Less than one year	-	-	-	-
Later than one year but not more than five years	-	29,716	-	29,716
Later than five years	-	-	-	-
	-	29,716	-	29,716

Council	2013 (Restated)			
	Overdraft \$000	Secured Loans \$000	Forestry Encouragement Loan \$000	Total \$000
Less than one year	-	-	-	-
Later than one year but not more than five years	-	40,194	137	40,331
Later than five years	-	-	-	-
	-	40,194	137	40,331

Council and Group	2014			
	Overdraft \$000	Secured Loans \$000	Forestry Encouragement Loan \$000	Total \$000
Less than one year	-	-	-	-
Later than one year but not more than five years	-	88,377	-	88,377
Later than five years	-	-	-	-
	-	88,377	-	88,377

Interest rates on these Council secured loans had a weighted average interest rate for the multi-option note facility of 5.54% (2012: 5.88%) with hedging refer note 31. Other Group loans had a weighted average interest rate for the multi-option note facility of 5.74% (2012: 5.33%) with hedging refer note 31.

Group	2013 (Restated)			
	Overdraft \$000	Secured Loans \$000	Forestry Encouragement Loan \$000	Total \$000
Less than one year	-	-	-	-
Later than one year but not more than five years	-	81,238	137	81,375
Later than five years	-	-	-	-
	-	81,238	137	81,375

The fair values of the borrowings approximate to their carrying values.

23 Deferred tax liabilities/(assets) - GROUP

Movements in temporary differences during the year

	Balance at 1 July 2012	Recognised in profit or loss	Recognised in equity
	\$000	\$000	\$000
Property, plant and equipment	18,330	424	-
Biological assets	1,725	1,285	-
Investment property	756	(13)	-
Derivatives	(701)	(17)	367
Other items	(16)	(12)	-
Tax losses	(924)	(694)	-
Total movements	19,170	973	367

Balance at 30 June 2013 Recognised in profit or loss Recognised in equity Balance at 30 June 2014

\$000	\$000	\$000	\$000
18,754	(531)	-	18,223
3,010	(3)	-	3,007
743	13	-	756
(351)	17	247	(87)
(28)	10	(10)	(28)
(1,618)	154	-	(1,464)
20,510	(340)	237	20,407

24 Equity

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Retained earnings				
As at 1 July	401,890	399,271	435,256	428,096
Transfers to:				
Restricted reserves	(4,570)	(5,649)	(4,370)	(5,649)
Transfers from:				
Restricted reserves	2,717	7,360	2,717	7,360
Transfer of Revaluation Reserve to retained earnings	-	-	103	133
Surplus/(deficit) for the year	2,946	908	5,543	5,316
As at 30 June	402,983	401,890	439,249	435,256
Restricted and non restricted reserves				
As at 1 July	21,450	23,161	21,997	23,708
Transfers to:				
Retained earnings	(2,717)	(7,360)	(2,717)	(7,360)
Transfers from:				
Retained earnings	4,570	5,649	4,370	5,649
As at 30 June	23,303	21,450	23,650	21,997
Hedging Reserve				
As at 1 July	(764)	(1,618)	(1,622)	(3,420)
Effective portion of changes in fair value of cashflow hedges	621	854	1,254	1,798
As at 30 June	(143)	(764)	(368)	(1,622)
Asset revaluation reserves				
As at 1 July	219,886	219,886	245,760	245,893
Revaluation gains/(losses) - pre tax	52,385	-	52,385	-
Transfer of revaluation reserve of subsidiary, now associate, to retained earnings	-	-	(103)	(133)
Transfer of revaluation reserve to retained earnings due to asset disposal	-	-	-	-
As at 30 June	272,271	219,886	298,042	245,760
Asset revaluation reserves consist of:				
Land and buildings	43,887	31,041	45,382	32,536
Library books	7,831	7,837	7,831	7,837
Infrastructural assets	220,553	181,008	244,932	205,387
Total	272,271	219,886	298,145	245,760
Total other reserve	295,231	240,572	321,324	266,135

Opening Balance	Transfers In	Transfers Out	Closing Balance
Actual 2014 (\$000)	Actual 2014 (\$000)	Actual 2014 (\$000)	Actual 2014 (\$000)

Restricted Reserves

The reserves can only be used for the purpose designated.

Category A (Legal Restriction) The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or income generated.	112	3	-	115
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This reserve is related to the Parks activity and is to maintain
the Feldwick Gates at Queens Park.

Category B (Capital only restriction) These reserves are invested in property that provides a financial return to ratepayers (Investment Property, Library and Infrastructure activities)	5,990	148	-	6,138
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Non Restricted Reserves

The reserves can be used for purposes other than the purpose
currently specified.

Loss of Service Potential To set aside funds for the replacement of assets in the future (all activities).	5,708	2,009	(1,520)	6,197
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Development To maintain and provide assets in identifiable areas. (Parks, Rooding, and Water activities)	2,068	538	(190)	8,816
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Property To provide for the purchase of properties. (Investment Property, and Infrastructure activities)	1,001	25	-	1,026
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Amenities To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)	477	263	(31)	709
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Financial To provide ongoing funding in a consistent manner for Council operations. (all activities)	5,045	1,530	(527)	6,048
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Community Board To provide funding for Community Board areas for their activities and development of assets. (Democratic Process activity)	82	27	-	109
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Economic Development To develop economic growth in the city which will be funded by future activity (Investment Property activity)	(7,501)	-	(362)	(7,863)
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Sinking Funds	-	-	-	-
	21,450	4,570	(2,717)	23,303

	Opening Balance Actual 2013 (\$000)	Transfers In Actual 2013 (\$000)	Transfers Out Actual 2013 (\$000)	Closing Balance Actual 2013 (\$000)
Restricted Reserves				
The reserves can only be used for the purpose designated.				
Category A (Legal Restriction) The restriction is designated from a statute or legal document. These reserves restrictions include the capital and interest or income generated. This reserve is related to the Parks activity and is to maintain the Feldwick Gates at Queens Park.	110	2	-	112
Category B (Capital only restriction) These reserves are invested in property that provides a financial return to ratepayers (Investment Property, Library and Infrastructure activities)	5,854	136	-	5,990
Category C (specific purpose) These reserves are to maintain and provide for improvements to separately identifiable areas. (Parks Crematorium and Cemetary, Community Centres, Waste and Infrastructure activities)	7,933	721	(186)	8,468
Non Restricted Reserves				
The reserves can be used for purposes other than the purpose currently specified.				
Loss of Service Potential To set aside funds for the replacement of assets in the future (all activities).	5,354	2,057	(1,703)	5,708
Development To maintain and provide assets in identifiable areas. (Parks, Roading, and Water activities)	1,199	985	(116)	2,068
Property To provide for the purchase of properties. (Investment Property, and Infrastructure activities)	1,007	24	(30)	1,001
Amenities To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)	475	26	(24)	477
Financial To provide ongoing funding in a consistent manner for Council operations. (all activities)	4,808	1,698	(1,461)	5,045
Community Board To provide funding for Community Board areas for their activities and development of assets. (Democratic Process activity)	82	-	-	82
Economic Development To develop economic growth in the city which will be funded by future activity (Investment Property activity)	(3,661)	-	(3,840)	(7,501)
Sinking Funds	-	-	-	-
	<u>23,161</u>	<u>5,649</u>	<u>(7,360)</u>	<u>21,450</u>

25 Reconciliation of net surplus (deficit) to net cash inflows (outflows) from operating activities

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Net surplus/(deficit) after taxation	2,946	908	5,543	5,316
Add non-cash items:				
Depreciation and Amortisation of Intangibles	19,487	18,844	23,987	23,224
(Gain)/loss on sale of assets	(112)	(103)	117	132
(Gain)/loss on revaluation of assets	-	-	-	(777)
Net (profit)/loss on expensing capital work in progress	-	-	-	165
Net (profit)/loss on derivatives	-	-	(62)	62
Change in fair value of Investment property	(1,172)	(237)	(1,320)	(269)
Change in fair value of Biological assets	(635)	(386)	(3,247)	(4,975)
Change in fair value of Investment	20	(6)	20	(6)
Biological assets - Cost of Goods Sold	-	-	4,509	1,434
Increase/(decrease) in deferred taxation	-	-	(335)	977
Increase/(decrease) in current taxation	-	-	-	-
Impairment of investments	-	5	192	765
Associate post-acquisition profits	-	-	(4,617)	(3,236)
Loss on sale of associate	-	-	342	-
Vested Assets	-	(324)	-	(324)
	20,534	18,701	25,129	22,488
Add/(less) movements in other working capital items:				
(Increase)/decrease in stock, receivables and WIP	1,761	(1,088)	457	(667)
Increase/(decrease) in sundry creditors	(1,845)	930	295	1,780
(Increase)/decrease in GST and taxation	-	(13)	-	(158)
	(84)	(171)	752	955
Net cash from operating activities	20,450	18,530	25,881	23,443

26 Related party transactions

The following are details of related party transactions that took place with the Council and subsidiaries, and other related parties. The Council is the beneficial owner of Invercargill City Holdings Limited, Electricity Invercargill Limited, Invercargill City Forests Limited and Invercargill City Property Limited and holds a 97% stake in Invercargill Airport Limited. All transactions with the subsidiaries have been eliminated upon consolidation.

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
(a) Invercargill City Holdings Limited				
Revenue				
Provision of services	105	55	-	-
Expenditure				
Provision of goods and services	30	30	-	-
Dividend from Subsidiary to Parent	3,900	3,950	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	3,900	3,950	-	-
(b) Electricity Invercargill Limited				
Revenue				
Provision of services	-	-	-	-
Expenditure				
Provision of goods and services	3	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(c) Invercargill City Forests Limited				
Revenue				
Provision of services	57	6	-	-
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	4	-	-	-
(d) Invercargill Airport Limited				
Revenue				
Provision of services	220	70	-	-
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	2	1	-	-
(e) Invercargill City Property Limited				
Revenue				
Provision of services	5	5	-	-
Expenditure				
Provision of goods and services	100	100	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
(f) AWS Legal				
Revenue				
Provision of services	5	-	5	-
Expenditure				
Provision of goods and services	-	-	40	152
Outstanding at balance date by Parent and Group	-	-	-	9
Outstanding at balance date to Parent and Group	-	-	-	-
(g) Crowe Horwath (formerly WHK)				
Revenue				
Provision of services	4	-	4	-
Expenditure				
Provision of goods and services	-	-	-	6
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(h) Venture Southland				
Revenue				
Provision of services	2	5	2	5
Expenditure				
Provision of grant and services	977	970	977	970
Outstanding at balance date by Parent and Group	6	-	6	-
Outstanding at balance date to Parent and Group	-	-	-	-
(i) Southland Regional Heritage Committee				
Revenue				
Provision of services	-	-	-	-
Expenditure				
Provision of grant and services	258	245	258	245
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(j) Emergency Management Southland				
Revenue				
Provision of services	3	-	3	-
Expenditure				
Provision of grant and services	163	156	163	156
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
(k) Anderson Park Museum and Art Gallery				
Revenue				
Provision of services	-	12	-	12
Expenditure				
Provision of grant and services	172	130	172	130
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	2	-	2
(l) SBS Bank				
Revenue				
Provision of services	-	-	53	94
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group - Bank deposits	-	-	790	2,466
(m) AJO Management Limited				
Revenue				
Provision of services	1	-	1	-
Expenditure				
Provision of goods and services	-	-	44	36
Outstanding at balance date by Parent and Group	-	-	3	3
Outstanding at balance date to Parent and Group	-	-	-	-
(n) PowerNet Limited				
Revenue				
Provision of services	11	9	167	10,388
Expenditure				
Provision of goods and services	19	13	8,455	4,194
Outstanding at balance date by Parent and Group	-	-	2,155	1,529
Outstanding at balance date to Parent and Group	-	-	358	509
(o) Electricity Southland Limited				
Revenue				
Provision of services	-	-	21	8
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	7	2

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
(p) Otago Power Services Limited				
Revenue				
Provision of services	-	-	14	14
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	4	3
(q) Power Services Limited				
Revenue				
Provision of services	2	-	24	33
Expenditure				
Provision of goods and services	-	-	40	37
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	8
(r) R M Walton				
Revenue				
Provision of services	-	-	-	-
Expenditure				
Provision of goods and services	-	-	10	13
Outstanding at balance date by Parent and Group	-	-	-	5
Outstanding at balance date to Parent and Group	-	-	-	-
(s) Invercargill Community Recreation and Sport Trust				
Revenue				
Provision of services	-	-	-	-
Expenditure				
Provision of goods and services	-	3	-	-
Outstanding at balance date by Parent and Group	-	3	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(t) Invercargill City Charitable Trust				
Revenue				
Provision of services	3	3	-	-
Expenditure				
Provision of goods and services	28	30	-	-
Outstanding at balance date by Parent and Group	-	2	-	-
Outstanding at balance date to Parent and Group	-	-	-	-

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
(u) Bluff Maritime Museum				
Revenue				
Provision of services	1	1	1	1
Expenditure				
Provision of goods and services	30	30	30	30
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(v) Invercargill Venue & Events Management Limited				
Revenue				
Provision of goods and services	440	37	-	-
Expenditure				
Provision of grants, goods and services	1,521	152	-	-
Outstanding at balance date by Parent and Group	3	1	-	-
Outstanding at balance date to Parent and Group	42	41	-	-
(w) Invercargill Licensing Trust				
Revenue				
Provision of goods and services	47	28	47	28
Expenditure				
Provision of grants, goods and services	45	46	45	46
Outstanding at balance date by Parent and Group	3	3	3	3
Outstanding at balance date to Parent and Group	6	2	6	2
(x) Southland Electronics Limited				
Revenue				
Provision of goods and services	11	-	11	-
Expenditure				
Provision of grants, goods and services	6	1	6	1
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
(y) Southland Warm Homes Trust				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	50	50	50	50
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(z) Anderson Park Art Gallery Society				
Revenue				
Provision of goods and services	11	12	11	12
Expenditure				
Provision of grants, goods and services	172	130	172	130
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	2	2	2	2
(aa) Citizens Advice Bureau (Invercargill)				
Revenue				
Provision of goods and services	-	-	-	-
Expenditure				
Provision of grants, goods and services	24	29	24	29
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(ab) Archdraught Limited				
Revenue				
Provision of goods and services	12	-	12	-
Expenditure				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-

Electricity Invercargill Limited through its joint venture interest in PowerNet Limited, uses AWS Legal as its solicitors. A B Harper is a Partner of AWS Legal, A B Harper is a Director of PowerNet Limited.

R Smith who is a Director of Electricity Invercargill Limited is a Director and Chief Executive Officer of Southland Building Society with which Electricity Invercargill Limited and OtagoNet Joint Venture holds term investments.

P Mulvey who is a Director of Electricity Invercargill Limited, is Chief Executive Officer of Crowe Horwath (formerly WHK) with which Electricity Invercargill Limited uses for tax advice.

N Boniface is a Council appointee to the Anderson Park Museum and Art Gallery, a Director in Electricity Invercargill Limited, and is a councillor for Invercargill City Council.

L Esler is a Council appointee to the Bluff Maritime Museum, and is a councillor for Invercargill City Council.

During the year Invercargill Airport Limited purchased services from AJO Management Limited, a management company, in which AJ O'Connell is the Director. These services included director fees, and were supplied on normal commercial terms.

Invercargill Venue and Events Management Limited's revenues are collected by Invercargill City Council ticketing service on its behalf and are paid on to the company (2014 \$1.39 million, 2013: \$1.11 million).

Refer note 8 for details on tax loss offsets between group companies.

No debt has been written off or forgiven during the period and all transactions are at arms - length. The outstanding balances are not subject to interest and are repayable on demand.

Key management personnel

During the year councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Invercargill City Council (such as payment of rates, purchase of rubbish bags etc).

Key management personnel compensation comprises:

	Council	Council
	2014	2013
	\$000	\$000
	<hr/>	<hr/>
Salaries and other short term employee benefits (including accumulated leave paid on finishing employment with Council)	1,570	1,156
Retirement benefits	26	9

Key management personnel include:

Council senior management team: the Chief Executive and four directors. This excludes councillors who are separately disclosed in note 29.

Venture Southland Joint Committee senior management team: of the Directorate, Chief Executive and four group managers.

Key management personnel compensation comprises:

	Group	Group
	2014	2013
	\$000	\$000
	<hr/>	<hr/>
Short term employment benefits	2,509	2,095
Retirement benefits	26	9
Directors Fees	652	652

Short term employee benefits relate to:

Invercargill City Holdings Limited, and consist of salaries.

Invercargill City Forests Limited, and consist of salaries.

Invercargill City Property Limited, and consist of salaries.

Invercargill Airport Limited, and consist of salaries and does not include any costs for the following: post employment benefits, other long term benefits and termination benefits as they are not provided for by Invercargill Airport Limited.

Electricity Invercargill Limited group, and consist of salaries and other short term benefits.

2013 does not include accumulated leave or superannuation contributions.

27 Capital commitments and operating leases

Commitments

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Capital Expenditure - Infrastructural	3,589	2,610	3,589	2,610
Signed commitments for operating expenditure	29,564	11,971	29,564	11,971
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	-	-	9,577	1,608

Operating leases as lessee

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Non-cancellable operating leases as lessee				
Not later than one year	-	-	71	54
Later than one year and not later than five years	-	-	81	100
Later than five years	-	-	4	6
Total non-cancellable operating leases	-	-	156	160

The operating leases consist of vehicle leases, office equipment leases and tenancy leases.

Operating leases as lessor

The Council leases its investment property under 56 operating leases. There are 38 leases that have a non-cancellable term of 21 years, 6 leases that range between 5 and 11 years, 2 leases over 3 to 4 years, nil leases over 1 to 3 years and 10 annual leases.

The Group leases its investment property under operating leases. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Non-cancellable operating leases as lessor				
Not later than one year	706	542	961	820
Later than one year and not later than five years	1,824	1,441	2,213	1,832
Later than five years	1,947	1,793	2,296	2,136
Total non-cancellable operating leases	4,477	3,776	5,470	4,788

No contingent rents have been recognised in the statement of financial performance during the period.

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the asset at the end of the lease term.

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

28 Contingent liabilities

The following contingent liabilities exist:

20 Spey Street property

A contamination issue has been identified at the Spey Street site. In depth investigations and analysis by an environmental consultant have confirmed that the problem is below ground and contained within a small portion of the site. As a consequence, no immediate remedial action is deemed necessary, but restrictions should be applied to any future site development. Due to a lack of certainty as to what the long term remedial action will be, it is not possible to quantify the likely expenditure (2001 issue unchanged).

Stadium Southland

Southland Indoor Leisure Centre Charitable Trust (the owners of Stadium Southland), acting on behalf of NZI the stadium's insurers, have issued proceedings against Council with a value of approximately \$22 million plus damages in respect of the collapsed Stadium Southland. This issue is being dealt with by Council's insurers. The maximum extent of Council liability is the excess on the insurance policy.

Forestry

Invercargill City Council has harvested a total of 172 hectares of pre-1990 forest. Of this harvested land 29 hectares has not yet been replanted at 30 June 2014 and carries a potential deforestation liability. Deforestation liability from pre-1990 land at 30 June 2014, if the land is not replanted is \$96,788. It is Invercargill City Council's intention that these harvested areas will be reestablished to ensure no obligation to surrender units.

Invercargill City Forests has harvested a total of 264 hectares of pre-1990 forest in Dunrobin Forest. This harvested land will be replanted but at balance date carried a potential deforestation liability of \$722,374. At 30 June 2013 Invercargill City Forests had harvested a total of 216 hectares of pre-1990 forest in Dunrobin Forest and all of this had been replanted. It is Invercargill City Forests Limited's intention to replant all forests. Refer note 14.

Electricity Invercargill Limited

Electricity Invercargill Limited has a contingent liability as at 31 March 2014 of \$415,000 (31 March 2013: \$860,000). This liability relates to an agreement with Smart Co for the Company to provide a subordinated loan to Smart Co once a number of terms have been met.

Contingent assets (Forestry related):

2014 Year: Pre-1990 Carbon Credits: Invercargill City Council - nil. (2013 Year: Nil).

2014 Year: Pre-1990 Carbon Credits: Invercargill City Forests Limited - nil. (2013 Year: Nil).

2014 Year: Post-1989 Carbon Credits: Invercargill City Forests Limited - nil. (2013 Year: Nil).

29 Remuneration

Chief Executive

The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$288,458 (2013: \$268,163). The 2013/14 salary included annual leave which has been paid out during the year. In terms of his/her contract, the Chief Executive also received the following additional benefits:

Cost during the financial year

	2014	2013
	\$	\$
Vehicle (market value plus FBT)	14,698	19,094

For the year ended 30 June 2014, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive is calculated at \$303,156 (2013: \$287,257).

Elected representatives

Detailed below are gross remuneration figures for Council representatives during the year:

Member	2014	2013
	\$	\$
T R Shadbolt (Mayor)	102,471	98,167
<u>Councillors</u>		
N D Boniface	38,991	40,828
N J Elder	7,121	24,924
G J Sycamore	29,524	25,984
A G Dennis	29,164	25,124
D J Ludlow	48,309	45,002
L S Thomas	34,610	20,541
L Abbott	38,991	40,255
T Buck	7,121	24,924
C Dean	11,881	41,215
I L Esler	29,164	24,924
I R Pottinger	34,095	32,589
G Lewis	34,095	32,589
R Amundsen	22,043	-
K Arnold	22,043	-
P Kett	22,042	-
	<u>511,665</u>	<u>477,066</u>

Community Boards

Bluff:

J M Mitchell	3,417	10,540
P Coote	1,256	3,875
B Proctor	1,256	3,875
C T Te Au	1,256	3,875
G Laidlaw	4,113	3,705
R Fife	5,472	-
W Glassey	2,857	-
G Henderson	2,857	-
P Young	2,857	-
	<u>25,341</u>	<u>25,870</u>

Council Employees

Total annual remuneration by band for employees as at 30 June:

	2014
< \$60,000	365
\$60,000 - \$79,999	48
\$80,000 - \$99,999	12
\$100,000 - \$119,999	10
\$120,000 - \$139,999	6
\$140,000 - \$279,999	5
\$280,000 - \$319,999	1
	<hr/> 447 <hr/>
	2013
< \$60,000	366
\$60,000 - \$79,999	44
\$80,000 - \$99,999	13
\$100,000 - \$119,999	7
\$120,000 - \$139,999	10
\$140,000 - \$299,999	4
	<hr/> 444 <hr/>

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 249 (2013: 243) full-time employees, with the balance of staff representing 57 (2013: 64) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

30 Events after the balance sheet date

In September 2014 Electricity Invercargill Limited, with The Power Company were successful in purchasing the remaining 51% of OtagoNet from Marlborough Lines bringing their combined shareholding to 100%. Whilst Electricity Invercargill Limited only purchased 3.2%, bringing their shareholding of OtagoNet up to 27.7%. They have an option to take their shareholding up to 50% over the next six months.

In order to support this option together with the current operations, Invercargill City Holdings Limited has recommended to Council that up to \$132,250,000 of uncalled capital be issued. Council is currently consulting with the community on this with a decision to be made by the end of November 2014.

31 Financial instrument risk

The Council and Group has exposure to the following risks from its use of financial instruments:

- **Credit risk**
- **Liquidity risk**
- **Market risk.**

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

- **Credit risk**

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. The Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

The Council invests funds only in deposits with registered banks and local authority stock and its Investment policy limits the amount of credit exposure to any one institution or organisation.

Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the Group only invests funds with those entities, which have a Standard and Poor's credit rating of at least A2 for short term and A - for long-term investments. Accordingly, the Group does not require any collateral or security to support these financial instruments.

The Group manages its exposure to credit risk from trade receivables by performing credit evaluations on all customers requiring credit whenever possible, and continuously monitoring the outstanding credit exposure to individual customers. The Group does not generally require or hold collateral against credit risk.

The Electricity Invercargill Limited group is exposed to a concentration of credit risk with regards to the amounts owing by energy retailers for line charges. However, these entities are considered to be high credit quality entities. An amount of \$1,511,000 (2013: \$2,165,000) is owed by energy retailers at balance date.

For counterparties with credit ratings the cash at bank and deposits are held in banks with credit ratings from BBB to AA-. Derivative financial instruments assets are held with banks with credit ratings of AA-. For counterparties without credit ratings the community (non subsidiary) and related party loans are with parties that have had no defaults in the past.

- **Liquidity risk**

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months.

The Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the Council's Long Term Plan.

The following table details the exposure to liquidity risk as at 30 June:

Group Consolidated 2014		Maturity Dates			Total
Carrying Amount	Contractual cash flows	< 1 year	1-3 years	> 3 years	
		\$000	\$000	\$000	\$000
Financial Assets					
Cash and cash equivalents and bank overdrafts	10,022	10,022	10,022	-	10,022
Trade and other receivables	8,630	8,630	8,630	-	8,630
Advances	7,833	7,833	366	732	6,735
Available-for-sale financial assets	474	474	-	-	474
Investments - Loans and receivables	7,958	7,958	-	-	7,958
Short term investments	-	-	-	-	-
	34,917	34,917	19,018	732	15,167
					34,917
Financial Liabilities					
Trade and other payables, provisions and employee benefit liabilities	19,658	19,664	17,989	1,675	-
Borrowings - secured loans	88,377	102,152	4,104	66,869	31,179
	108,035	121,816	22,093	68,544	31,179
					121,816
Council 2014					
Council 2014		Maturity Dates			Total
Carrying Amount	Contractual cash flows	< 1 year	1-3 years	> 3 years	
		\$000	\$000	\$000	\$000
Financial Assets					
Cash and cash equivalents and bank overdrafts	6,598	6,598	6,598	-	6,598
Trade and other receivables	5,963	5,963	5,963	-	5,963
Dividends receivable	3,900	3,900	3,900	-	3,900
Available-for-sale financial assets	474	474	-	-	474
Investments - Loans and receivables	7,958	7,958	-	-	7,958
	24,893	24,893	16,461	-	8,432
					24,893
Financial Liabilities					
Trade and other payables, provisions and employee benefit liabilities	13,316	13,316	11,641	1,675	-
Borrowings - secured loans	29,716	35,684	1,502	3,003	31,179
	43,032	49,000	13,143	4,678	31,179
					49,000

The tables below analyse the Council and Group's derivative financial assets and liabilities that are settled on a net basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Group Consolidated 2013 (Restated)		Maturity Dates			Total \$000	
Carrying Amount	Contractual cash flows	< 1 year \$000	1-3 years \$000	> 3 years \$000		
Financial Assets						
Cash and cash equivalents and bank overdrafts	6,855	6,855	6,855	-	-	6,855
Trade and other receivables	10,915	10,915	10,915	-	-	10,915
Dividends receivable	-	-	-	-	-	-
Capital work in progress	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Available-for-sale financial assets	485	485	-	-	485	485
Investments - Loans and receivables	20,757	20,757	5	1,000	19,752	20,757
Short term investments	61	61	61	-	-	61
	39,073	39,073	17,836	1,000	20,237	39,073
Financial Liabilities						
Trade and other payables, provisions and employee benefit liabilities	19,790	19,790	18,024	1,766	-	19,790
Dividends payable	-	-	-	-	-	-
Finance Lease Payable	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Borrowings - secured loans	81,375	81,375	-	81,375	-	81,375
Borrowings - redeemable preference shares	-	-	-	-	-	-
	101,165	101,165	18,024	83,141	-	101,165
Council 2013 (Restated)		Maturity Dates			Total \$000	
Carrying Amount	Contractual cash flows	< 1 year \$000	1-3 years \$000	> 3 years \$000		
Financial Assets						
Cash and cash equivalents and bank overdrafts	1,435	1,435	1,435	-	-	1,435
Trade and other receivables	7,796	7,796	7,796	-	-	7,796
Dividends receivable	3,950	3,950	3,950	-	-	3,950
Capital work in progress	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Available-for-sale financial assets	485	485	-	-	485	485
Investments - Loans and receivables	19,752	19,752	-	-	19,752	19,752
	33,418	33,418	13,181	-	20,237	33,418
Financial Liabilities						
Trade and other payables	15,162	15,162	13,396	1,766	-	15,162
Borrowings - secured loans	40,331	47,252	1,731	3,460	42,061	47,252
	55,493	62,414	15,127	5,226	42,061	62,414

The maturity profiles of the Council's interest bearing borrowings are disclosed in note 22.

Group Consolidated 2014

	Carrying Amount	Contractual cash flows	Maturity Dates			Total \$000
			< 1 year \$000	1-3 years \$000	> 3 years \$000	
Financial Assets						
Derivative financial instruments	692	324	-	-	86	86
	692	324	-	-	86	86
Financial Liabilities						
Derivative financial instruments	1,136	1,899	14	584	1,301	1,899
	1,136	1,899	14	584	1,301	1,899

Council 2014

	Carrying Amount	Contractual cash flows	Maturity Dates			Total \$000
			< 1 year \$000	1-3 years \$000	> 3 years \$000	
Financial Assets						
Derivative financial instruments						
Financial Liabilities						
Derivative financial instruments	238	-	-	-	-	-
	238	-	-	-	-	-
	381	801	7	330	464	801
	381	801	7	330	464	801

Group Consolidated 2013 (Restated)

	Carrying Amount	Contractual cash flows	Maturity Dates			Total \$000
			< 1 year \$000	1-3 years \$000	> 3 years \$000	
Financial Assets						
Derivative financial instruments	487	183	12	-	171	183
	487	183	12	-	171	183
Financial Liabilities						
Derivative financial instruments	2,505	3,293	16	609	2,668	3,293
	2,505	3,293	16	609	2,668	3,293

Council 2013 (Restated)

	Carrying Amount	Contractual cash flows	Maturity Dates			Total \$000
			< 1 year \$000	1-3 years \$000	> 3 years \$000	
Financial Assets						
Derivative financial instruments						
Financial Liabilities						
Derivative financial instruments	171	-	-	-	-	-
	171	-	-	-	-	-
	935	1,870	12	471	1,387	1,870
	935	1,870	12	471	1,387	1,870

• **Market risk.**

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of the Council's investment portfolio in accordance with the limits set out in the Council's Investment policy.

Currency risk

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

Interest rate risk

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. Borrowing issued at fixed rates expose the Council to fair value interest rate risk. The Council's Liability Management policy outlines the level of borrowing that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates. In addition, investments at fixed interest rates expose the Council to fair value interest rate risk.

The interest rates on the Council's borrowings are disclosed in note 22.

The financial assets and liabilities are exposed to interest rate risk as follows:

Financial Assets

Cash and cash equivalents	Variable interest rates
Trade and other receivables	Non interest bearing
Dividends receivable	Non interest bearing
Derivative financial instruments (interest rate swaps)	Variable interest rates
Advances	Variable interest rates
Short term investments	Variable interest rates

Financial Liabilities

Trade and other payables	Non interest bearing
Dividends payable	Non interest bearing
Advances	Variable interest rates
Borrowings - secured loans	Variable interest rates
Derivative financial instruments (interest rate swaps)	Non interest bearing
Derivative financial instruments	Variable interest rates

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

The Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The notional principal outstanding in regard to the interest rate swaps is as follows:

	Council Actual 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
	Liability	Liability	Liability	Liability
Maturity < 1 year	4,000	7,170	8,000	12,970
Maturity 1-2 years	4,000	4,000	10,800	8,000
Maturity 2-3 years	4,000	4,000	14,300	7,800
Maturity 3-4 years	-	4,000	1,700	14,300
Maturity 4-5 years	3,000	3,000	6,500	4,700
Maturity 5-6 years	5,000	-	5,000	3,500
Maturity 6-7 years	3,000	-	8,000	-
Maturity 7-10 years	-	-	9,000	4,000
	23,000	22,170	63,300	55,270

- Effectiveness of Cash Flow Hedges

The matched terms method is used in applying hedges. In all cases the terms of both the hedge instrument (Interest rate swap derivative) and the underlying transaction are matched.

	Parent		Consolidated	
	2014	2013	2014	2013
	%	%	%	%
Effectiveness	100	100	100	100

- Sensitivity analysis on Financial Instruments

Investments: If interest rates on investments at 30 June 2013 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$118,713 (2013: \$105,402).

Borrowings: If interest rates on borrowings at 30 June 2014 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax. This is as a result of higher/lower interest expense on floating rate borrowings for Council by \$102,457 (2013: \$58,619 and for Invercargill City Holdings Limited \$52,451 (2013: \$45,046).

Cash and cash equivalents included deposits at call which are at floating interest rates. Sensitivity to a 0.5% movements in rates is immaterial as these cash deposits are very short term.

Derivative Asset: Cash Flow hedge

The derivatives are hedge accounted and managed by the company to be 100% effective and thus there is no sensitivity to the profit and loss to change in the interest rates.

Sensitivity to a 0.5% movements in rates is as follows and affect the equity balance of the Group:

Derivative financial asset (Cashflow Hedge) held by:

	Carrying amount	Equity change	
		+0.5%	-0.5%
	Year 2014	\$000	\$000
Council	(143)	87	(87)
Invercargill City Holdings Limited	(311)	243	(243)
	(454)	330	(330)
	Year 2013	+0.5%	-0.5%
	\$000	\$000	\$000
Council	(764)	187	(187)
Invercargill City Holdings Limited	(1,192)	452	(452)
	(1,956)	639	(639)

Fair Value measurements recognised in the Statement of Comprehensive Income

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

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value Measurement

	Group 2014			
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Assets at Fair Value				
Derivatives	-	682	-	682
Biological Assets	-	-	17,453	17,453
Network Assets	-	-	610,375	610,375
Investment Property	-	-	29,618	29,618
Runway Asset	-	-	8,130	8,130
Land and Buildings	-	-	83,414	83,414
Library Books	-	-	4,801	4,801
Total Assets at Fair Value	-	682	753,791	754,473
Liabilities at Fair Value				
Derivatives	-	1,136	-	1,136
Total Liabilities at Fair Value	-	1,136	-	1,136

	Group 2013			
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Assets at Fair Value				
Derivatives	-	487	-	487
Biological Assets	-	-	16,800	16,800
Network Assets	-	-	566,170	566,170
Investment Property	-	-	28,399	28,399
Runway Asset	-	-	8,977	8,977
Land and Buildings	-	-	72,152	72,152
Library Books	-	-	5,471	5,471
Total Assets at Fair Value	-	487	697,969	698,456
Liabilities at Fair Value				
Derivatives	-	2,505	-	2,505
Total Liabilities at Fair Value	-	2,505	-	2,505

	Council 2014			
	Level 1	Level 2	Level 3	Total
	(\$000)	(\$000)	(\$000)	(\$000)
Assets at Fair Value				
Derivatives	-	238	-	238
Biological Assets	-	-	2,005	2,005
Network Assets	-	-	541,406	541,406
Investment Property	-	-	25,538	25,538
Land and Buildings	-	-	83,414	83,414
Library Books	-	-	4,801	4,801
Total Assets at Fair Value	-	238	657,164	657,402
Liabilities at Fair Value				
Derivatives	-	381	-	381
Total Liabilities at Fair Value	-	381	-	381

	Council 2013			
	Level 1	Level 2	Level 3	Total
	(\$000)	(\$000)	(\$000)	(\$000)
Assets at Fair Value				
Derivatives	-	171	-	171
Biological Assets	-	-	1,370	1,370
Network Assets	-	-	495,288	495,288
Investment Property	-	-	24,467	24,467
Land and Buildings	-	-	72,152	72,152
Library Books	-	-	5,471	5,471
Total Assets at Fair Value	-	171	598,748	598,919
Liabilities at Fair Value				
Derivatives	-	935	-	935
Total Liabilities at Fair Value	-	935	-	935

	Council 2014 (\$000)	Council 2013 (\$000)	Group 2014 (\$000)	Group 2013 (\$000)
Opening Balance/Closing Balance Level 3 Fair Value Measurements				
Balance at Beginning of year	598,748	603,312	697,969	695,207
Unrealised net change in value of assets	54,191	623	56,951	6,021
Purchases	22,150	13,184	25,295	21,236
Sales	(256)	(1,281)	(4,783)	(3,673)
Depreciation and impairment	(17,669)	(17,090)	(21,641)	(20,822)
Balance at the end of the year	657,164	598,748	753,791	697,969

The Council and Group carries interest rate swaps (derivative financial instruments) at fair value. These instruments are included in Level 2 of the fair value measurement hierarchy. Interest rate swaps are held with financial institutions with investment grade credit ratings. Interest rate derivative fair values are valued using swap model valuation techniques using present value calculations. The key inputs include interest rate curves and forward rate curves.

The Council and Group's biological assets were valued by external valuation on the basis of fair value in accordance with The New Zealand Institute of Forestry (NZIF) valuation guidelines. The discounted cash flow (DCF) method is used with the exception of development forests where a compound cost basis is used. The valuation excludes funding and taxation. The discount rate is based on the mid-point of the valuers analysis of the implied pre-tax discount rates from actual transactions. The pre-tax discount rate chosen for the Council's 2014 valuation is 12% (2013: 12%). The pre-tax discount rate chosen for the Group's 2014 valuation is 9.5% (2013: 9.5%). The cash flow term for the valuation is 12 years (Council) and 32 years (Group).

The Council's network assets (roads and bridges) and valued three yearly by staff of the Council and reviewed by AECOM NZ Ltd, an independent valuer. The depreciated replacement cost method is used based on the current age profile compared to useful life.

The Council's network assets (stormwater, wastewater and water systems) and valued three yearly by staff of the Council and reviewed by Maunsell Ltd, an independent valuer. The depreciated replacement cost method is used based on the current age profile compared to useful life.

The Group's network assets are valued by external valuation on the basis of fair value using the discounted cash flow (DCF) method. The network assets are revalued every five years. The key inputs include discount rate, growth rate and future cash flows. The cash flow term for the valuation is 5 years.

The Council's and Group's investment properties are valued annually by external valuation at fair value effective 30 June. All Council investment properties were valued based on open market evidence. The Group's investment properties were valued based on open market evidence with the exception of two properties that are planned to be replaced within the next two years, where a discounted cash flow (DCF) method is used.

The Group's runway assets are valued on the basis of fair value using the discounted cash flow (DCF) method. The runway assets are valued annually. The key inputs include WACC rate and future cash flows. The WACC rate used for 2014 valuation is 10.2% (2013: 10.2%). The cash flow term for the valuation is 20 years.

The Council's operational land and buildings are valued three yearly at fair value by Quotable Value New Zealand, independent valuers.

The Council's library books are valued three yearly by staff of the Council on the basis of depreciated replacement cost.

32 Capital management

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

The Local Government Act 2002 [the Act] requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's 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 Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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

The Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance 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 the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by the Council.

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

33 Explanation of major variances against budget

Statement of comprehensive income

		Council Actual 2014 (\$000)	Council Budget 2014 (\$000)	Council Restated 2013 (\$000)	Council Variance 2014 (\$000)	Council Variance to 2013 Actual (\$000)
Income						
Rates excluding targeted water supply rates		39,564	38,838	39,009	726	555
Rates - targeted water supply		6,217	6,193	6,197	24	20
Development and financial contributions		-	-		-	-
Subsidies and grants		7,699	7,259	7,190	440	509
Other revenue	1	25,326	25,612	23,947	(286)	1,379
Other gains/(losses)	2	1,899	835	731	1,064	1,168
Expenditure						
Employee expenses	3	21,517	20,302	20,352	1,215	1,165
Depreciation and amortisation		19,487	19,208	18,844	279	643
Other expenses	4	35,284	37,856	35,596	(2,572)	(312)
Net finance costs						
Finance income		683	425	701	258	(18)
Finance expenses	5	2,154	2,986	2,070	(832)	84
Total non-current assets						
Property, Plant and Equipment Revaluation gains/(losses) - pre tax		52,385	70,117	-	(17,732)	52,385
Cash flow hedges		621	-	854	621	(233)
						-
Total variance in statement of comprehensive income		55,952	68,927	1,762	(12,975)	54,190

2014 variance analysis against 2014 Budget

2 - Other gains/(losses) were higher than budget due to the Investment Property & Biological asset revaluations being higher than anticipated. These valuations were provided by independent valuers.

3 - Employee expenses were higher than budget due to Venture Southland wages not included in Council budgets.

4 - Other expenses are lower than budget due to a number of maintenance, consultants and contractor expenses being lower than anticipated, particularly across the infrastructure activities.

5 - Finance expenses are lower than budget due to market interest rates remaining lower for a longer period than was anticipated.

2014 variance analysis against 2013 actuals

1 - Other revenue was higher than 2013 due to increased income generated from external sales and services. Included in this was increased revenue from Dairy farm operations at Awarua, as well as increases in timber sales from city forestry operations.

2 - Other gains/losses were higher than 2014 due to the revaluation of investment property and biological assets being greater than 2013.

3 - Employee expenses were higher than 2013 due to a number of reasons. Market rate increases accounted for approximately half of this increase. A small increase in the number of full time equivalents during the 2013/14 years also effected the increase, as did changes performance based pay.

4 - Borrowings are less than budget due to \$10 million of investments being used to reduce external borrowings during 2014.

The above comments have focused on major variances only

Statement of financial position

		Council Actual 2014 (\$000)	Council Budget 2014 (\$000)	Council Restated 2013 (\$000)	Council Variance 2014 (\$000)	Council Variance to 2013 Actual (\$000)
Current assets						
Cash and cash equivalents	1	6,598	2,882	1,435	3,716	5,163
Trade and other receivables		10,010	11,259	11,793	(1,249)	(1,783)
Inventories		670	763	648	(93)	22
Non-current assets						
Work in progress		4,175	-	10,908	4,175	(6,733)
Property, plant and equipment	2	647,785	689,875	591,518	(42,090)	56,267
Intangible assets		307	56	273	251	34
Forestry assets		2,005	904	1,370	1,101	635
Investment property		25,538	27,768	24,467	(2,230)	1,071
Other financial assets - other investments	3	7,975	45,886	56,306	(37,911)	(48,331)
Other financial assets - Derivative financial instruments		238	-	171	238	67
Current liabilities						
Trade and other payables		9,501	9,565	10,635	(64)	(1,134)
Provisions		112	143	112	(31)	-
Employee benefit liabilities		2,028	2,820	2,649	(792)	(621)
Borrowings		-	2,920	-	(2,920)	-
Derivative financial instruments		7	1,105	-	(1,098)	7
Non-current liabilities						
Provisions		863	948	906	(85)	(43)
Employee benefit liabilities		812	696	860	116	(48)
Borrowings	4	29,716	54,883	40,331	(25,167)	(10,615)
Derivative financial instruments		374	-	897	374	(523)
Equity						
Retained earnings		403,183	398,115	401,889	5,068	1,294
Other reserves		295,231	308,198	240,572	(12,967)	54,659
Total variance in net assets and equity		698,414	706,313	642,461	(7,899)	55,953

2014 variance analysis against 2014 Budget

1 - Cash and Cash equivalents are higher than budget due to the deferral of some rate funded capital projects.

2 - Property plant and equipment is less than budget due to the 3 yearly revaluation of certain asset classes being less than anticipated.

4 - Borrowings are less than budget due to \$10 million of investments being used to reduce borrowings during 2013/14. Also due to a number of loan funded capital projects being deferred until future years, not requiring loan funding at this stage.

2014 variance analysis against 2013 actuals

1 - Cash and Cash equivalents are higher than 2013 due to the deferral of some rate funded capital projects.

2 - Property plant and equipment is more than 2013 due to the 3 yearly revaluations of Infrastructure, Land & Buildings and Library Books.

3 - Other financial assets - other investments is less than 2013 due to \$10 million being used from council investments to reduce external borrowings.

4 - Borrowings are less than budget due to \$10 million of investments being used to reduce external borrowings during 2014.

The above comments have focused on major variances only.

Funding Impact Statement

		Council Actual 2014 (\$000)	Council Budget 2014 (\$000)	Council Restated 2013 (\$000)	Council Variance 2014 (\$000)	Council Variance to 2013 Actual (\$000)
Sources of operational funding						
General rates, uniform annual charges, rates penalties		7,585	7,247	7,289	338	296
Targeted rates (other than targeted rate for water supply)		38,196	38,334	37,917	(138)	279
Subsidies and grants for operating purposes		3,805	3,683	3,518	122	287
Fees, charges and targeted rates for water supply		11,988	11,774	11,687	214	301
Interest and dividends from investments		4,551	4,575	4,626	(24)	(75)
Local authorities fuel tax, fines, infringement fees, and other receipts		9,598	9,065	8,139	533	1,459
Applications of operational funding						
Payments to staff and suppliers	1	56,816	58,158	55,956	(1,342)	860
Finance costs	2	2,154	2,986	2,070	(832)	84
Sources of capital funding						
Subsidies and grants for capital expenditure		3,894	3,648	3,674	246	220
Increase (decrease) in debt	3	(10,614)	4,274	5,993	(14,888)	(16,607)
Gross proceeds from sale of assets		-	112	-	(112)	-
Application of capital funding						
Capital expenditure	4	16,549	22,458	21,871	(5,909)	(5,322)
Increase (decrease) in reserves	5	3,484	(889)	2,945	4,373	539
Increase (decrease) in investments	6	(10,000)	-	-	(10,000)	(10,000)

Variance analysis against 2014 Budget

1 - Payments to staff and Supplier is lower than budget due to maintenance, consultants and contractor expenses being lower than anticipated during the 2013/14 year.

2 - Finance expenses are lower than budget due to market interest rates remaining lower for a longer period than was anticipated.

3 - Debt has decreased during the 2013/14 year, but was budgeted to increase. This variance has occurred for two reasons, the first was that Council decided to use \$10 million of invested funds to reduced bank debt in July 2013. The second reason being that a number of loan funded projects were deferred into future years from 2013/14.

4 - Capital expenditure is lower than budget due to a number of uncompleted project during the 2013/14 year. refer to page 17 for further details.

5 - Reserves increased more than budget due to the higher than anticipated net surplus in the 2013/14 year.

6 - Investments decreased during the year due to \$10 million of investments being used to reduce bank debt in July 2013.

Variance analysis against 2013 Actuals

1 - Payments to Staff and Suppliers was more than 2013 due to general inflationary pressures on wages and goods & services.

3 - Debt decreased during 2014, against debt increasing in 2013 due to \$10 million of investments being used to reduce bank debt. The amount of new loans in 2014 was lower than 2013 due to some 2014 loan funded projects being deferred to 2014/15.

4 - Capital expenditure was lower than 2013 due to the deferral of a number of large capital projects during 2014. During 2013 a large water project being the Branxholme duplicate pipeline was carried out, which had significant capital expenditure.

6 - Investments decreased against 2013 actuals due to \$10 million from investments being used to reduced bank debt.

The above comments have focused on major variances only.

34 Impact of change in accounting standards - Group

NZ IFRS 11 - Joint Arrangements

NZ IFRS 11 replaces NZ IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Ventures. NZ IFRS 11 uses the principle of control in NZ IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition NZ IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligation arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves are accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method. This may result in a change in the accounting for joint arrangements.

The application of NZ IFRS 11 impacted the Group's accounting of its interests in joint ventures, the PowerNet Limited Group and the OtagoNet Joint Venture (see note 15). The Group has a 50% interest in the PowerNet Limited Group and a 24.5% interest in the OtagoNet Joint Venture. Prior to the transition to NZ IFRS 11, the PowerNet Limited Group and the OtagoNet Joint Venture were classified as jointly controlled entities and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of NZ IFRS 11, the Group has determined its interests in the PowerNet Limited Group and the OtagoNet Joint Venture are to be classified as a joint venture under NZ IFRS 11 and are required to be accounted for using the equity method. The transition was applied retrospectively as required by NZ IFRS 11 and the comparative information for the immediately preceding period (2013) is restated. The effect of applying NZ IFRS 11 on the Group's financial statements is as follows:

The Group financial consolidation was prepared under NZIFRS 11 as outlined above, allowing for JCE's to only be consolidated using the equity method. The Parent's financial statements are still able to use NZ IAS 31, which allows for either the proportionate or equity method for consolidation. For consistency, the Council have opted to restate the 2013 financials and account for these entities using the equity method.

Impact on statement of comprehensive income:

	2013 (\$000)
Operating revenue	(17,027)
Other income	(1,326)
Operating expenses	15,769
Finance costs	4
Share of profit of associates	2,713
Operating Surplus before Taxation	133
Income tax	(133)
Net impact on surplus for the year	-

Impact on equity (increase/(decrease) in net equity):

	2013 (\$000)
Cash and cash equivalents	415
Receivables and prepayments	(1,945)
Inventories	(88)
Total current assets	(1,618)
Investments in associates	(1)
Investments in joint ventures	37,509
Property, plant and equipment	(34,899)
Capital work in progress	(1,091)
Intangibles	(112)
Total non-current assets	1,406
Creditors and accruals	(346)
Employee entitlements	(157)
Income tax payable	193
Total current liabilities	(310)
Deferred tax liabilities	98
Total non-current liabilities	98
Net impact on equity	-

Impact on cash flow statements (increase/(decrease) in cash flows):

	2013 (\$000)
Operating	(4,297)
Investing	4,712
Financing	-
Net increase in cash and cash equivalents	415

34 Impact of change in accounting policies - Council

There have been the following changes in accounting policies for Venture Southland, a joint committee of Council, during the financial year.

Revenue recognition

Revenue received from grants and other funding which has conditions attached had previously been recognised as revenue at the time of receipt. This has been changed so that funding is recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. The funding is held as a liability until the specific conditions are met.

General reserve

Some project related income which had been recognised prior to Venture Southland meeting its obligations had been held in a General Reserve. This reserve has been dis-established and will be recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. The grant or funding is held as a liability until the specific conditions are met.

Changes in the Revenue Recognition policy and General Reserve were made to ensure Venture Southland's Financial Statements presented a true and fair view of the current position. Revenue is recognised on consistent terms with those provided by the funders by recognising revenue when Venture Southland's obligations have been met.

The impact of these changes in accounting policy are as follows:

Impact on statement of comprehensive income:

	2013 (\$000)
Other income	(26)
Operating Surplus before Taxation	(26)
Income tax	-
Net impact on surplus for the year	(26)

	2013 (\$000)
Current Liabilities	
Trade and other payables	96
Total current liabilities	96
Net impact on equity	(96)

Impact on statement of comprehensive income:

	2013 (\$000)
Operating	-
Investing	-
Financing	-
Net increase in cash and cash equivalents	-

Statement of Accounting Policies

REPORTING ENTITY

Invercargill City Council ("the Council") is a territorial local authority governed by the Local Government Act 2002.

The Council Group consists of Invercargill City Council and its subsidiaries, Invercargill City Holdings Limited (100% owned) and its subsidiaries, Invercargill Venue and Events Management Limited (100% owned), Invercargill City Charitable Trust (100% owned) and Invercargill Community Recreation and Sports Trust (100% owned). The Council has three joint committees, Venture Southland (42% share of the voting rights), Southland Regional Heritage Committee (63% share of voting rights) and Emergency Management Southland (28% share of voting rights) which are proportionally consolidated into the parent.

The Invercargill City Holdings Limited Group consists of:

- Electricity Invercargill Limited (100% owned) and its wholly owned subsidiary Pylon Limited.
- Invercargill City Forests Limited (100% owned).
- Invercargill Airport Limited (97% owned).
- Invercargill City Property Limited (100%).

All Invercargill City Council subsidiaries and associates are incorporated in New Zealand.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements of the Council are for the year ended 30 June 2014. The financial statements were authorised for issue by Council on 31 October 2014.

BASIS OF PREPARATION

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

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

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

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, biological assets and financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Council is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income.

SUBSIDIARIES

The Council consolidates as subsidiaries in the group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly

predetermined by the Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

BASIS OF CONSOLIDATION

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

The Council's investment in its subsidiaries are carried at deemed cost in the Council's own "parent entity" financial statements. Deemed cost is based on the net asset value of the subsidiary on conversion to NZ IFRS.

ASSOCIATES

The Council and Group accounts for investments in associates in the group financial statements using the equity method. An associate is an entity over which the Council and Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investments in associates is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's and Group's share of the surplus or deficit of the

associates after the date of acquisition. The Council's and Group's share of the surplus or deficit of the associates is recognised in the Council's and Group's Statement of Comprehensive Income at the group level. Distributions received from associates reduce the carrying amount of the investment.

The Council's and Group's share in the associate's surplus or deficit resulting from unrealised gains on transactions between the Council and Group and its associates is eliminated.

The Council investments in associates are carried at cost in the Council's own financial statements.

JOINT VENTURES

Joint ventures are those entities over which the Council and Group has joint control, established by contractual agreement. The consolidated financial statements include the Council's and Group's proportionate share of the joint venture entities' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date joint control commences until the date joint control ceases.

REVENUE

Revenue is measured at the fair value of consideration received.

Rates revenue

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

Other revenue

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Traffic and parking infringements are recognised when tickets are issued.

The Council receives government grants from the New Zealand Transport Agency, which subsidises part of the Council's costs in maintaining the local roading infrastructure.

The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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 the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated and there is no continuing management involvement with the goods.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

Interest income is recognised using the effective interest method.

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

Contributions from customers in relation to the construction of new lines for the network are accounted for as income in the year which they have been received.

Government grants

NZU's allocated by the Crown represent non-monetary government grants and are initially recognised at nil value. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the surplus/deficit in the Statement of Comprehensive Income.

CONSTRUCTION CONTRACTS

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the Statement of Comprehensive Income.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

BORROWING COSTS

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

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

INCOME TAX

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the

deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date. Current tax and deferred tax is charged or credited to the surplus/deficit in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

LEASES

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to

whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

INVENTORIES

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

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The cost of logs harvested by group companies is the fair value less costs to sell at the time the logs are harvested which becomes the initial cost. Thereafter inventory is carried at the lower of cost and net realisable value.

The write down from cost to current replacement cost or net realisable value is recognised in the surplus/deficit in the Statement of Comprehensive Income.

FINANCIAL ASSETS

The Council and Group classifies its financial assets into the following three categories: available for sale investments, loans and receivables and financial assets at fair value through surplus or deficit. The classification depends on the purpose for which the investments were acquired. Management determines

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

Financial assets and liabilities are initially measured at fair value plus transaction costs.

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

The three categories of financial assets are:

Loans and receivables

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

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus/deficit in the Statement of Comprehensive Income. Loans and receivables are classified as "trade and other receivables" in the statement of financial position. Investments in this category include fixed term deposits and loans to associates.

Held-to-Maturity Investment

Held-to-Maturity Investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Groups management has the positive intention and ability to hold to maturity.

Financial assets at fair value through surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the surplus/deficit in the Statement of Comprehensive Income.

Available for sale Investments

Available for sale investments are those that are designated as being held to maturity or are not classified in any of the other categories above. This category encompasses investments that the Council intends to hold long-term but which may be realised before maturity. After initial recognition these investments are measured at their fair value. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the surplus/deficit in the Statement of Comprehensive Income. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in the surplus/deficit in the Statement of Comprehensive Income even though the asset has not been derecognised. Investments in this category include shares in Local Government Insurance Corporation.

Shareholdings that Invercargill City Council holds for strategic purposes

Invercargill City Council's investments in its subsidiaries and associate companies are not included

in this category as they are held at cost (as allowed by NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS 28 Investments in Associates) whereas this category is to be measured at fair value.

Non-current assets held for sale

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

Impairment of Financial Assets

At each balance sheet date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus/deficit in the Statement of Comprehensive Income.

FINANCIAL INSTRUMENTS

Trade and other receivables

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

Loans, including loans to community organisations made by the Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Comprehensive Income as a grant.

A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables.

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

Cash and cash equivalents

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

Bank overdrafts are shown separately in current liabilities in the Statement of Financial Position.

Borrowings

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

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

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost using the effective interest method.

Accounting for derivative financial instruments and hedging activities

The Council and Group uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council and Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. However, where derivatives qualify for hedge accounting, recognition for any resultant gain or loss depends on the nature of the hedging relationship.

Cash flow hedge

Changes in the fair value of the derivatives hedging instruments designated as a cashflow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in surplus or deficit.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity will be reclassified into surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects surplus or deficit.

However, if Invercargill City Council expects that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, it will reclassify into surplus or deficit the amount that is not expected to be recovered.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised directly in equity will be included in the initial cost or carrying amount of the asset or liability.

For cash flow hedges other than those covered above, amounts that had been recognised directly in equity will be recognised in surplus or deficit in the same period or periods during which the hedged forecast transaction affects surplus or deficit (for example, when a forecast sale occurs).

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to surplus or deficit in the same period that the hedged item affects the surplus or deficit.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

Operational assets - These include land, buildings, library books, plant and equipment, and motor vehicles.

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

Infrastructure assets - Infrastructure assets are the fixed utility systems owned by the Council. 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.

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

DISPOSALS

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the surplus/deficit in the Statement of Comprehensive Income. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

SUBSEQUENT COSTS

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

DEPRECIATION

Depreciation is provided on a straight-line and diminishing value basis on all property, plant and equipment other than land, at rates that 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:

<i>Buildings - Parent</i>	<i>Depreciation Rate</i>
▪ Structures	2-3% SL
▪ Roof	2-3% SL
▪ Electrical	2-3% SL
▪ Plumbing	2-3% SL
▪ Internal Fitout	2-3% SL
▪ Plant	2-3% SL
<i>Buildings - Subsidiaries</i>	<i>Depreciation Rate</i>
Buildings	1% - 15% SL/DV
<i>Furniture and Fittings - Parent and Subsidiaries</i>	<i>Depreciation Rate</i>
Furniture and Fittings	6.7% - 50% DV
<i>Office Equipment - Parent</i>	<i>Depreciation Rate</i>
Office Equipment	14.4% - 60% SL/DV
<i>Office Equipment - Subsidiaries</i>	<i>Depreciation Rate</i>
Office Equipment	5% - 48% SL/DV
<i>EDP Hardware - Subsidiaries</i>	<i>Depreciation Rate</i>
Hardware	9% - 80.4% SL/DV
<i>Infrastructural Assets - Parent</i>	<i>Depreciation Rate</i>
Drainage	2.6% - 6.2% SL
Bridges	1% - 2.5% SL
Traffic Services	2.6% - 12.6% SL
Footpaths and Crossings	6.6% - 13% SL
Features and Structures	4.6% - 6% SL
Roads	
▪ Formation	0%
▪ Shoulder and Pavements	3.5% SL
▪ Top Surface	10.35% SL

Infrastructural Assets - Parent	Depreciation Rate
Drainage and Stormwater	
▪ System	6.5% SL
▪ Plant	3.21% SL
▪ Buildings	1% - 2% SL
Water	
▪ System	1% - 11.34% SL
▪ Plant	4% SL
Airport Facilities - Subsidiaries	Depreciation Rate
Fences	1.0% - 6.65% SL
Runway, Apron and Taxiway (Base-course and sub-base)	3.0% SL
Top Surface (Runway)	8.3% SL
Top Surface (Apron and Taxiway)	6.7% SL
Roads, Carparks and Stop banks	3.0% SL
Plant - Parent and Subsidiaries	Depreciation Rate
Plant	5% - 50% SL/DV
Tools - Parent	Depreciation Rate
Tools	10% SL where applicable
Motor Vehicles - Parent and Subsidiaries	Depreciation Rate
Motor Vehicles	6.7% - 31.2% SL
Library Collections - Parent	Depreciation Rate
Library Collections	6.67% - 50% SL
<i>The non fiction collection is not depreciated.</i>	
Forestry Road Improvements - Subsidiaries	Depreciation Rate
Forestry Road Improvements	6% DV

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

REVALUATION

Those asset classes that are revalued are valued on a valuation cycle as described below on the basis described below. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

VALUATION

All assets are valued at historic cost less accumulated depreciation and impairment costs, except the following:

- Operational land and buildings have been valued at fair value by QV.co.nz (Registered Valuers) as at 30 June 2014. Valuations are completed three yearly.
- Restricted land (excluding forestry land) and buildings have been valued at deemed cost. Deemed cost is the fair value being the current valuation at 30 June 2005. This fair value is the net current value by Quotable Value New Zealand (Registered Valuers) as at 30 June 1992.
- Library collections are valued at depreciated replacement cost as at 30 June 2014. Valuation was completed by staff of the Invercargill City Council. Valuations are completed three yearly.

Infrastructural assets:

Land under Roads

Land under roads has been valued at deemed cost at transition to NZIFRS. Deemed cost is the fair value being the current valuation at 30 June 2005.

Roads and Bridges

Roads and Bridges are valued at depreciated replacement cost, being gross replacement cost less accumulated depreciation to date, based on the Current Age Profile compared to Useful Life. Valuation has been completed by staff of the Invercargill City Council and reviewed by AECOM NZ Ltd. The current valuation is as at 30 June 2014. Valuations are completed three yearly.

Stormwater, Wastewater and Water Systems

Assets are valued at depreciated replacement cost, being gross replacement cost less accumulated depreciation to date, based on the Current Age Profile compared to Useful Life. Valuation has been completed by Council staff and reviewed by Maunsell. The current valuation is as at 30 June 2014. Valuations are completed three yearly.

Forest land is revalued to fair value and carried at valuation and is not depreciated. The fair value is determined by independent registered valuers based on the highest and best use of the land. In determining the highest and best use consideration is given as to whether the land has been registered under the New Zealand Emissions Trading Scheme and hence whether there are restrictions on the land use. Land is revalued with sufficient regularity to ensure carrying value does not differ materially from that which would be determined as fair value. It is anticipated that the Land revaluation will occur every three years, unless circumstances require otherwise. New Zealand units received from the government are recognised at cost in the financial statements, which is nil value.

Vested assets. Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process.

The vested reserve land has been valued at deemed cost. Deemed cost is the fair value being the current valuation at 30 June 2005. This fair value is the 2005 Beca Rating Valuation.

Vested infrastructural assets have been valued based on the actual quantities of infrastructural components vested and current "in the ground" cost of providing identical services.

The network assets of Electricity Invercargill Limited: The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic valuation, at a maximum of every five years based on discounted cashflow methodology.

Invercargill Airport Limited's Runway, Apron and Taxiway (Runway assets) are revalued with sufficient regularity to ensure carrying value does not differ materially from that which would be determined as fair value. It is anticipated that the revaluation will occur every three to five years, unless circumstances require otherwise. For the purposes of financial reporting the Runway assets are treated as one asset.

The valuation of the Runway assets is performed using the discounted cashflow methodology over the assets as a whole and values apportioned to each component on a prorata basis or on the basis of a review of the physical conditions of component parts.

Accounting for revaluations

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluating are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus/deficit in the Statement of Comprehensive Income.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus/deficit in the Statement of Comprehensive Income will be recognised first in the surplus/deficit in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

CAPITAL WORK IN PROGRESS

Work in progress includes the cost of direct materials and direct labour used in putting replacement and new systems and plant in their present location and condition. It includes accruals for the proportion of work completed at the end of the period. Capital work in progress is not depreciated.

INTANGIBLE ASSETS

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over the Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method.

Goodwill on acquisition of associates is included in investments in associates by applying the equity method.

In respect of acquisitions prior to 1 July 2005, goodwill is included on the basis of deemed cost, which represents the amount recorded under previous NZ GAAP at the transition date. The classification and accounting treatment of business combinations that occurred prior to 1 July 2007 has not been reconsidered in preparing the Group's opening NZ IFRS Statement of Financial Position at 1 July 2005.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, the Council measures goodwill at cost less any accumulated impairment losses. An impairment loss recognised for goodwill will not be reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the surplus/deficit in the surplus/deficit in the Statement of Comprehensive Income on a straight-line basis over the estimated useful economic lives of the intangible assets. The amortisation rates for the current period are as follows:

Software 12.5-48% Straight Line/Diminishing Value

FORESTRY ASSETS

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus/deficit in the Statement of Comprehensive Income.

The costs to maintain the forestry assets are included in the surplus/deficit in the Statement of Comprehensive Income.

INVESTMENT PROPERTY

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

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

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

Investment land and buildings have been valued at net realisable value by Registered Valuer, Trevor Thayer of Thayer Todd Ltd. This valuation was as at 30 June 2014 and will be carried out on an annual basis. Any adjustment to the values has been accounted for as an increase (decrease) in the surplus/deficit in the Statement of Comprehensive Income.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus/deficit in the Statement of Comprehensive Income.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

revaluation reserve, the balance is recognised in the surplus/deficit in the Statement of Comprehensive Income.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/deficit in the Statement of Comprehensive Income.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve.

However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Comprehensive Income, a reversal of the impairment loss is also recognised in the surplus/deficit in the Statement of Comprehensive Income.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus/deficit in the Statement of Comprehensive Income.

EMPLOYEE BENEFITS

Short-term benefits

Employee benefits that the Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Long-term benefits

Long service leave and retirement leave

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at

the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the surplus/deficit in the Statement of Comprehensive Income in the period in which they arise.

Superannuation schemes

Defined contribution schemes:

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Income as incurred.

Defined benefit schemes:

The Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

PROVISIONS

The Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the

expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

LANDFILL POST CLOSURE COSTS

The Council has a legal obligation under the Resource Consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure. The discount rate applied is 7% which represents the risk free discount rate.

EQUITY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Council reserves (includes sinking funds, special reserves and endowment reserves)
- Fair value and hedging reserves
- Asset revaluation reserves

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

BUDGET FIGURES

The budget figures are those approved by the Council at the beginning of the year in the Long Term Plan or Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

COST ALLOCATION

The Council has derived the cost of service for each significant activity of the 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 numbers and floor area.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements Invercargill City Council 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:

Properties

Invercargill City Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of Invercargill City Council's social housing policy. These properties are accounted for as property, plant and equipment.

Landfill Aftercare Provision

Note 20 presents an analysis of the exposure of Invercargill City Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural Assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Invercargill City Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk Invercargill City Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Invercargill City Council's asset management planning activities, which gives Invercargill City Council further assurance over its useful life estimates. Experienced independent valuers review the Council's infrastructural asset revaluations.

- As a result of rounding there may be slight discrepancies in subtotals and the financial statement in section 5 and funding impact statements.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

• Future Changes to Financial Reporting Standards

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, Invercargill City Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. This means Invercargill City Council will transition to the new standards in preparing its 30 June 2015 financial statements.

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

Invercargill City Council anticipates that these standards will have no material impact on the financial statements in the period of initial application. It is likely that the changes arising from this framework will affect the disclosures required in the financial statements. However, it is not practicable to provide a reasonable estimate until a detail review has been completed.

- **Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Group.**

NZ IFRS 9 (2009) Financial Instruments will eventually replace NZ IAS 39 Financial Instruments : Recognition and Measurement

NZ IFRS 9 Phase I was issued in November 2009 and is effective for the financial statements issued for the fiscal years beginning on or after 1 January 2015.

NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and phase 3 Hedge Accounting.

NZ IFRS 9 (2009) includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace NZ IAS 39.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39. The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:

- two categories for financial assets being amortised cost or fair value;
- removal of the requirement to separate embedded derivatives in financial assets;
- strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows;

- an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition;
- reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; and
- changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.

The Council and Group has not yet assessed the effect of the new standard.

NZ IFRS 9 (2010) Financial Instruments will eventually replace NZ IAS 39 Financial Instruments : Recognition and Measurement

NZ IFRS 9 Phase I was issued in November 2010 and is effective for the financial statements issued for the fiscal years beginning on or after 1 January 2015.

NZ IFRS 9 (2010) supersedes NZ IFRS 9 (2009). The requirements for classifying and measuring financial liabilities were added to NZ IFRS 9 as issued in 2009. The existing NZ IAS 39 Financial Instruments: Recognition and Measurement requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

The Council and Group has not yet assessed the effect of the new standard.

CHANGES IN ACCOUNTING POLICIES

During the year the group changed accounting policies in relation to the method of consolidation for joint ventures. The change was from the proportionate method to the equity method of consolidation, the effect of this change is outlined in note 34. Venture Southland change accounting policies in relation to revenue recognition during the year, the effect of this change is outlined in note 34. All other accounting policies have been consistently applied throughout the period covered by these financial statements.



Other Information

This section contains the statement on enhancing Maori Capacity to Contribute to Decision-Making and a statement on Shared Services.

COUNCIL VISION

Creating an exciting, innovative, safe, caring and friendly City offering lifestyles based on a healthy environment and diverse growing economy.

Maori Capacity to Contribute to Decision Making

The Invercargill City Council has an ongoing relationship with Maori, which sets the basis for Maori contribution.

To strengthen and develop that relationship, the Invercargill City Council (together with the other three local authorities in the Southland region, namely Environment Southland, Gore District Council and Southland District Council) has established and signed the charter of understanding, He Huarahi mo Nga Uri Whakatapu (A Pathway for the Generation Coming Through).

The charter of understanding was revised to incorporate the wider responsibilities under the Local

Government Act 2002 through Te Roopu Taiao, the Iwi - Council representative group (a management group made up of elected representatives from the councils and Maori representatives).

Maori capacity was enhanced by consultation and discussion on the following matters in 2013/14:

- District Plan Review.
- 2014/15 Annual Plan.
- Monthly meeting with members of the Executive Leadership Team.



Working Together - Shared Services

BUILDING CONTROL

The Shared Services Forum requested the progression of a combined Building Control Shared Service between the three Southland TLAs who currently provide this service under the Building Act 2004 - being Invercargill City, Southland District and Gore District Councils. Clutha District Council also opted to participate in this initiative.

A project team of staff from the four councils was established and has made some very good progress. Two key milestones were achieved during the 2013/2014 year. The first of these milestones was the development of a combined Process and Quality Manual which the four Councils have adopted and are implementing. This standardises consent processing methodology and quality assurance measures across the four councils. The second milestone was the standardisation of the 16 types of application forms required by the Building Act 2004. An IANZ approved auditor has been closely involved throughout this process, to ensure any changes made will meet IANZ requirements. The Shared Services Forum also agreed that this project would be progressed by process of evolution, rather than by combining all staff into one new entity from the outset.

EMERGENCY MANAGEMENT

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

In 2013/2014 there was a high demand for public education talks from various interest groups and several business continuity workshops were delivered in conjunction with the NZ Fire Service. EMS also attended the Southern Field-days at Waimumu in conjunction with the Southland Rural Support Trust.

INFORMATION TECHNOLOGY

Over the past 12 months the IT Shared Services Operations Sub-Committee has undertaken a number of activities that aim to provide services and activities between the member Councils.

Three work streams were identified - network consolidation and integration, shared service desk implementation and disaster recovery and business continuity. These three streams will ultimately provide the Councils with an environment that will easily, and in a controlled manner, support the wider requirements that are being investigated.

IWI LIAISON

All four Southland councils have continued to fund and support Te Ao Marama, the agency approved by Te Runanga o Ngai 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 Te Ao Marama. The papatipu runanga and the participant councils continue to meet quarterly at the Te Roopu Taiao hui, which provides for excellent partnership and exchange of information. A key focus in 2013/2014 has been to

give these meetings more of a strategic focus and less focus on day to day operational and retrospective reporting.

LIBRARY CONSORTIUM

The partners in the SouthLib Consortium have continued to share a range of services during 2013/14. These include the Symphony Library Management system which allows access to the complete catalogues of Dunedin and Invercargill City Libraries and Queenstown Lakes, Central Otago and Southland District Libraries for all residents. Reciprocal membership is available at all libraries from Waitaki south for any resident of those local authorities.

Training & 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 potentially be outside the scope of a single authority. This also allows for networking and support for staff who often work in isolation.

RURAL FIRE

A major initiative which has gone beyond the The Southern Rural Fire Authority was formed on 7 August 2003 and amalgamated the rural fire responsibilities of Southland District Council, Gore District Council, Invercargill City Council, Southern Plantations Rural Fire Authority and Department of Conservation Southland Conservancy. In total, about 3.5 million hectares or one eighth of the land area of New Zealand is within the Southern Rural Fire Authority.

This year, the authority has been involved in the setting up of a Milford Sound Emergency Response

Team Fire Station, which was opened on 5 December. Another key project was the development of a public fire danger web page, which is updated hourly.

VENTURE SOUTHLAND

The 2013/2014 year has been one of challenges, opportunities and ongoing improvements benefiting the region and Southland communities. Venture Southland's work can be measured on results that have been achieved, experiences gained, meeting visitor expectations, economic development, community engagement, events and festivals attended, and new technologies or management training principles delivered.

International and regional exposure was critical to ensuring Southland benefitted from a growing economy through direct export earnings, new jobs, education and local initiatives such as the Canterbury South Strategy which involves Southland companies in the Christchurch rebuild. Venture Southland has received tremendous feedback from the community and stakeholders for initiatives such as the Business Mentor programme, Lean Management programme, Southland Festival of the Arts, ILT Kidzone, Burt Munro Challenge and Education Southland international student marketing programme.

WASTENET

Council is part of WasteNet, a shared services arrangement between Invercargill City Council, Gore District Council and Southland District Council, which actively promotes and advocates waste minimisation initiatives. Through WasteNet, Council provided a kerbside collection for rubbish and recycling in urban areas of Invercargill, and provided waste transfer stations, recycling services, and greenwaste sites.



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