

Growing Invercargill
2014-2015
ANNUAL REPORT

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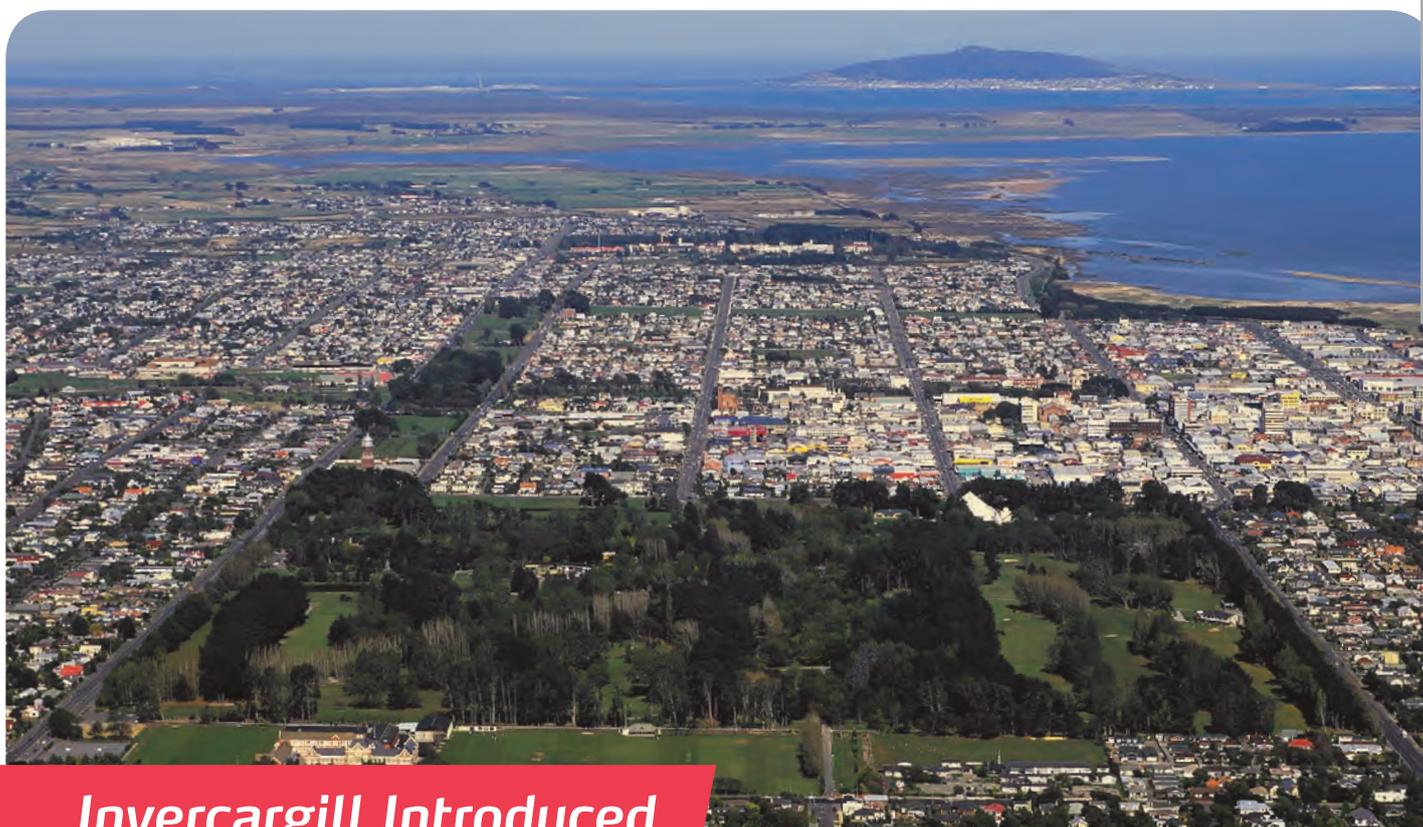
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Invercargill Introduced

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 38 years which is also the New Zealand median age.

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

Home ownership in the Invercargill District (66%) 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 an 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 1,661 sunshine hours. Rainfall averages 1081.7mm/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



Despite the sudden collapse in the international value of milk, Invercargill is in relatively good shape. Stage 1 of the airport terminal rebuild is complete. The inner city upgrade is starting to take shape and the Tiwai

Smelter has survived another round of negotiations. The Invercargill City Council has generally achieved the goals we set out to complete in our Annual Plan. Where those objectives have not been reached we have developed a Plan B and worked out alternative options. Many Councillors and residents were opposed to Council taking over Rugby Park. I'd like to congratulate the Stags for initiating open days that will help both opponents and rugby fans understand how complex modern day sport has

become. I believe a positive relationship can be formed between the City (as landlords) and the Stags (as tenants) from which we will both benefit. Whenever we face controversial issues Council makes a genuine and innovative attempt to consult with the public. The construction of a consultation caravan is just one example of Council reaching out to the people in a way that has never happened before. Although we have over 200 pensioner flats Council have never really considered being involved in social housing. Times have changed with Central Government abandoning its State Houses; Council is holding meetings with other stake holders such as Ngai Tahu to consider alternatives. Regardless of the future challenges Invercargill may face this Council will try its best to make a positive impact on behalf of our community.

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.

Council has had to make some hard choices in the 2014/15 year. We still face the ongoing challenges that all regions in New Zealand face including an ageing population, how to maintain affordable rates and how to maintain low debt levels and provide a financial approach that is sustainable.

The Council continues to work on our vision, "creating an exciting, innovative, safe, caring and friendly City offering lifestyles based on a healthy environment and diverse growing economy." The first major plan in the City Centre Rejuvenation Project is almost finished with the completion of the Esk Street Pocket Park and an upgrade of the entire street from Dee Street to Kelvin Street. The Urban Rejuvenation Project has also seen success this year with the installation of a Bluff sign to welcome visitors as well as South City seeing a number of improvements.

We made the decision to save Rugby Park, helping to ensure our provincial rugby team and grass roots rugby clubs have a suitable location to showcase the local talent Invercargill and Southland have to offer. This decision meant a slight rates increase, but we must invest in our heritage and culture to ensure facilities are available for future generations.

Council will continue to face challenges, just as the rest of New Zealand's smaller cities do. It is the innovation, and skill that we use to face future challenges that set Invercargill apart. Together we can continue to make Invercargill a great place to live and work. I would like to thank Councillors, Staff and the Community for their contributions to the City. I look forward to facing the next year together and am sure that we will continue to make the city a success.

A handwritten signature in black ink, appearing to read 'Richard King', written over a faint, light-colored background.

Richard King
CHIEF EXECUTIVE

Elected Representatives



Tim Shadbolt
MAYOR
03 211 1672

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 2014/2015 year were:



Lindsay Abbott
027 290 1142



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
027 437 7420



Graham Lewis
021 676 647



Darren Ludlow
DEPUTY MAYOR
03 215 4777



Ian Pottinger
03 217 4579

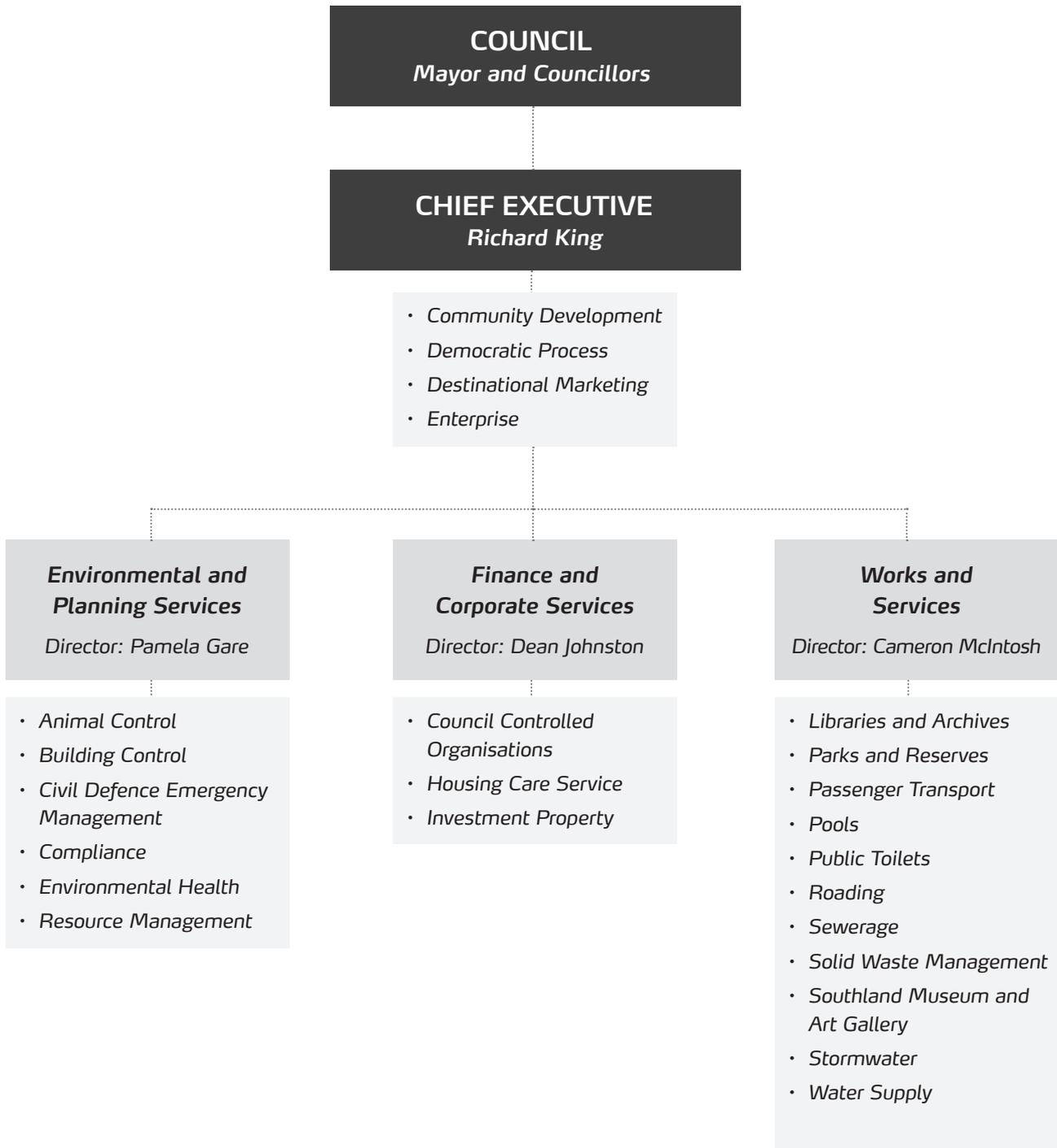


Graham Sycamore
03 213 0727



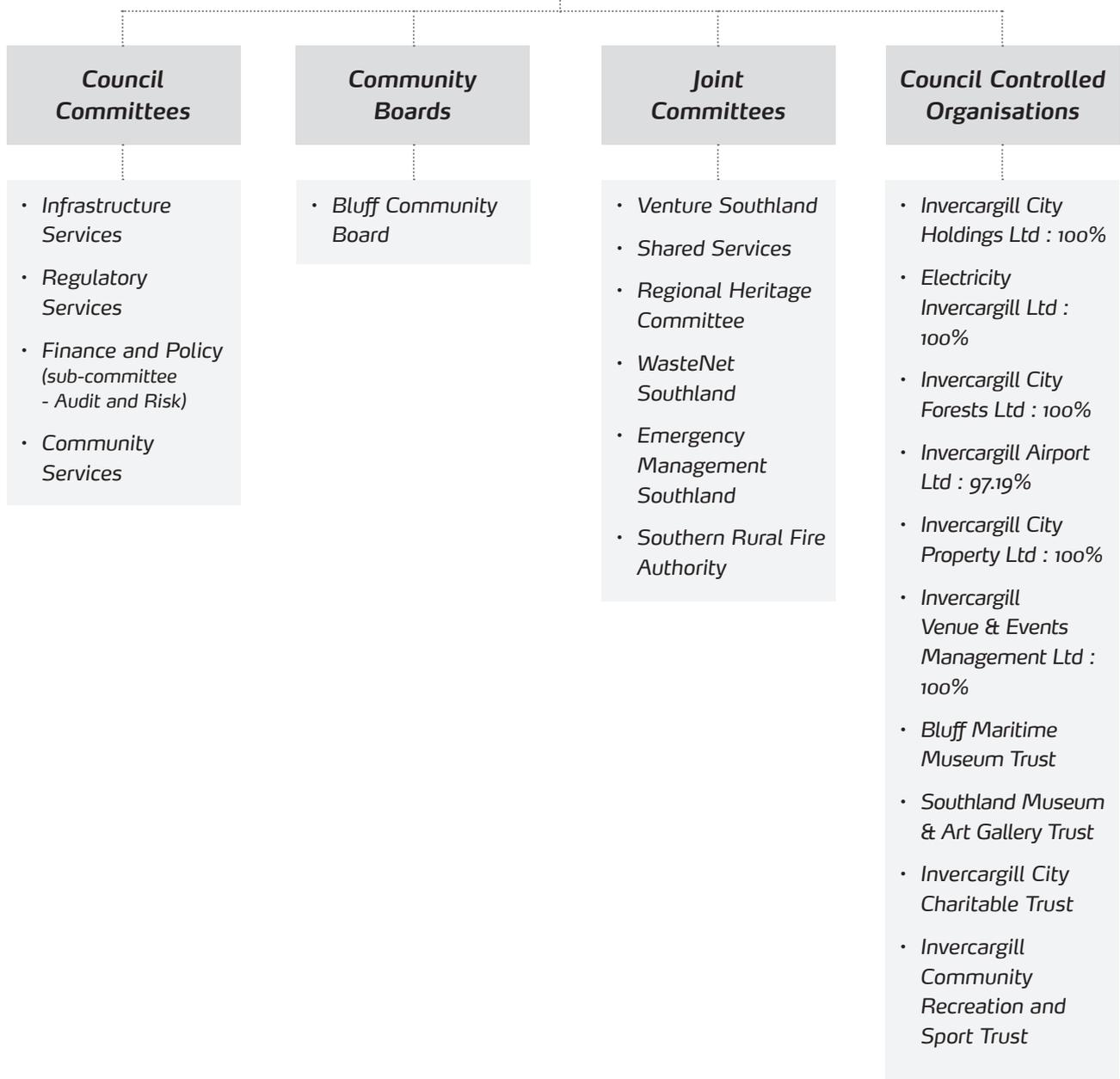
Lindsay Thomas
027 472 4730

Management Structure



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

Council Structure



Financial Overview

<i>Financial Performance Summary</i>	2013/14	2014/15
	\$000	\$000
Rates Revenue	45,781	46,022
Other Revenue, Other Gains & Losses and Interest Revenue	33,403	31,245
Operating Expenditure including Interest Expenditure	76,314	78,104
Operating Surplus/(Deficit)	2,870	(837)
Working Capital (excluding loan facility)	4,675	3,923
Total Assets	740,095	739,944
External Debt	29,716	28,861
Fixed Assets (Net Book value)	675,548	670,117

<i>Financial Statistics Summary</i>	2013/14	2014/15
	\$000	\$000
Proportion of rates to Total Operating Revenue	59.24%	59.03%
Average rate revenue per rateable property	\$1,830.00	\$1,837.28
External Term Debt (as a percentage of total assets)	4.02%	3.90%
External Term Debt (per rateable property)	\$1,187.83	\$1,152.18

<i>Ratepayer Data</i>	2013/14	2014/15
Total Rateable Properties	25,017	25,049

FUNDING IMPACT STATEMENT - INVERCARGILL CITY COUNCIL

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

	<i>Annual Plan</i>	<i>Actual</i>	<i>Annual Plan</i>	<i>Actual</i>
	<i>2013/14</i>	<i>2013/14</i>	<i>2014/15</i>	<i>2014/15</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	7,247	7,585	7,075	5,218
Targeted rates (other than targeted rate for water supply)	38,334	38,196	38,786	40,804
Subsidies and grants for operating purposes	3,683	3,805	3,476	4,051
Fees, charges and targeted rates for water supply	11,774	11,988	12,810	12,679
Interest and dividends from investments	4,575	4,551	4,601	4,687
Local authorities fuel tax, fines, infringement fees, and other receipts	9,066	9,582	9,196	9,236
Total operating funding	74,679	75,707	75,944	76,675
Applications of operational funding				
Payments to staff and suppliers	58,158	56,816	58,427	56,924
Finance costs	2,986	2,154	2,773	1,800
Other operating funding applications	-	-	-	-
Total applications of operational funding	61,144	58,970	61,200	58,724
Surplus (deficit) of operational funding	13,535	16,737	14,744	17,951
Sources of capital funding				
Subsidies and grants for capital expenditure	3,648	3,894	3,782	3,328
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	4,274	(10,614)	3,481	(1,193)
Gross proceeds from sale of assets	112	-	152	299
Lump sum contributions	-	-	-	-
Total sources of capital funding	8,034	(6,720)	7,415	2,434
Application of capital funding				
Capital expenditure				
- to meet additional demand	-	347	271	359
- to improve the level of service	4,472	1,179	7,806	2,742
- to replace existing assets	17,986	15,022	16,918	16,280
Increase (decrease) in reserves	(889)	3,469	(2,836)	1,004
Increase (decrease) in investments	-	(10,000)	-	-
Total application of capital funding	21,569	10,017	22,159	20,385
Surplus (deficit) of capital funding	(13,535)	(16,737)	(14,744)	(17,951)
Funding balance				
	-	-	-	-
Depreciation expense (not included in the above FIS)	19,208	19,447	19,675	21,301

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.



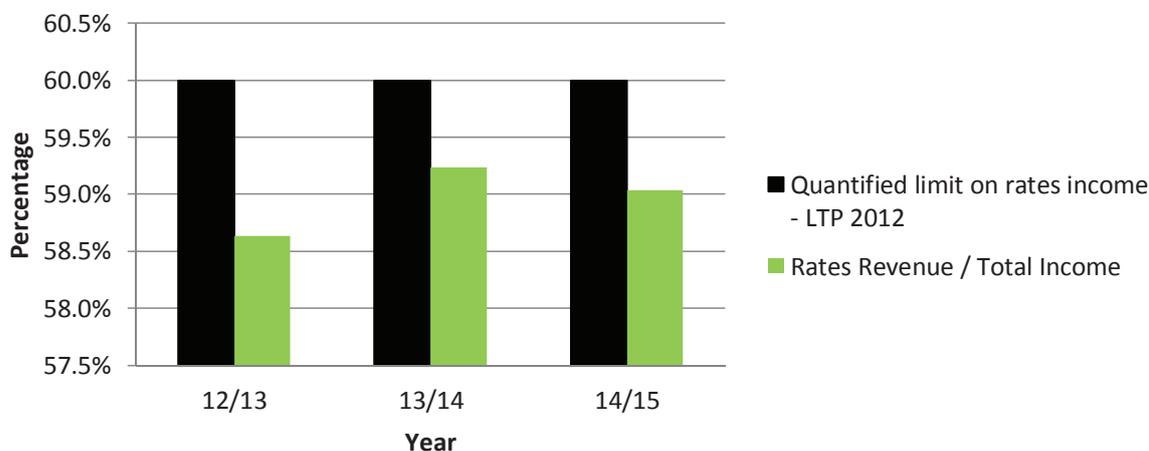
RATES (INCOME) AFFORDABILITY BENCHMARK

	2012/13 \$'000	2013/14 \$'000	Year of Annual Report 2014/15 \$'000
Total Rates Revenue - Annual Report	45,206	45,781	46,022
Other income - Annual Report	31,894	31,504	31,940
Total Income - Annual Report	77,100	77,285	77,962

- 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".

Limit on Rates



Council aims to maintain the rates collected at a maximum of 60% of the total Council revenue. During the past 2 years increasing other sources of revenue has been a challenge due to some unfavourable market and economic conditions. This has meant that rates revenue as a proportion of total revenue has been higher in the 13/14 & 14/15 years than in prior years.

TOTAL RATES INCREASE

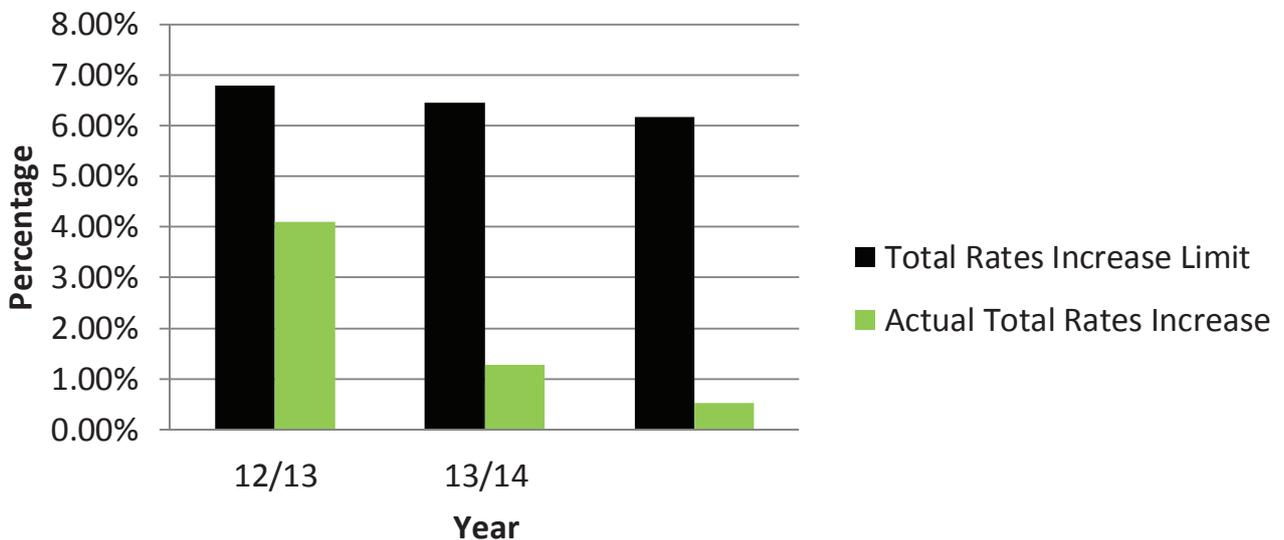
	2012/13	2013/14	Year of Annual Report
	\$'000	\$'000	2014/15 \$'000
Total Rates Revenue - Annual Report	45,206	45,781	46,022
LGCI (Local Government Cost Index)	3.79%	3.46%	3.17%
Additional Limit	3.00%	3.00%	3.00%

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 forecast LGCI + 3.0%".

Total Rates Increase



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

DEBT AFFORDABILITY BENCHMARK

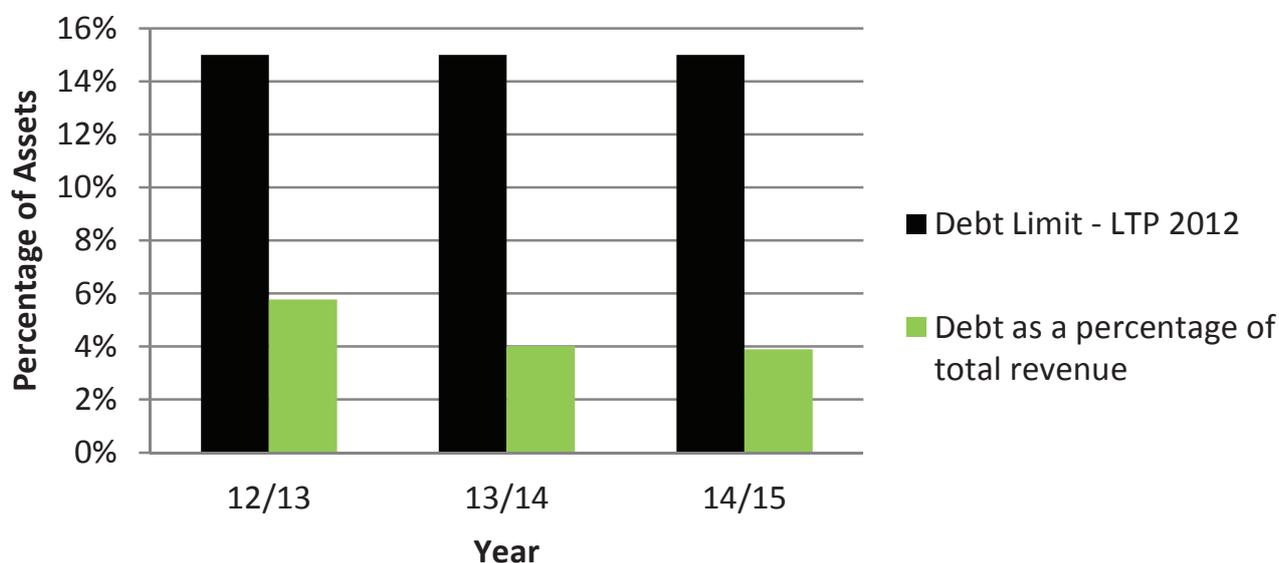
	2012/13 \$'000	2013/14 \$'000	Year of Annual Report 2014/15 \$'000
Total Assets - Annual Report	698,889	740,095	739,944
External Borrowing	40,331	29,716	28,861

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.

Debt affordability



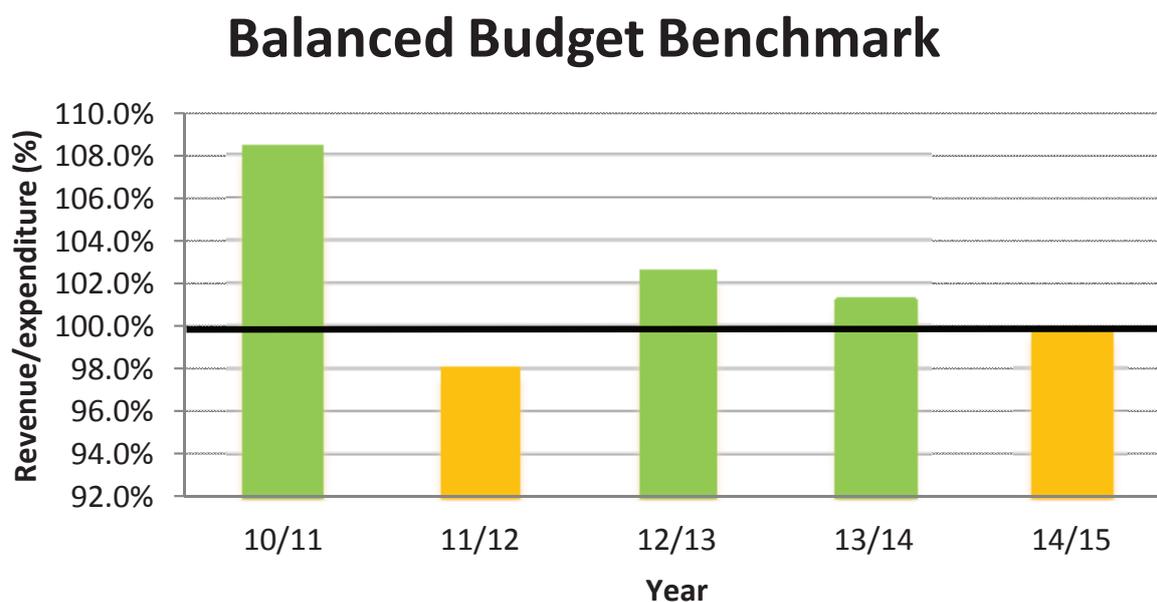
The Council has a low percentage of debt in relation to total assets, and is mindful of keeping debt to a manageable level. Council considers that setting a borrowing limit of 15% of assets will assist in prudently managing Council's borrowing activities to ensure the ongoing funding of Council.

BALANCED BUDGET BENCHMARK

	2010/11	2011/12	2012/13	2013/14	Year of Annual Report 2014/15
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Revenue (Excluding *)	74,614	69,815	76,776	77,285	77,962
Total Expenditure (Excluding ^)	68,805	71,153	74,797	76,314	78,105

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).

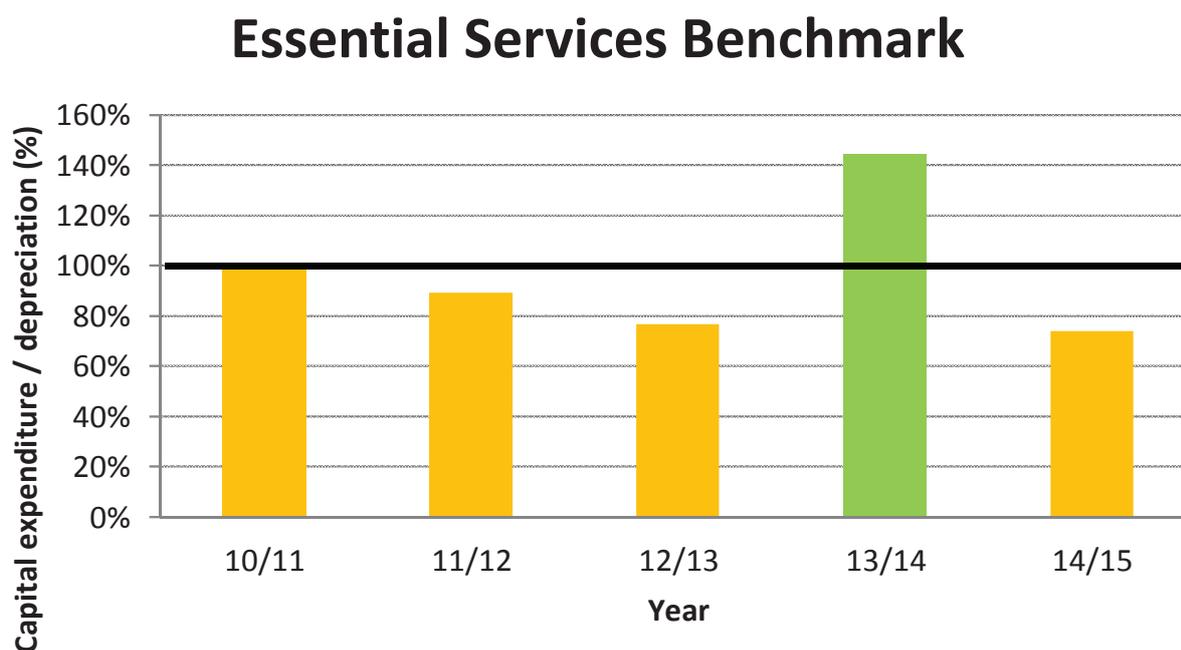
Note: Only Property, Plant & Equipment revaluation are excluded, forestry revaluation and gain/loss on investment are included.

Council is aware of the issue of affordability and financial sustainability. Council revenue has been greater than it's operating expenses for 3 of the past 5 years. Council continues to investigate efficiencies to reduce expenditure and in doing so reduce the revenue needed from rates.

ESSENTIAL SERVICES BENCHMARK

	2010/11	2011/12	2012/13	2013/14	Year of Annual Report 2014/15
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure (Additions) *	13,914	12,918	11,047	21,468	12,455
Depreciation ^	13,945	14,472	14,412	14,895	16,839

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 11 for Infrastructural Assets.

^ Depreciation on network assets has been deemed to be depreciation out of note 11 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. During the 2014/15 Council spent less on capital expenditure than depreciation, this expenditure gap is expected to be closed in the 2015/16 year as larger capital projects are completed. An example of this was the large water treatment plant upgrade at Branxholme, with completion being delayed until 2015/16.

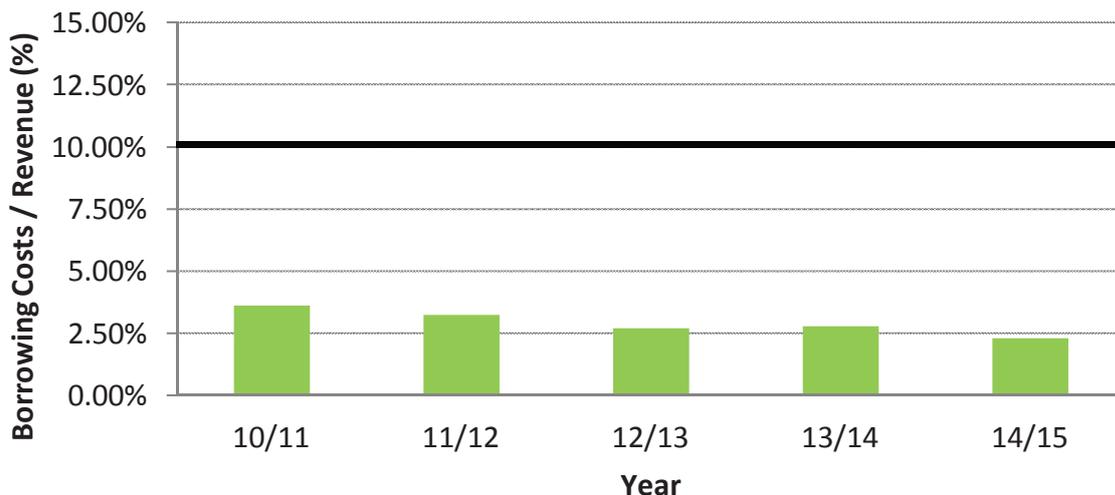
DEBT SERVICING BENCHMARK

	2010/11	2011/12	2012/13	2013/14	Year of Annual Report 2014/15
	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowing Costs *	2,692	2,268	2,070	2,154	1,801
Revenue (Balanced Budget)	74,614	69,815	76,776	77,285	77,962

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.

Debt Servicing Benchmark



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

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

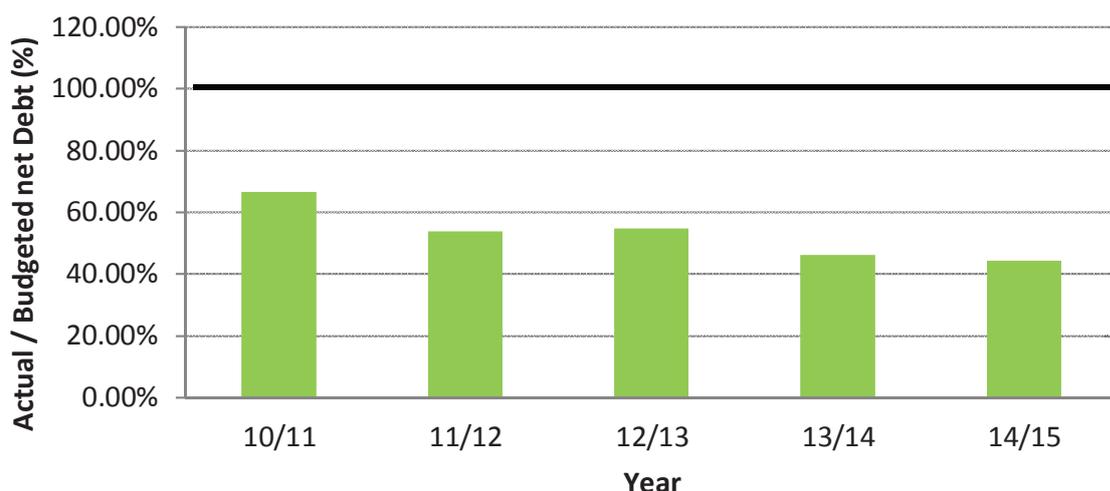
DEBT CONTROL BENCHMARK

	2010/11	2011/12	2012/13	2013/14	Year of Annual Report 2014/15
	\$'000	\$'000	\$'000	\$'000	\$'000
Actuals					
Financial Assets - Annual Report *	18,550	18,061	21,843	13,746	15,278
Financial Liabilities - Annual Report ^	47,597	44,103	50,958	38,989	39,803
Actual Net Debt	29,047	26,042	29,115	25,243	24,525
Planned					
Financial Assets - *	14,007	12,532	10,855	12,699	16,063
Financial Liabilities - ^	57,558	60,868	63,918	67,368	71,436
Planned Net Debt	43,551	48,336	53,063	54,669	55,373

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).

* Please note that the Debt Control Benchmark in the Council's 2013/14 Annual Report was calculated incorrectly. Total Assets and Liabilities were used rather than Financial Asset and Liabilities. This error has been corrected in 2014/15 Annual report and all prior years benchmarks have been updated. This has significantly changed the way the debt control benchmark has been disclosed.

Debt Control Benchmark



* 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 actual net debt position has consistently been below its planned net debt position for the past 5 years. Council net debt has remained lower than planned net debt due to the deferral of large debt funded capital projects. Internal borrowings have also been used (2013/14) to reduce the Council's overall net debt position.

OPERATIONS CONTROL BENCHMARK

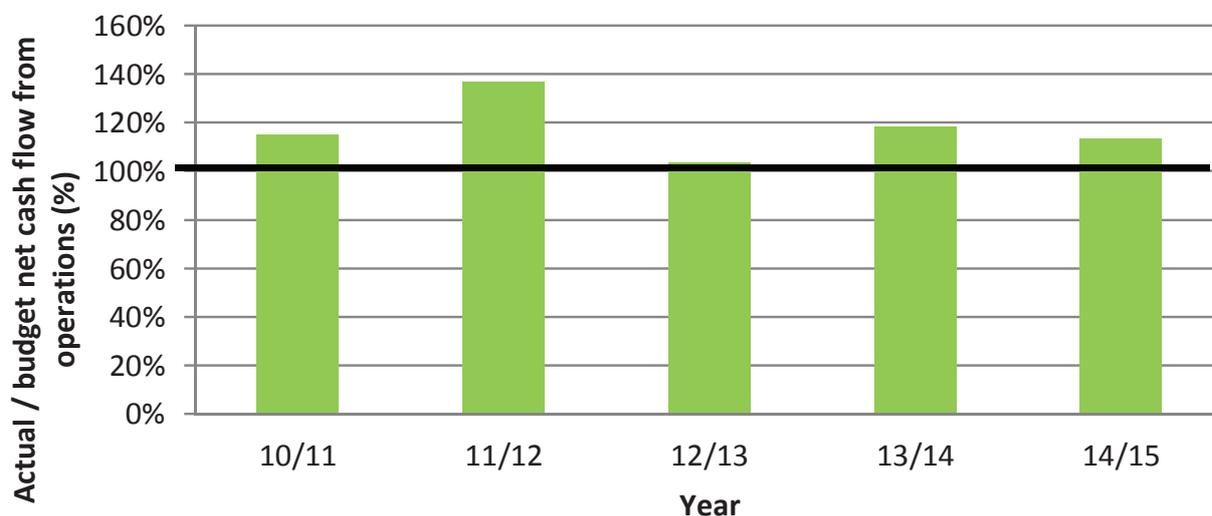
	2010/11	2011/12	2012/13	2013/14	Year of Annual Report 2014/15
	\$'000	\$'000	\$'000	\$'000	\$'000
Actual Net Cashflows from Operations *	21,911	20,404	18,530	20,248	20,906
Planned Net Cashflows from Operations ^	19,030	14,909	17,907	17,183	18,526

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.

In 2013/14 & 14/15 the Council changed the way it consolidates its joint ventures. This has had the effect of reducing actual net cashflows from operations for these years. As a result the percentages for these years are slightly down due to the consolidation method used.

Operations Control Benchmark



* - 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 2014/15 were completed. Projects valued over \$100,000 which will now be completed or undertaken in 2015/16 are:

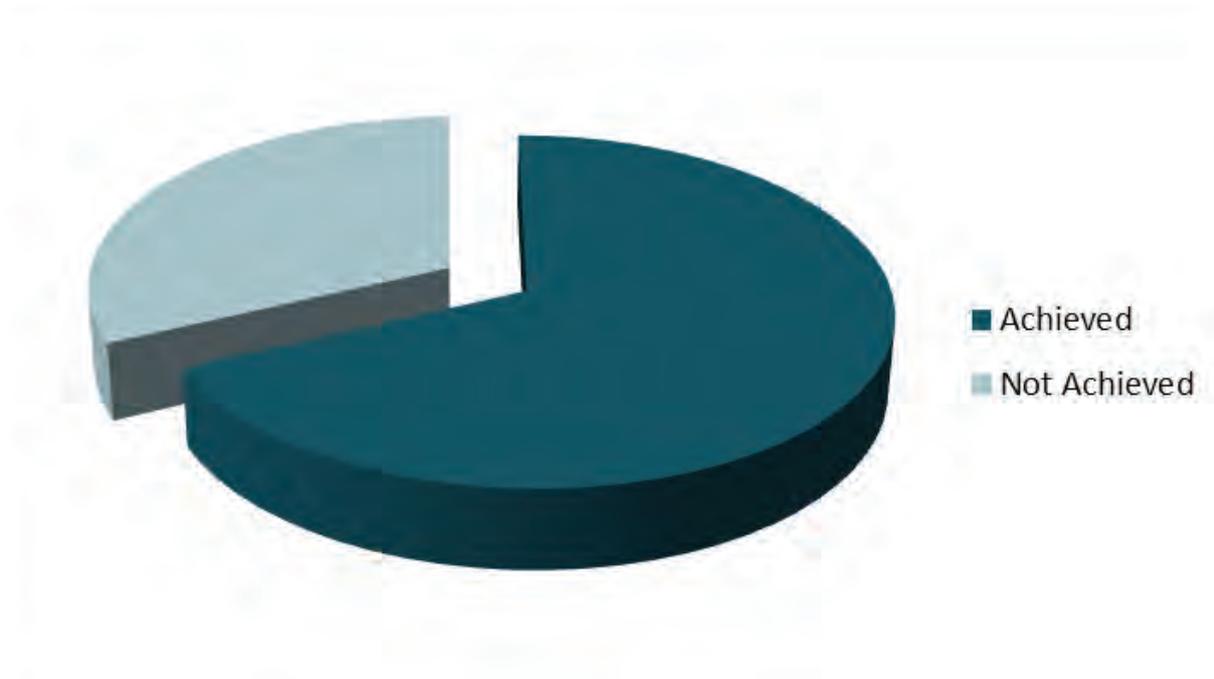
Regulatory Services	
Scanning of Property Files	\$500,000 (funded from Special Funds)
Finance and Policy	
Corporate Service - Phone System	\$203,000 (funded from Special Funds)
Urban Rejuvenation - South City Rejuvenation	\$159,964 (funded from Loans)
CBD Redevelopment - Planned Projects	\$1,400,000 (funded from Loans)
Infrastructure and Services	
Drainage - Clifton Waste Water Treatment Plant - PLC Controller	\$273,000 (funded from Rates)
Drainage - Sewerage - Conon Street Renewals	\$196,000 (funded from Rates)
Drainage - Sewerage - Otepunu Gardens	\$260,000 (funded from Rates)
Drainage - Stormwater renewals - Beatrice Street Pump Station	\$201,000 (funded from Loans)
Drainage - Stormwater renewals - Beatrice Street Treatment Pond	\$100,000 (funded from Loans)
Drainage - Stormwater renewals - Prestonville Pump Replacement	\$188,000 (funded from Loans)
Drainage - Stormwater renewals - Ward Street	\$110,000 (funded from Rates)
Water - Branxholme Duplicate Pipeline completion	\$280,000 (funded from Rates)
Water - Bluff Pipeline Replacement	\$875,000 (funded from Loans)
Water - Tower / Control Room Seismic Strengthening	\$1,427,000 (funded from Rates)
Water - Branxholme Upgrades	\$6,808,000 (funded from Rates and Loans)
Water - Emergency Water Supply	\$202,000 (funded from Loans)
Water - Bluff Reticulation Upgrade	\$176,400 (funded from Loans)
Water - Leak Detection and Backflow Programme	\$175,000 (funded from Rates)
Water - Reservoirs and Pump Stations - Waikiwi	\$251,000 (funded from Rates)
Water - Reservoirs and Pump Stations - Doon Street	\$364,900 (funded from Rates)
Pools - Family Change Rooms	\$420,427 (funded from Loans)
Pools - Dry Gym	\$430,456 (funded from Loans)
Pools - Building Bunker Extension	\$284,456 (funded from Loans)
Library - Building renewal of Lift and Elevators	\$450,000 (funded from Loans)
Library - Building RFID	\$400,858 (funded from Loans)
New Asset Management System Resourcing	\$236,700 (funded from Rates)
Parks and Reserves - Sports Fields Upgrades	\$137,000 (funded from Rates)
Parks and Reserves - Anderson Park Building Strengthening	\$100,000 (funded from Special Funds)

Summary of Service

SUMMARY OF ACTIVITIES AND LEVELS OF PERFORMANCE

The 2014/15 Annual Plan identified 71 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 49 of its 71 measures



In the graph above, "Achieved" means that the 2014/15 performance measure was met or exceeded. "Not Achieved" means the 2014/15 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.

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2014/15 Target</i>	<i>2014/15 Actual</i>
Healthy lifestyle in a healthy environment.	Civil Defence - Percentage of residents who have a plan for coping with a civil defence emergency.	55%	Achieved - 61% (2013/14 - Not Achieved - 47%)
	Solid Waste - Increasing trend in kerbside recycling.	Increasing trend	Not Achieved - 3,584 tonnes (3% decrease) (2013/14 - Not Achieved)
	Water Supply - 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 - 99.7% availability (2013/14 - Achieved)
	Water Supply - Number of complaints of taste and smell.	No more than ten per month.	Achieved - Maximum of 4 which occurred in January. (2013/14 - Achieved)
	Animal Control - Suitably trained staff are available to respond to requests for service	Suitably trained staff are available 24 hours per day, seven days a week.	Achieved. (2013/14 - Achieved)
	Resource Management - Statutory timeframes for processing consents are met.	100%	Not Achieved - 99.5% (2013/14 - Achieved - 100%)

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2014/15 Target</i>	<i>2014/15 Actual</i>
A diverse and growing economy.	Roading - Invercargill's urban and rural roads are smoother than the New Zealand average.	Achieve.	Achieved - 89% (2013/14 - 89% - Achieved)
	Compliance - Parking patrols of Council managed parking spaces.	Average 80 hours patrolling per week.	Achieved - 94 hours. (2013/14 - Not Achieved - 55 hours)
	Water Supply - Hydrants meet fire fighting standards.	At least 97.5% of hydrants tested by NZFS exceed 12.5 litres per second flow rate.	Achieved. (2013/14 - Achieved)
	Passenger Transport - Homes in the Invercargill urban area are within 400m of a serviced bus route.	90%	Achieved - 90% (2013/14 - Achieved - 90%)
	Enterprise - Number of Strategic Projects facilitated	6	Achieved -10 (2013/14 - Achieved - 8)
	Investment Property - Rate of return is at least equal to the current market interest rate.	Achieve.	Achieved - 5.66% (2013/14 - 5.37%)

Community Outcome	Activity and Performance Measure	2014/15 Target	2014/15 Actual
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. (2013/14 - Achieved)
	Community Development - Number of groups and households involved in Neighbourhood Support.	Increasing number of 10 groups.	Not Achieved - 4 new groups formed and 3 closed. (2013/14 - Not Achieved - 5 groups)
	Housing - Rental levels maintained up to a maximum of 30% of gross superannuation	A maximum of 30%	Achieved - All rents are below 30%. (2013/14 - 19.2 - 23.2%)
	Parks and Reserves- Queens Park is accredited as a "Garden of National Significance".	Accreditation retained.	Achieved - Accreditation retained. (2013/14 Achieved)
	Public Toilets - Automated toilets are available 24 hours a day.	95%	Achieved - 97% (2013/14 - 98%)
	Destinational Marketing - Number of Media and Famil* opportunities facilitated.	8 per year.	Achieved - 23 (2013/14 - Achieved - 20)

* Famil - A free or low-cost trip for travel agents or consultants, provided by a travel wholesaler as a means of promoting their service.

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2014/15 Target</i>	<i>2014/15 Actual</i>
Strong, innovative leadership.	Civil Defence - Advocacy by EMS to appropriate Councils on appropriate resources and policy to mitigate effects of natural disaster.	3	Achieved - 6 (2013/14 - Achieved - 5)
	Library and Archives - Membership as a percentage of total population.	65-75%	Achieved - 71% (2013/14 - Achieved - 75%)
	Pools - Percentage of Swim School customers who rate their experience as 'good' or 'very good' when surveyed.	80%	Achieved - 95.6% (2013/14 - Achieved - 90%)
	Democratic Process - Unmodified audit report received for Long Term Plan, Annual Report and any Long Term Plan amendments.	Achieve.	Achieved. (2013/14 - 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 2015

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 2015 on page 162;
 - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 163 to 165; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 166 to 266;
- the statement of service provision (referred to as Council Activities) of the City Council and each group of activities carried out by the City Council on pages 41 to 154;
- the funding impact statements in relation to each group of activities of the City Council on pages 41 to 154;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 41 to 154;
- the funding impact statement of the City Council on page 8; 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 201;
 - reserve funds on page 207;
 - remuneration paid to the elected members and certain employees of the City Council on pages 223 to 225;

- employee staffing levels and remuneration on page 226;
- severance payments on page 170;
- council-controlled organisations on pages 156 to 160;
- 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 268; 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 266:
 - present fairly, in all material respects:
 - the City Council and group's financial position as at 30 June 2015;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand.
- the statement of service performance of the City Council on pages 41 to 154:
- presents fairly, in all material respects the City Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan;
 - the reasons for any significant variances between the actual service and the expected service; and
 - complies with generally accepted accounting practice in New Zealand.
- The funding impact statements in relation to each group of activities of the City Council on pages 41 to 154, presents fairly, in all material respects, 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 statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 41 to 154, presents fairly, in all material respects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's long-term plan or annual plan.
- The funding impact statement of the City Council on page 8, presents fairly, in all material respects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual 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

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 30 October 2015. 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 the statement of service provision. 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 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 the disclosures in the information we audited;
- determining the appropriateness of the reported Council Activities 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 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 Council Activities that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the City Council and group's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast;
- funding impact statements in relation to each group of activities that presents fairly 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 presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's long-term plan or 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's responsibilities arise under 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.

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.

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 audit of the City Council's 2015-25 Long Term Plan, 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 2014/15.

This report has been prepared in accordance with the provisions of the Local Government Act 2002, and the Reporting Standards of the External Reporting Board.

This report was approved and adopted by a meeting of the Invercargill City Council on 30 October 2015.

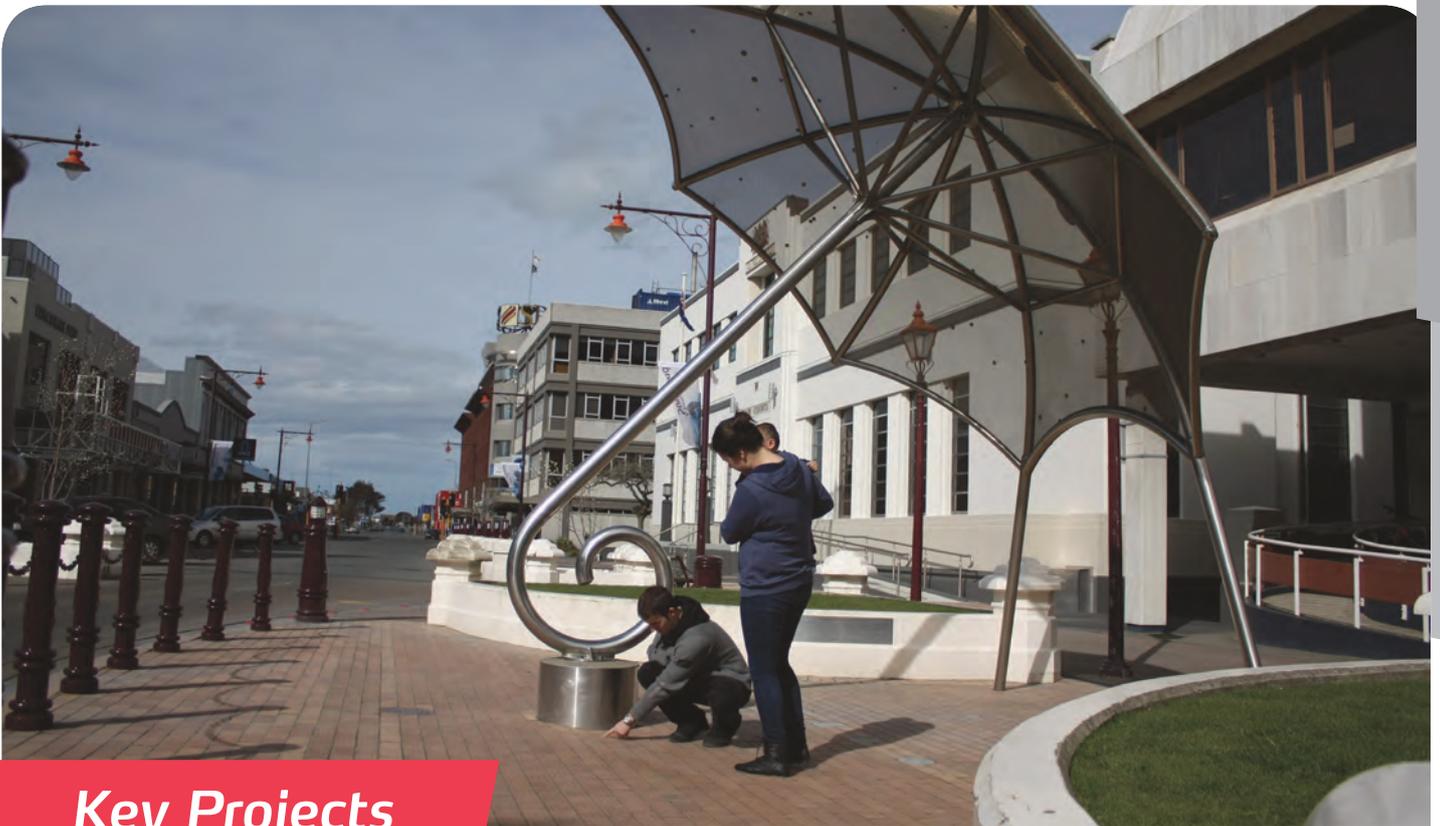
It correctly reflects the Council's financial position and operating results for the year ended 30 June 2015 and complies with all statutory requirements in relation to the Annual Report.

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



Key Projects

The 2013-16 Council has been working on Key Projects' to assist in achieving Council's vision of **"Creating an exciting, innovative, safe, caring and friendly City, offering lifestyles based on a healthy environment and diverse growing economy"**.

This section gives an update on how Council has progressed these key projects through the 2014/15 year.

The eight 'Key Projects' further developed in the 2014/15 year were:

- Awarua Industrial Development
- Bluff Foreshore Redevelopment
- City Centre Revitalisation
- Cycling, Walking and Oreti Beach
- District Plan Review
- Population Growth
- Southland Museum and Art Gallery Redevelopment
- Urban Rejuvenation.



Awarua Industrial Development

WHAT WE HAVE ACHIEVED

Council purchased 611.75 hectares of land at Awarua for the purpose of encouraging the establishment of industrial activities in Invercargill which will increase employment and revenue in the District. Invercargill City Properties Limited (ICPL) is a subsidiary of Invercargill City Holdings Limited, a Council Controlled Organisation.

ICPL has been working 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. ICPL has been in discussions with different interested parties that have yet to come to fruition, although negotiations are ongoing.

Bluff Foreshore Redevelopment

WHAT WE HAVE ACHIEVED

The Bluff Community have shown great determination over the past year and completed projects that included the erection of a massive Bluff sign welcoming visitors to the town. The Community have also worked to maintain a green space, cleaned up the previous year, and conducted a variety of plantings in an effort to keep the beautification of Bluff moving forward. The progress and enthusiasm of the Community has been great and the Council looks

forward to collaborating on future projects with this Community.

Council has continued it's commitment to help the the Bluff Community through financial support, in the form of grants from the Urban Rejuvenation Fund, and Council collaboration. Bluff is looking more attractive each year and Council is pleased to be a supporter of such great community action.



City Centre Revitalisation

WHAT WE HAVE ACHIEVED

Council has commenced work on the first project of the City Centre Revitalisation which involves improving the amenities and appeal of Esk Street. This work includes new seating, garden and landscaping areas, two shelters and a pocket park by Cambridge Place Arcade. New pavers have been installed giving the street a beautiful look and a dramatic upgrade. Although the project is behind schedule, it is expected to be completed in November 2015.

Empty shopfronts have been filled with full window advertisements and Council has been assisting groups with marketing days. Council has also been involved with local businesses promoting the inner-city through newsletters. Once the first phase is complete Council will look to start phase two.



FUNDING IMPACT STATEMENT - CITY CENTRE REVITALISATION

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	824	1,121	444
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	824	1,121	444
Applications of operational funding			
Payments to staff and suppliers	64	32	17
Finance costs	189	241	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	253	273	17
Surplus (deficit) of operational funding	571	848	427
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,188	561	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	1,188	561	-
Application of capital funding			
Capital expenditure	-	-	-
- to meet additional demand	1,759	1,409	147
- to improve the level of service	-	-	439
- to replace existing assets	-	-	181
Increase (decrease) in reserves	-	-	(340)
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,759	1,409	427
Surplus (deficit) of capital funding	(571)	(848)	(427)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.



Cycling, Walking and Oreti Beach

WHAT WE HAVE ACHIEVED

Council has again committed \$50,000 to Environment Southland as a contribution to Te-Araroa/The Long Pathway. The latest section of track to be completed this year is 7.5 km long and runs from Lake Street to Kekeno Place.

The completed section and all future sections of this trail are part of the Te Araroa Trail. Once the entire trail is complete it will connect Cape Reinga to Bluff. This will allow people to walk the entire length of New Zealand.

Two significant reports relating to Oreti Beach were published in December 2014 - Recreational use of Oreti Beach, Southland, New Zealand, 2010 - 2012 and

Impact of vehicles on recruitment of toheroa on Oreti Beach, Southland, New Zealand.

The research confirms that people are having a significant, negative impact on the Oreti Beach environment. Council, along with representatives from Southland District Council, Te Ao Marama Inc, NZ Police, Department of Conservation, Environment Southland, Ministry of Primary Industries and concerned citizens, are developing a management regime that enables easy access to the beach and its environs by the community, while being respectful of the environment and protecting the toheroa beds. Consultation on the proposed management regime and its implementation will occur in 2015/16.



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. Hearings of submissions on the Proposed District Plan have

continued through the 2014/15 year. The District Plan Hearing Committee continue to hear and consider submissions to the Plan and it is anticipated that decisions on submissions will be released in 2015/16. Once the decisions are final they will be available on the Council website.



Population Growth

WHAT WE HAVE ACHIEVED

Over the past year your Mayor and Council have continued to look for opportunities to showcase Invercargill as a desirable place to live and work. The benefits of this can be seen through a small population increase in the last census. We have remained on track with the median income for New Zealand, keeping us attractive for workers and employers. This combined with our lower housing cost shows that we are a desirable location for living.

There has been a dramatic increase in visitor arrivals to New Zealand. The greatest number is from Canada up 23% and North America up 17%. In 1992, 1 million visitors arrived in New Zealand, and this year we're expecting 3 million visitors to arrive in the country. Some of these visitors invest in property and others may be overseas students that make the decision to become citizens of New Zealand. We welcome them

all to our area and recognise their ability to contribute to our growth and diversity.

The Mayor attended a Sister City Conference in Wellington this year to share and build the development of both of Invercargill's sister cities, Kumagaya and Suqian. Introducing Invercargill and the South Island to new families is a great opportunity to spread the word around the world about how great Invercargill is.

This year has also seen an increase of major events at the Stadium showcasing our ability to hold large events and highlighting Invercargill's capacity as a conference destination. The more visitors we have to Invercargill, the more opportunities Council has to show what our wonderful city has to offer.



Southland Museum and Art Gallery Redevelopment

WHAT WE HAVE ACHIEVED

The Southland Museum and Art Gallery Trust Board have chosen their preferred option for redevelopment, will be moving forward with grant applications and will start the tender process once funds have been allocated. Later in 2015/16 the preferred option will be publicised along with detailed designs. A date for completion will not be available for this project until the tender contracts are finalised.

The redevelopment will offer the opportunity to transform the facility into a first class regional museum and art gallery that has the ability to preserve and tell the story of Southland.





Urban Rejuvenation

WHAT WE HAVE ACHIEVED

Council has been active in the area of Urban Rejuvenation, supporting the Bluff 2024 Rejuvenation Community Action Group Trust, South Invercargill Urban Rejuvenation Trust, Glengarry Community Action Group and Windsor Business Group. This has been achieved through staff time, engagement of consultants and grants.

Bluff 2024

Significant achievements in 2014/15 were the opening of the new entrance sign to Bluff on 21 May 2015 and completion of the "Beneath the sea the oysters rock gently in their beds" mosaic wall mural on Slaney Street, Bluff.

South Alive

Significant achievements in 2014/15 were the opening of the Community Artspace within the South City Mall which incorporates "The Gallery" and "The Hub"

where community art classes are held, as well as assisting the Council with consultation and design input into the redevelopment of the South City Shopping Centre.

Glengarry Community Action Group

Significant achievements in 2014/15 were the completion and installation of the "snakes and ladders" board fronting Yarrow Street and final design of the Glengarry Shopping Centre business sign.

Windsor Business Group

Significant achievements for this group were the consultation with representatives from the Windsor community on the future of the Windsor shopping area and the development of the Windsor Concept Plan.

FUNDING IMPACT STATEMENT - URBAN REJUVENATION

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	145	149	277
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	(1)
Interest and dividends from investments	-	-	1
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	145	149	277
Applications of operational funding			
Payments to staff and suppliers	145	149	211
Finance costs	-	-	-
Internal charges and overheads applied	-	-	(1)
Other operating funding applications	-	-	-
Total applications of operational funding	145	149	210
Surplus (deficit) of operational funding	-	-	67
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	401
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	401
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	148
- to improve the level of service	-	-	365
- to replace existing assets	-	-	194
Increase (decrease) in reserves	-	-	(239)
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	468
Surplus (deficit) of capital funding	-	-	(67)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.



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 group of 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
- Destinal Marketing
- Enterprise
- Investment Property



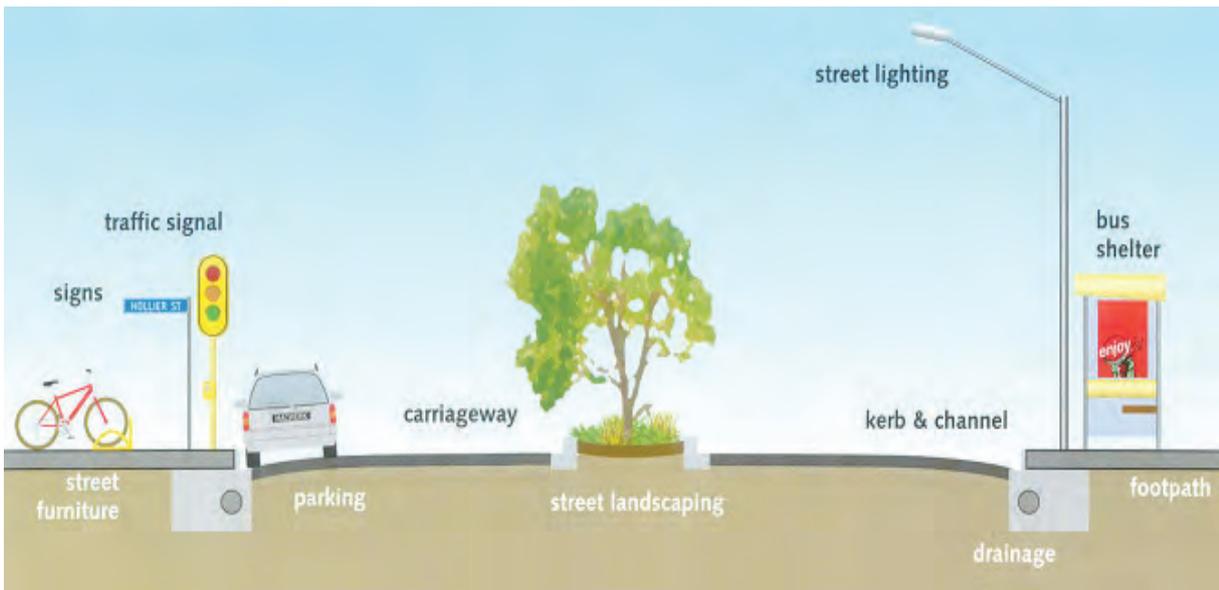


Roading

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

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.	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

Measure	2014/15 Target	2014/15 Result
Compliance with the New Zealand Street Lighting Standard.	Increasing Percentage	Achieved - 85% ⁴ (2013/14 - 64%)
Invercargill urban and rural roads are smoother than the New Zealand average.	Achieve	Achieved - 89% (2013/14 - 89%)
Vandalised / missing signs and maps are promptly responded to.	95% within 48 hours.	Not Achieved - 81% ² (2013/14 - 99%)
Traffic signals are responded to within one hour for emergency works, four hours for serious faults.	100%	Not Achieved - 93% ¹ (2013/14 - 98%)
Sealed footpath condition rating.	Fewer than 10% have condition rating of very poor.	Achieved - 97% (3% rated as very poor) (2013/14 - 96%)
Council's cycling network is fully marked.	Increasing percentage.	Not Achieved - 83% ³ (2013/14 - 83%)

THE DETAILS

1. Traffic Signals

We have reported on the number of emergency tasks responded to as these are the important issues for the community. There are very few "serious" tasks allocated as these are typically escalated to emergency. "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. There has been issues with the recording of data to substantiate this measure. It is believed the contractor is providing the response required but has not recorded the data to prove this. This issue is being resolved with the contractor.

2. Vandalised Signs

The non-achievement relates to a lack of data from the contractor to enable Council to demonstrate

compliance. Council officers are satisfied that the contractor has been responding on site but has not followed the required process to record this. Again we consider that the service has been delivered, but do not have the recorded data to demonstrate this. We are working with the contractor to improve the data recording.

3. Cycling Network

No new cycle ways have been marked this year. A new draft cycling and walking strategy is being prepared and this will address those streets which have historically been planned for cycle ways but are unable to be marked in practice due to constraints.

4. Street Lighting

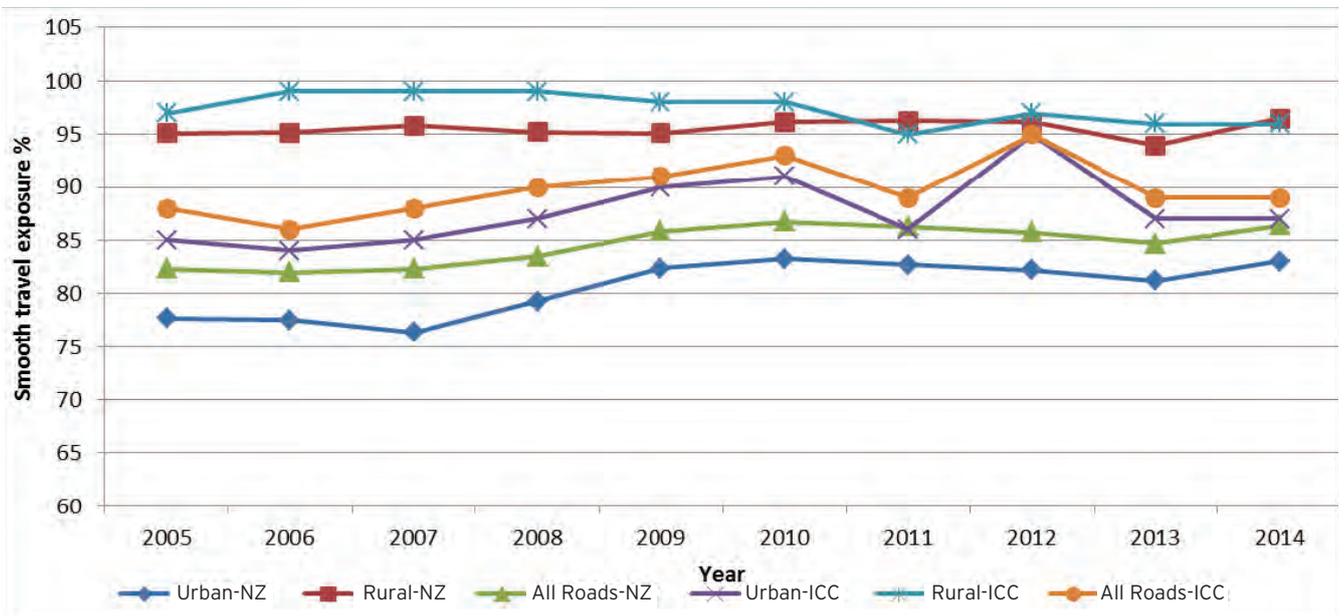
The process of assessing the lighting compliance is based upon the number of compliant fittings.

WHAT ELSE HAVE WE DONE?

Invercargill roads continue to be smoother than the New Zealand average. During 2014/15 Council resurfaced a total of 23.5 kilometres of roading and 4.3 kilometres of pavement rehabilitation.

Road Surface / Pavements	Urban Roads	Rural Roads	Network
Average New Zealand Territorial Authority	83	96	86
Invercargill City Council	87	96	89

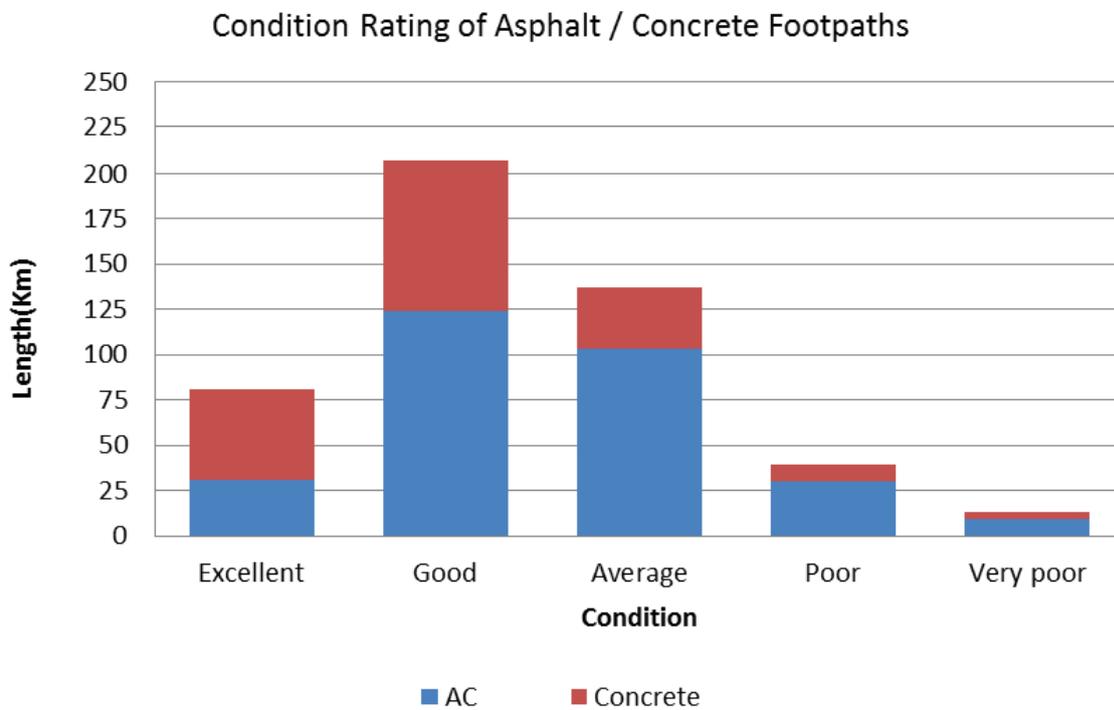
*The table above and graph below contain the data which compares the road smoothness of the Invercargill district's roading network with the average New Zealand Territorial Authority. The data is a year behind due to the information being supplied by the New Zealand Transport Agency (NZTA). This is consistent with previous years' reporting.



1. Footpaths and Cycle ways

4.9 kilometres of concrete footpaths and 0.9 kilometres of asphalt footpaths were resurfaced in 2014/15.

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

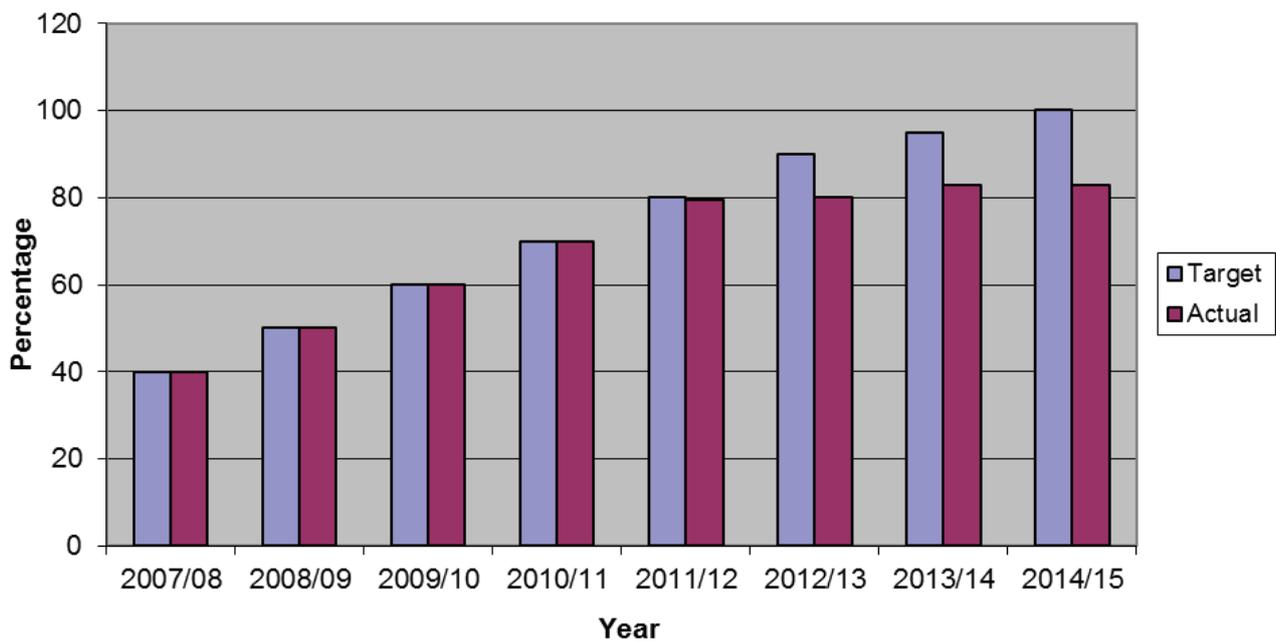


The percentage of very poor footpaths was 3.9% in 2013/14 and improved to 2.8% in 2014/15. A full condition assessment of the footpaths was not undertaken, but the "poor" and "very poor" rated footpaths were reviewed by Council staff and their ratings updated. All new footpaths have also had their ratings updated. The graph above provides a current assessment of the footpath condition.

As of 30 June 2015 there were 39.16 kilometres of cycleways marked on the roads within the district. During the year there were no additional cycle ways marked. Cycle ways provide safer opportunities for cycling in the district.

The graph below illustrates Council's programme for marking the cycle lane network for the district. Cycle lane marking continues to be undertaken but is behind the target set in the original walk and cycle strategy.

Urban Cycle Lane Network Markings



2. Kerb and Channel

3.62 kilometres of kerb and channel were replaced under the Maintenance Contract and 0.79 kilometres were replaced in conjunction with Rehabilitation Projects in 2014/15.

3. Bridges, Culverts and Structures

A "general inspection," as defined by the NZTA, was undertaken by an experienced bridge professional and a maintenance schedule of routine tasks prepared. Speed and weight restrictions have been imposed on four timber bridges. Rehabilitation work for the Linds Underwood bridge was completed in July 2014 and its weight restriction lifted.

4. Street Lighting

New street lighting continued to be upgraded as part of the 11 year upgrading programme. There were some delays in the commencement of this work as a new approach to utilising LED technologies was investigated. It is anticipated that by June 2020 the entire urban district will comply with the Australia/ New Zealand Lighting Standard. (The 2012-22 Long Term Plan indicated that this would be achieved by June 2013.) LED renewals will be undertaken as the 11 year programme concludes.

5. Traffic Signals

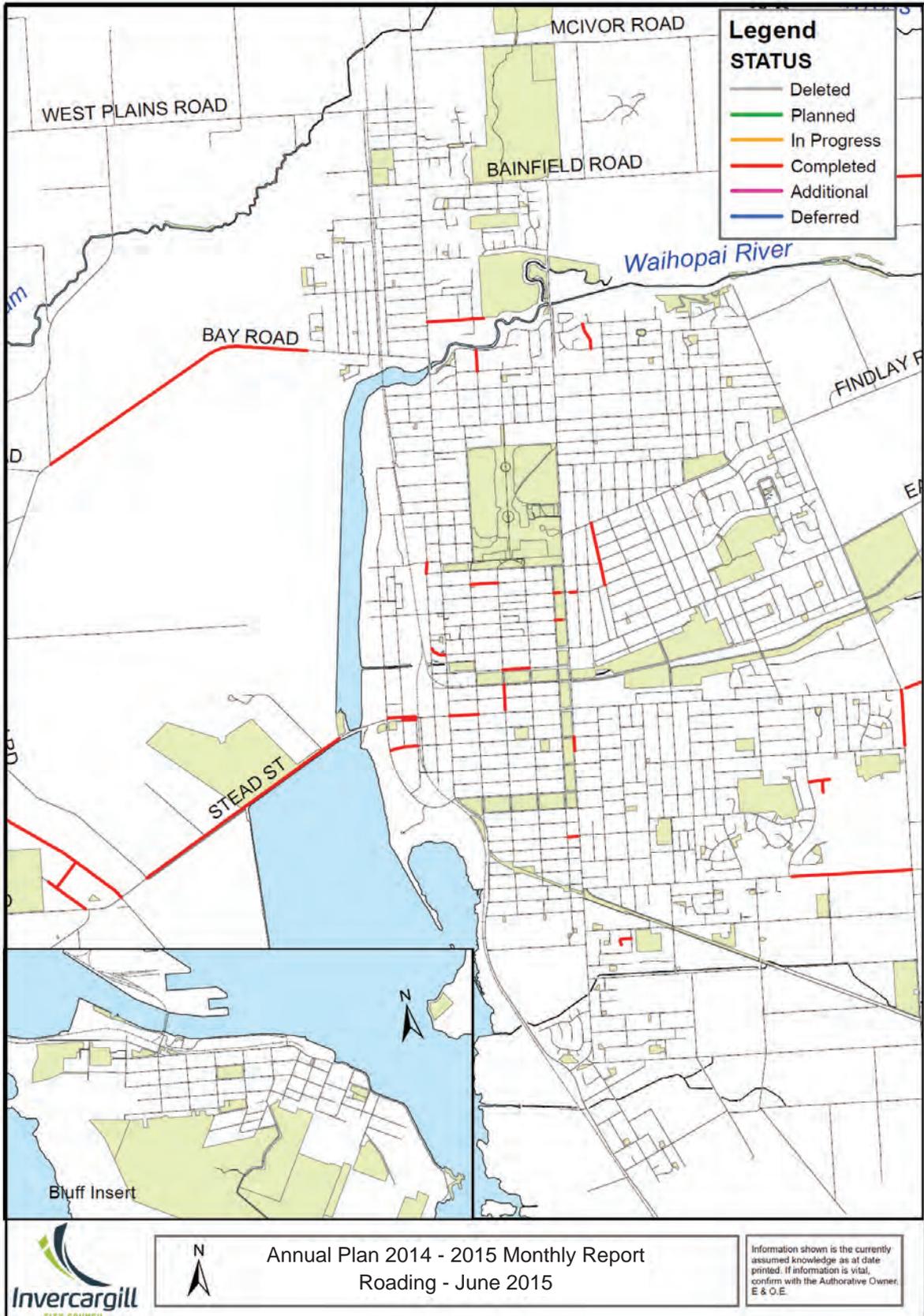
No new traffic signal controllers have been installed. Improvements to the Elles Road - Janet - Martin Street intersection occurred in conjunction with the urban upgrading of the shopping area.

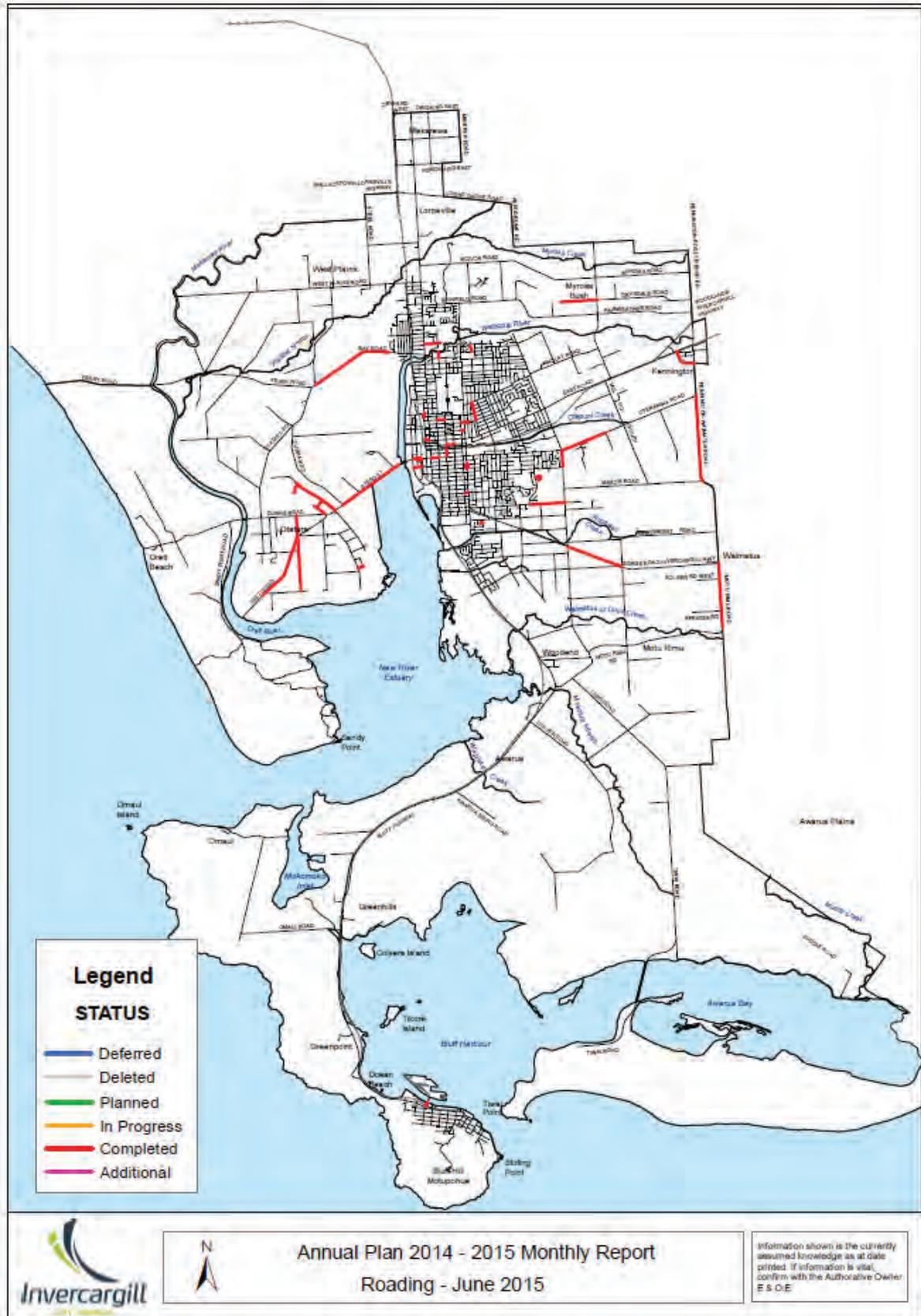
PROGRAMME OF WORKS - ROADING 2014/15

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Aicken Road	Oreti Road	Erskine Road	Chipseal	Planned	Completed
Awarua Road	Dunns Road	End	Chipseal	Planned	Completed
Bay Road	50 km zone	West Plains School Road	Chipseal	Planned	Completed
Conon Street	Tyne Street	Tweed Street	Asphalt	Planned	Completed
Crowther Street	Farrar Street	South End	Chipseal	Planned	Completed
Don Street	Doon Street	Queens Drive west Footpath	Asphalt	Planned	Completed
Drysdale Road West	Mill Road North	Western End	Chipseal	Planned	Completed
Elles Road	Bowmont Street	Ettrick Street	Reconstruction	Planned	Completed
Elles Road and Martin Street	Grace Street	11 Martin Street	Street redevelopment	Planned	In Progress
Esk Street	Dee Street	Kelvin Street	Street redevelopment	Planned	In Progress
Ettrick Street	Bond Street	Annan Street West	Asphalt	Planned	Completed
Farrar Street	Regent Street	Eastern End	Chipseal	Planned	Completed
Forth Street	Conon Street	Ythan Street	Asphalt	Planned	Completed
Forth Street	Ythan Street	Elles Road	Chipseal	Planned	Deferred
Gorge Road - Invercargill Road	Boundary Road	Murphy Road North	Chipseal	Planned	Completed
Grey Street	Albert Street	Gladstone Terrace	Chipseal	Planned	Completed

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Janet Street	Ness Street	Elles Road	Chipseal	Planned	Completed
Kennington-Waimatua Road	Oteramika Road	Mason Road	Reconstruction	Planned	Completed
Korimako Avenue	Marama Avenue North	Western End	Chipseal	Planned	Completed
Leet Street	Kelvin Street	Deveron Street	Asphalt	Planned	Completed
Leven Street	Victoria Avenue	Gala Street	Asphalt	Planned	Completed
Mahuri Road	Marama Avenue North	Awarua Road	Chipseal	Planned	Completed
Marama Avenue North	Dunns Road	198 Marama Avenue North	Chipseal	Planned	Completed
Mepal Place	Lancaster Street	Western End	Chipseal	Planned	Completed
Motu Rimu Road	Gorge Road Invercargill	824 Motu Rimu Road	Chipseal	Planned	Completed
Oreti Road West	Taiepa Road	351 Oreti Road	Chipseal	Planned	Completed
Oteramika Road	Rockdale Road	McKellar Road	Chipseal	Planned	Completed
Preston Street	North Road	Eastern End	Chipseal	Planned	Completed
Rimu Road	Kennington Road	Kennington-Waimatua Road	Reconstruction	Planned	Completed
Ritchie Street	Yarrow Street	St Andrew Street	Chipseal	Planned	Completed
Robert Street	Grant Road	John Street	Chipseal	Planned	Completed
Rockdale Road	Tweed Street	Centre Street	Chipseal	Planned	Completed

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Shannon Street North	Gore Street	Harbour Bridge	Asphalt	Planned	Completed
Stead Street	Curran Road	Waihopai Bridge	Chipseal	Planned	Completed
The Crescent	Clyde Street	Liddel Street	Reconstruction	Planned	Completed
Tramway Road	Regent Street	Rockdale Road	Chipseal	Planned	Completed
Turnbull Street	Moana Street	Terrace Street	Chipseal	Planned	Completed
Tweed Street (North side)	Clyde Street	Nith Street	Reconstruction	Planned	Completed
Tweed Street	Morton Street	Metzger Street	Reconstruction	Planned	Completed
Tweed Street NW	Bond Street	Annan Street West	Asphalt	Planned	Completed
Tweed Street SW	Mersey Street	Annan Street West	Asphalt	Planned	Completed
Vyner Road	Dunns Road	Taiepa Road	Chipseal	Planned	Completed
Yarrow Street	Queens Drive East	MacMaster Street	Asphalt	Planned	Completed
Yarrow Street	Queens Drive West	Doon Street	Asphalt	Planned	Completed





Legend
STATUS

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



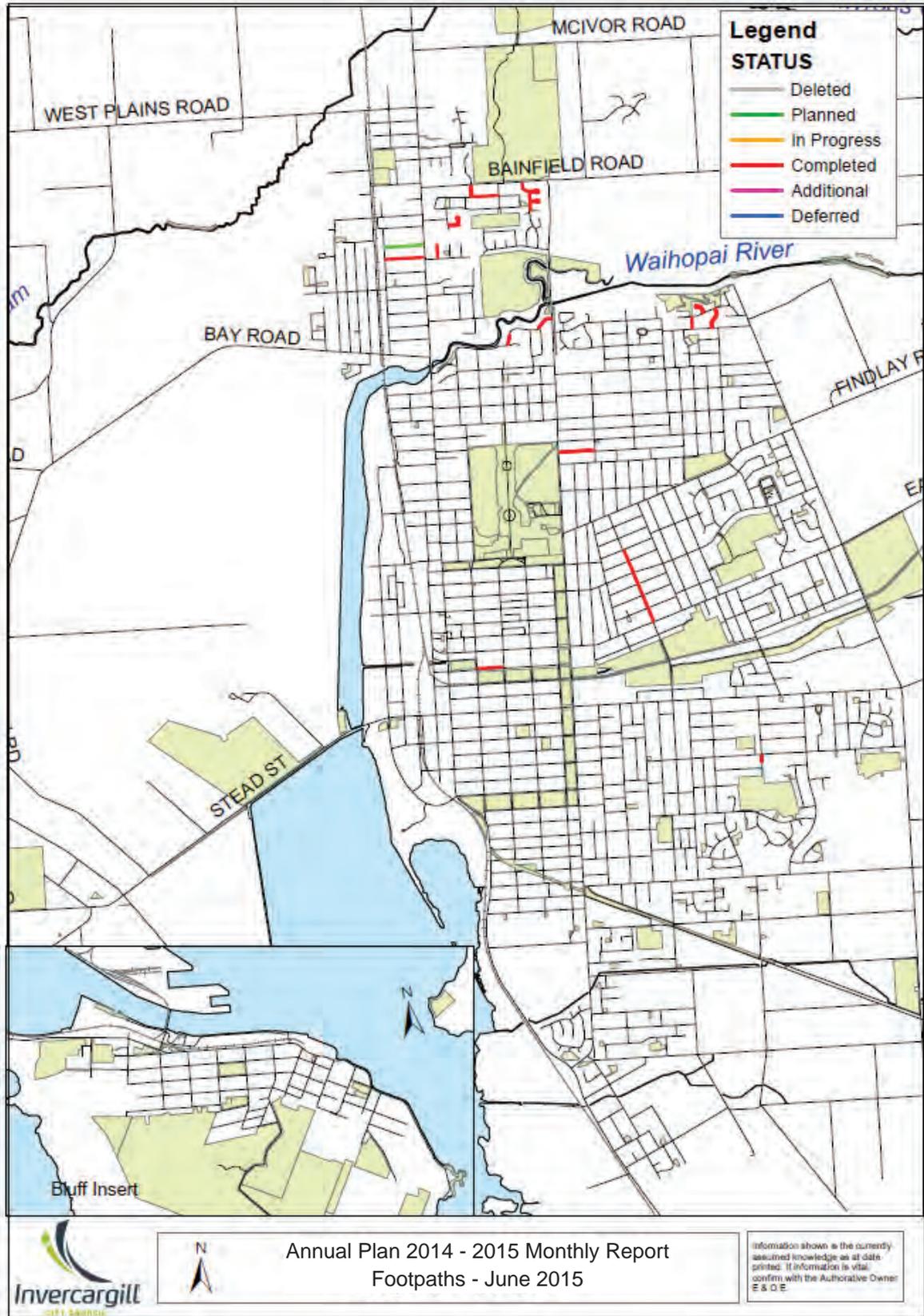
Annual Plan 2014 - 2015 Monthly Report
Roading - June 2015

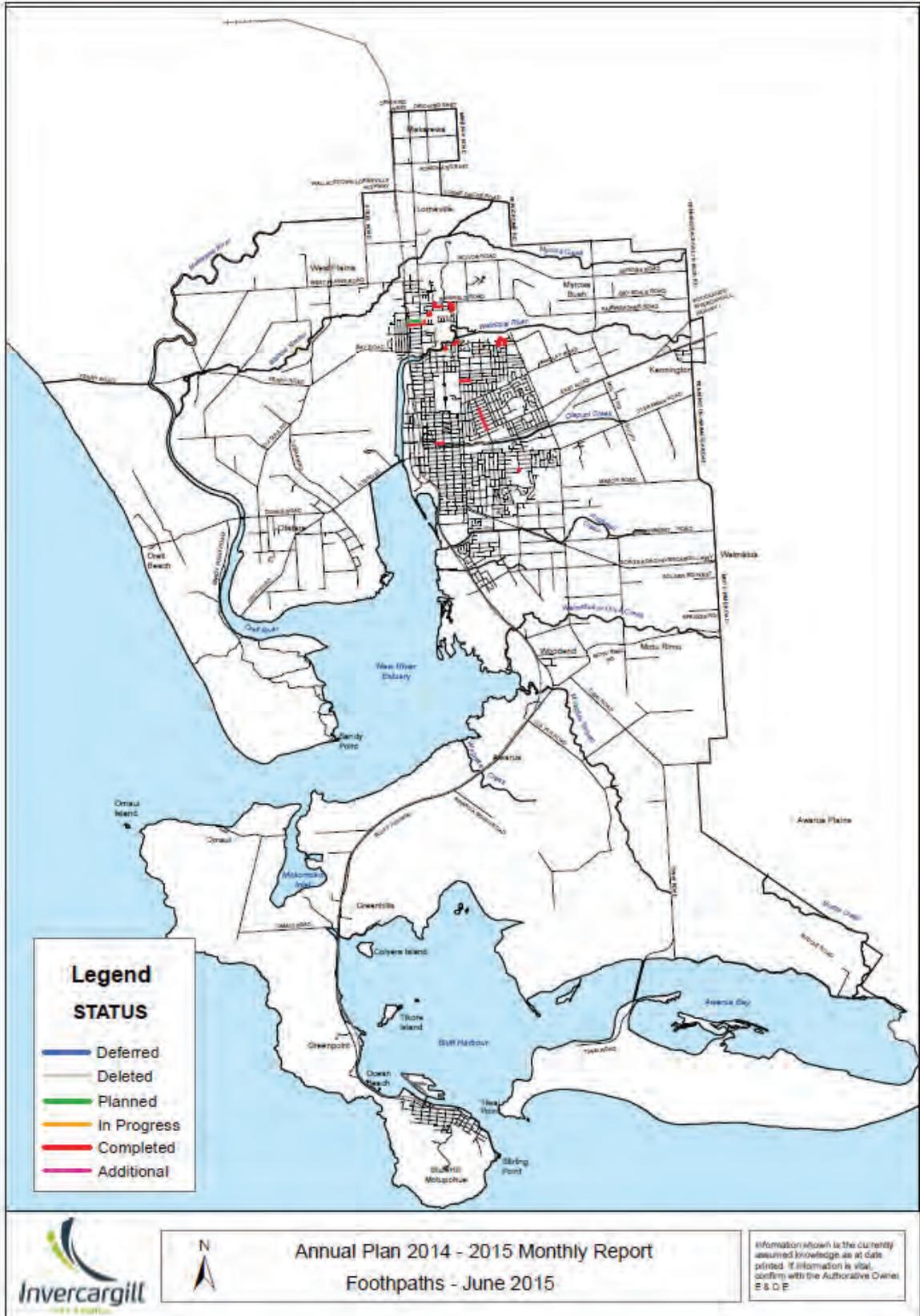
Information shown is the currently assumed knowledge as at date printed. If information is vital, confirm with the Authoritative Owner E S O E

PROGRAMME OF WORKS - FOOTPATHS 2014/15

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Bourke Street	Queens Drive	Windsor Street	Concrete	Planned	Completed
Carlyle Street	Tay Street	West Street	Concrete	Planned	In Progress
David Street	Tay Street	Eldon Street	Concrete	Planned	In Progress
David Street	Tay Street	Eldon Street	Concrete	Planned	In Progress
Duncan Street	Tay Street	West Street	Concrete	Planned	In Progress
Elgin Street	North Road	Ross Street	Concrete	Planned	Completed
Ettrick Street (North side)	Nith Street	Conon Street	Concrete	Planned	Completed
Ettrick Street (South side)	Nith Street	Conon Street	Concrete	Planned	Completed
Fern Street	Lamond Street East	Talbot Street	Concrete	Planned	Completed
Forth Street	Nith Street	Conon Street	Asphalt	Planned	Completed
Gladstone Terrace	134 Gladstone Terrace	Queens Drive	Concrete	Planned	Completed
Gladstone Terrace	Sycamore Place	97 Gladstone Terrace	Concrete	Planned	Completed
Glenbrae Place	Talbot Street	End	Concrete	Planned	Completed
Glenbrae Place	Talbot Street	End	Concrete	Planned	Completed
Hastings Street	Gimblett Street	End	Concrete	Planned	Completed

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Holloway Street	Munro Street	Myers Street	Concrete	Planned	Completed
Kildare Court	Kildare Drive	Kildare Drive	Concrete	Carry forward	Completed
Kildare Drive	Kildare View	Kildare Court	Concrete	Planned	Completed
Kildare Drive (East)	Kildare Court	Bainfield Road	Concrete	Additional	Completed
Kildare Place	Kildare Drive	Kildare Drive	Concrete	Planned	Completed
Lime Street	Calvary Crossing	Centre Street	Concrete	Planned	Completed
Lindisfarne Street	Tay Street	Chapman Street	Concrete	Planned	Completed
Munro Street	Bainfield Road	Holloway Street	Concrete	Planned	Completed
Munro Street	Bainfield Road	Holloway Street	Concrete	Planned	Completed
O'Byrne Place	O'Byrne Street	End	Concrete	Planned	Completed
Price Street	Ross Street	North Road	Concrete	Planned	Planned
Rowan Street (Left side)	Russel Street	Grey Street	Concrete	Planned	Completed
Rowan Street (Right side)	Lamond Street	Talbot Street	Concrete	Planned	Completed





CAPITAL WORKS PROJECTS

Capital works having a value exceeding \$400,000 in 2014/15 were:

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Street Lighting	464	465
Kerb and channel, and culvert replacement	820	1,005 ¹
Footpath renewals and rehabilitation	1,165	703 ²
Road surface renewals and rehabilitation	3,945	3,166 ³

1. Kerb and channel, and culvert replacement

More replacements were required during the year than first anticipated due to works associated with those projects.

2. Footpath renewals and rehabilitation

Less expenditure than expected occurred due to the Inner City project work being delayed and further project delays due to unexpected water pipes in the footpaths, meaning some planned streets were incomplete.

3. Road surface renewals and rehabilitation

Less expenditure than proposed occurred due to lower construction tender costs, decrease in bitumen costs, and a budget error that did not take into account the cost sharing of joint roads with the Southland District Council.

FUNDING IMPACT STATEMENT - ROADING

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	437	441	374
Targeted rates (other than targeted rate for water supply)	7,328	7,419	7,008
Subsidies and grants for operating purposes	1,986	1,864	2,679
Fees, charges and targeted rates for water supply	313	323	270
Internal charges and overheads recovered	272	280	260
Interest and dividends from investments	-	-	42
Local authorities fuel tax, fines, infringement fees, and other receipts	837	863	773
Total operating funding	11,173	11,191	11,405
Applications of operational funding			
Payments to staff and suppliers	5,773	5,908	5,717
Finance costs	375	339	289
Internal charges and overheads applied	272	280	260
Other operating funding applications	-	-	-
Total applications of operational funding	6,420	6,526	6,266
Surplus (deficit) of operational funding	4,754	4,665	5,139
Sources of capital funding			
Subsidies and grants for capital expenditure	5,046	5,539	3,328
Development and financial contributions	-	-	-
Increase (decrease) in debt	(560)	(597)	(608)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	4,486	4,943	2,720
Application of capital funding			
Capital expenditure			
- to meet additional demand	43	44	3
- to improve the level of service	-	-	503
- to replace existing assets	9,087	9,448	6,872
Increase (decrease) in reserves	110	116	481
Increase (decrease) in investments	-	-	-
Total application of capital funding	9,240	9,608	7,860
Surplus (deficit) of capital funding	(4,754)	(4,665)	(5,139)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	7,222	7,240	9,452

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.



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>2014/15 Target</i>	<i>2014/15 Result</i>
Service disruptions for individual properties are less than 12 hours.	100%	¹ 83% - Not Achieved (2013/14 - 90% Not Achieved)
Frequency of system blockage.	Less than 20 blockages annually per 100km of sewer.	16 - Achieved (2013/14 - 19 Achieved)
Compliance with effluent quality standards are defined in current discharge consents for Clifton and Bluff facilities.	100%	100% - Achieved (2013/14 - 100% Achieved)
Trade waste consent applications are responded to in ten working days.	80%	² 100% - Achieved (2013/14 - 100% Achieved)

THE DETAILS

1. Service Disruptions

17% of service disruptions are recorded as exceeding 12 hours. While this is greater than last year's results, it should be noted that 7 of the 10 non-compliant events had partial flow within the target time. 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 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 2014/15

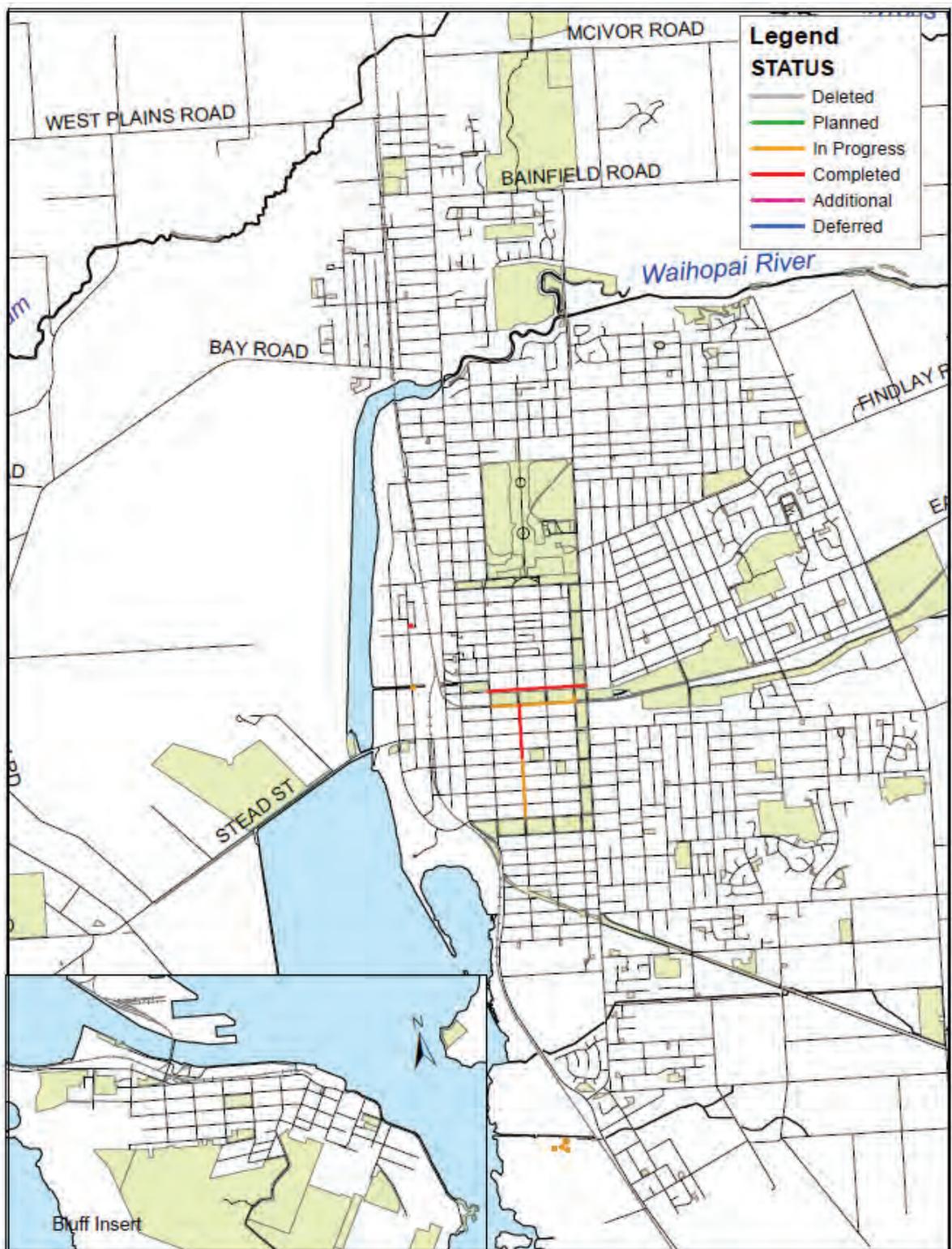
<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Status 2013/14 Annual Plan</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Conon Street	120 Conon Street	Tyne Street	Renewal	Carry Forward	Completed
Conon Street	Ettrick Street	Crinan Street	Renewal	Planned	Completed
Conon Street	Crinan Street	Balmoral Drive	Renewal	Planned	In progress
Forth Street	Elles Road	Nith Street	Renewal	Carry forward	Completed
Mersey Street	Otepuni Bridge	Otepuni Bridge	Renewal	Carry forward	In progress
Tyne Street	Ness Street	Nith Street	Renewal	Planned	In progress

PUMP STATIONS

<i>Location</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Foreshore Road	Electrical Cabinet and Control Renewal	Planned	In progress
Mersey Street	Variable Speed Drive Replacement	Planned	Completed

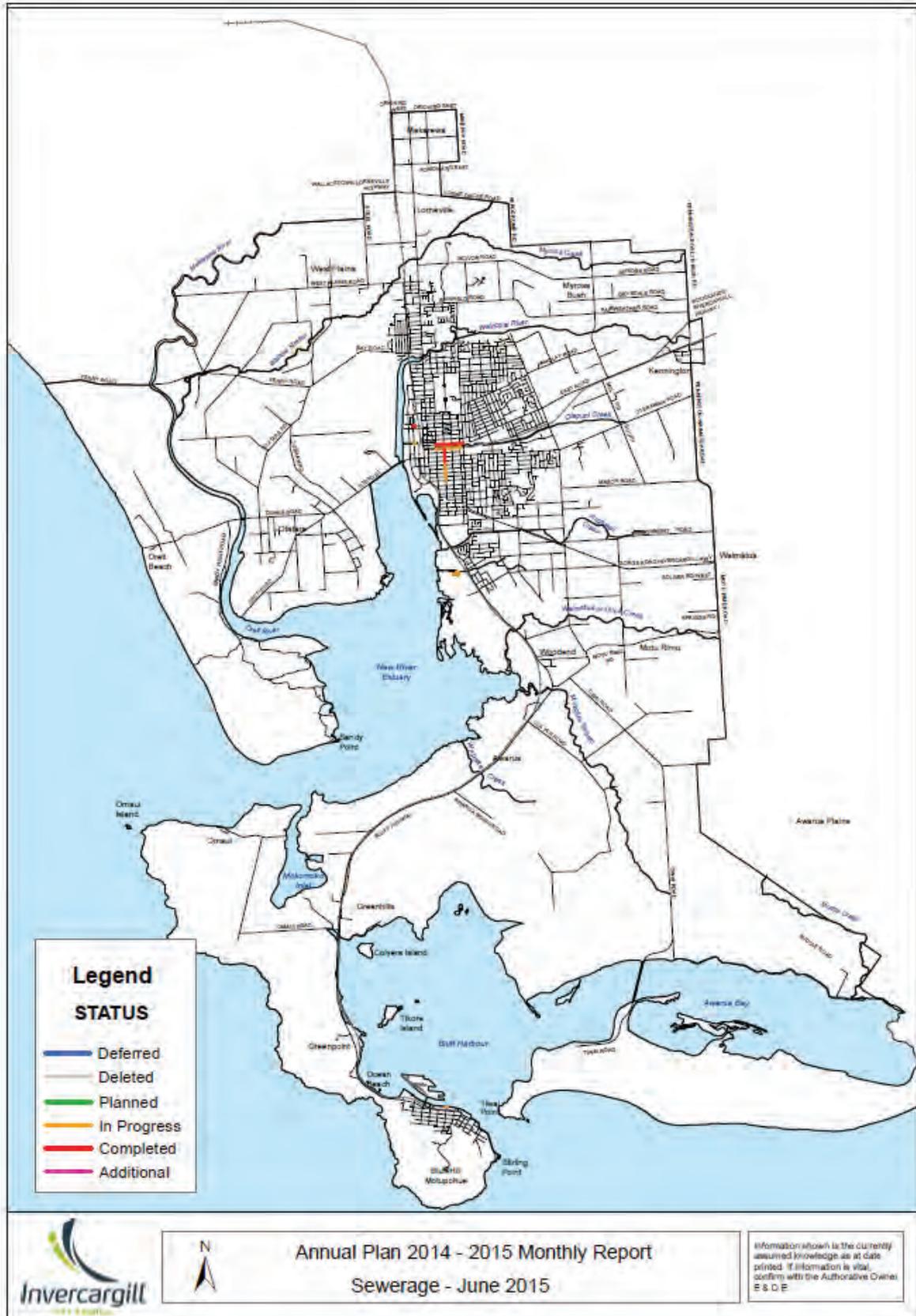
WASTE WATER TREATMENT PLANT

<i>Location</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Clifton WWTP	PLC Controller	Carry forward	In progress
Clifton WWTP	Computer monitoring system	Carry forward	In progress
Clifton WWTP	Replace Diesel Motor	Planned	Planned
Clifton WWTP	Control Upgrade	Planned	In progress
Clifton WWTP	New Biogas Genset	Planned	In progress
Clifton WWTP	Digester Stairs Renewal	Planned	In progress
Clifton WWTP	Secondary Wet Well Pump Renewal	Planned	In progress



Annual Plan 2014- 2015 Monthly Report
Sewerage - June 2015

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 \$500,000 in 2014/15 were:

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Pipe Assets Renewals	1,040	1,964
Treatment Plant Assets Renewals	577	796

THE DETAILS

1. Pipe Assets Renewals

The difference between the Pipe Asset Renewals budget and actual result is due to \$1,357,000 being carried forward into the 2014/15 year to complete the Conon Street, Forth Street and Mersey Street

renewals. Further budget allocations of \$456,000 were not spent and have been carried forward to the 2015/16 year to fund the completion of the Conon Street and Otepunu Gardens Pipe Asset Renewals.



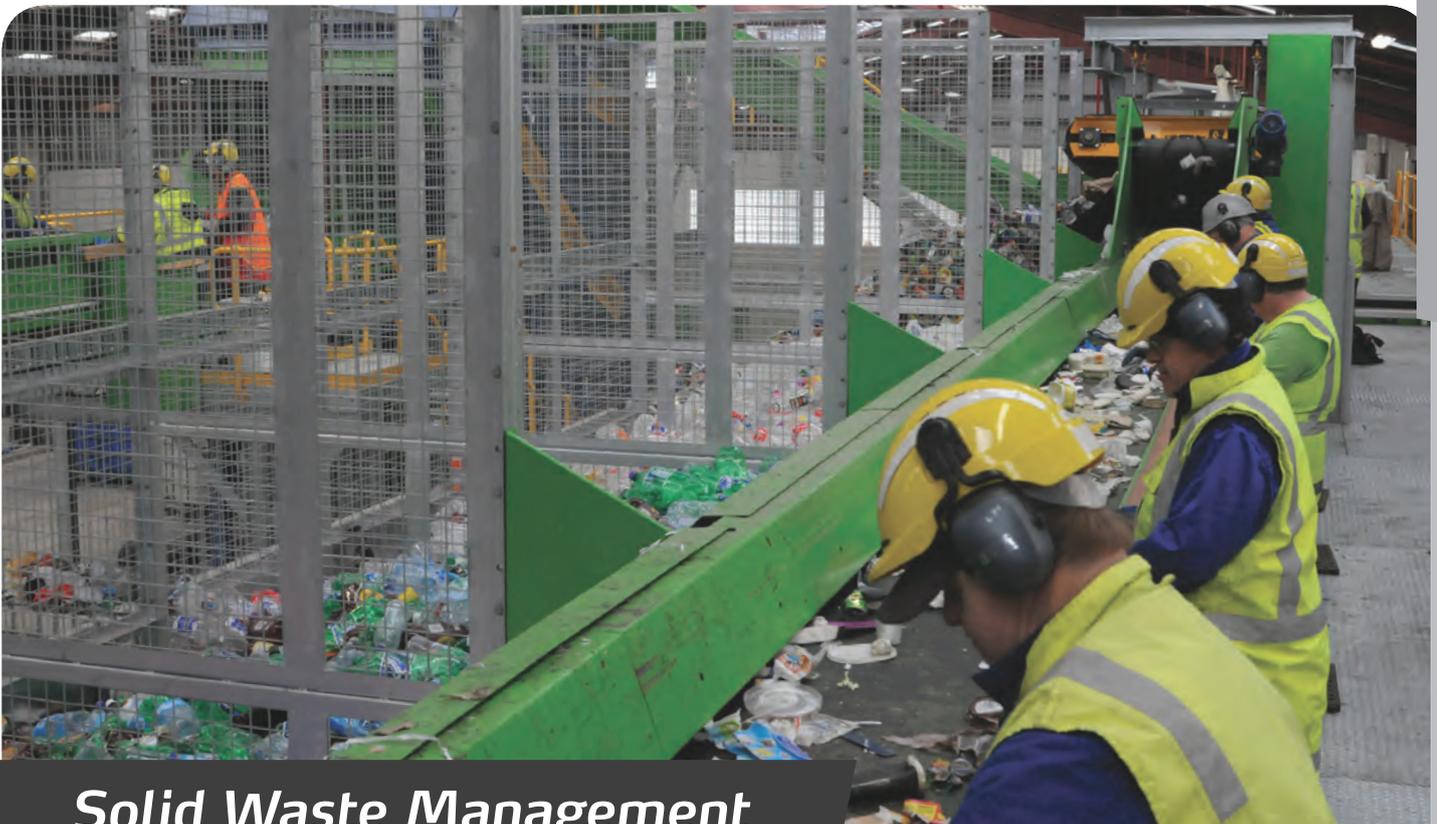
FUNDING IMPACT STATEMENT - SEWERAGE

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	69	69	-
Targeted rates (other than targeted rate for water supply)	4,914	5,070	4,938
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	586	603	688
Total operating funding	5,569	5,742	5,626
Applications of operational funding			
Payments to staff and suppliers	3,127	3,220	2,818
Finance costs	481	444	354
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	3,607	3,664	3,172
Surplus (deficit) of operational funding	1,962	2,078	2,454
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(568)	(605)	(313)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(568)	(605)	(313)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	52
- to improve the level of service	-	-	491
- to replace existing assets	1,394	1,473	2,330
Increase (decrease) in reserves	-	-	(732)
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,394	1,473	2,141
Surplus (deficit) of capital funding	(1,962)	(2,078)	(2,454)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	1,234	1,529	2,239

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.





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 as well as 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>2014/15 Target</i>	<i>2014/15 Result</i>
Increasing trend in kerbside recycling.	Increasing trend.	Not achieved - 3,584 tonnes (3% decrease) (2013/14: Not Achieved - 3,718 tonnes)
Decreasing trend in kerbside rubbish.	Decreasing trend.	Not Achieved - 10,299 (1% increase) (2013/14: Not Achieved -10,186 tonnes)
Decreasing trend in solid waste to transfer station.	Decreasing trend.	Achieved - 22,805 (10% decrease) (2013/14: Achieved - 25,416 tonnes)
Increasing trend in recycling to material recovery facility.	Increasing trend.	Not Achieved - 3,584 (6% decrease) (2013/14: Achieved - 3,836 tonnes)
WasteNet Southland produces an Action Plan.	Projects are completed on time and budget as per Action Plan.	Achieved (2013/14: Not 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.

In December 2014, Council adopted the "Kerbside Recycling and Rubbish Collection Policy". The policy introduced enforcement measures to reduce rising levels of landfill-rubbish (contamination) found in the kerbside recycling collection. The decreasing trend in kerbside rubbish collection indicates more customers are recycling correctly.

FUNDING IMPACT STATEMENT - SOLID WASTE MANAGEMENT

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	27	27	-
Targeted rates (other than targeted rate for water supply)	3,769	3,889	3,815
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	2,725	2,811	2,169
Internal charges and overheads recovered	1,416	1,461	1,406
Interest and dividends from investments	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	174	170	125
Total operating funding	8,111	8,358	7,530
Applications of operational funding			
Payments to staff and suppliers	6,909	7,126	5,912
Finance costs	-	-	-
Internal charges and overheads applied	1,416	1,461	1,406
Other operating funding applications	-	-	-
Total applications of operational funding	8,325	8,587	7,318
Surplus (deficit) of operational funding	(214)	(229)	212
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	-	-	144
Increase (decrease) in reserves	(214)	(229)	68
Increase (decrease) in investments	-	-	-
Total application of capital funding	(214)	(229)	212
Surplus (deficit) of capital funding	214	229	(212)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	81	85	376

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.





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>2014/15 Target</i>	<i>2014/15 Result</i>
Complaints of stormwater blockage responded to within one hour.	90%	171% - Not Achieved (2013/14 - 83% Not Achieved)
No flooding in living areas of houses during a five year return period storm.	0	0 - Achieved (2013/14 - No houses flooded Achieved)

THE DETAILS

1. *Complaints of stormwater blockage*

29% 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 WORKS

The renewal/upgrading programme continued in 2014/15, including capacity upgrades to current design standards.

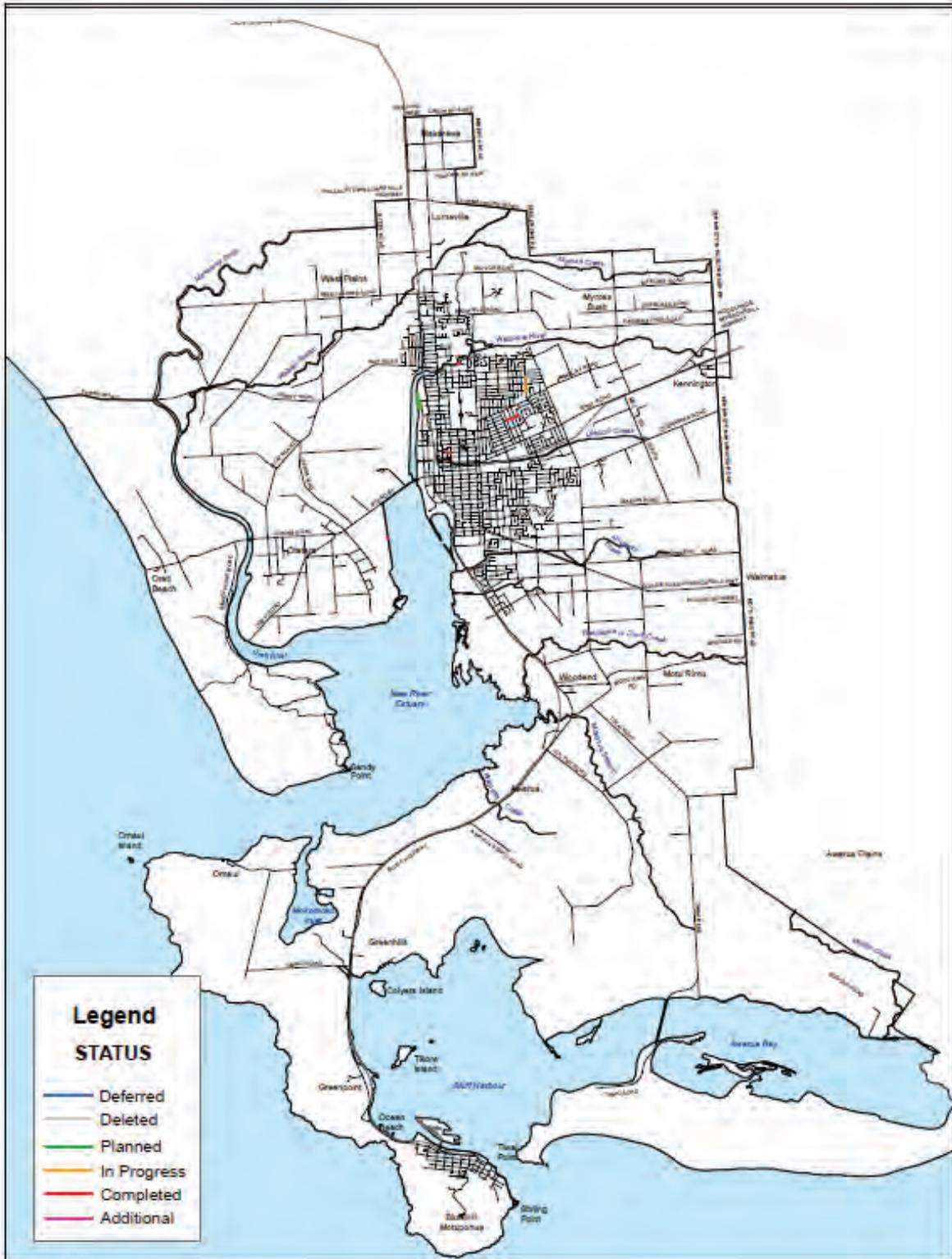
PIPEWORKS

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Esk Street	Kelvin Street	Cambridge Place	Renewal	Planned	Completed
James Street	Crawford Street	Lorn Street	Renewal	Planned	Completed
Karuhiruhi Walkway	Ward Street	Middle of Walkway	Renewal	Planned	In progress
Ward Street	Chelmsford Street	George Street	Renewal	Planned	In progress

PUMP STATIONS

<i>Location</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Beatrice Street	New Pump Station	Carry forward	Completed
Beatrice Street	SW Treatment Pond	Carry forward	Planned
Prestonville Stormwater Pumping Station	Pump supply replacement (3)	Carry forward	In Progress
Gladstone Terrace	Electrical Cabinet Renewal	Planned	Completed
Rifle Range	Electrical Cabinet Renewal	Planned	Completed





Annual Plan 2014 - 2015 Monthly Report
Stormwater - June 2015

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

CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$500,000 in 2014/15 were:

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Stormwater Pipe Asset Renewal/Upgrade.	1,396	1,093

THE DETAILS

A budget allocation of \$110,000 has been carried forward to the 2015/16 year to fund completion of the Ward Street stormwater renewal.

FUNDING IMPACT STATEMENT - STORMWATER

	<i>Long Term Plan 2012 - 2022</i>		<i>Actual</i>
	<i>2013/14 \$'000</i>	<i>2014/15 \$'000</i>	<i>2014/15 \$'000</i>
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	2,752	2,751	2,560
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	-	-	1
Local authorities fuel tax, fines, infringement fees, and other receipts	2	2	20
Total operating funding	2,762	2,761	2,584
Applications of operational funding			
Payments to staff and suppliers	1,308	1,322	1,122
Finance costs	26	25	9
Internal charges and overheads applied	1	1	-
Other operating funding applications	-	-	-
Total applications of operational funding	1,334	1,348	1,131
Surplus (deficit) of operational funding	1,427	1,412	1,454
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(13)	(14)	(5)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(13)	(14)	(5)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	2
- to improve the level of service	98	108	38
- to replace existing assets	1,315	1,289	1,368
Increase (decrease) in reserves	2	2	41
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,415	1,399	1,449
Surplus (deficit) of capital funding	(1,427)	(1,412)	(1,454)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	2,054	2,253	2,139

FUNDING IMPACT STATEMENT ANALYSIS

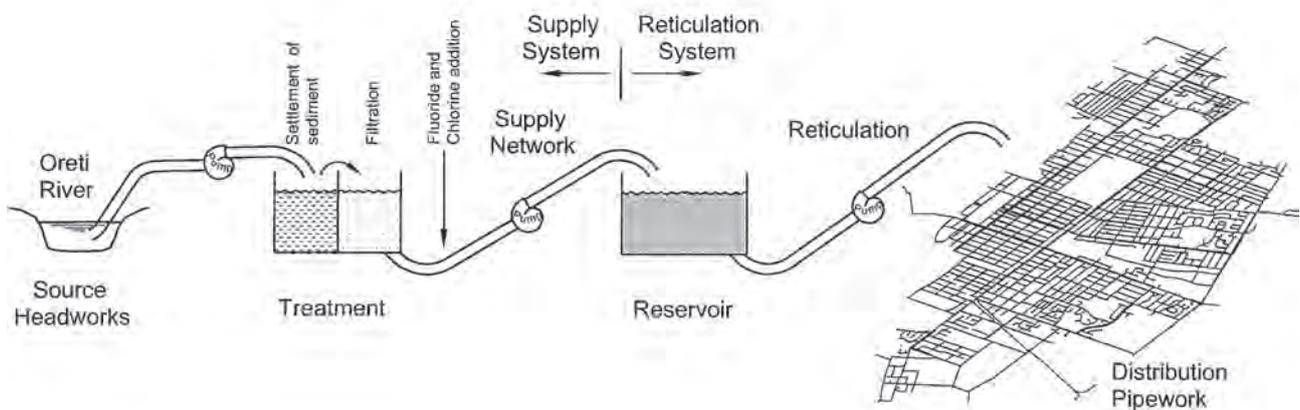
A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.



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

<i>Measure</i>	<i>2014/15 Target</i>	<i>2014/15 Result</i>
Ministry of Health Grade.	Invercargill -Aa Bluff -Aa	Not Achieved ¹ (2013/14 - Not Achieved.)
Number of complaints of taste and smell.	No more than ten per month.	Achieved ² (2013/14 - Achieved.)
Notification of planned shutdowns.	At least 24 hours by letter drop.	Achieved ³ (2013/14 - Not Achieved.)
Duration of break.	No more than 8 hours.	Not Achieved ⁴ (2013/14 - 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 - 99.7% availability ⁵ (2013/14 - 99.6% 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 ⁶ (2013/14 - Achieved.)

THE DETAILS

1. Ministry of Health Grade

The 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 upgrade, Council intends to apply for a review of the Ministry of Health grade.

2. Taste and Odour

The maximum number of taste and odour complaints in any one month occurred in January when four were recorded. In all, nine complaints were received throughout the year.

3. Planned Shutdowns

All 189 planned shutdowns were notified by letter drop. Over the year there were 341 shutdowns in total. 152 were unplanned due to them being prioritised as emergency or urgent works. Those shutdowns were advised to affected property owners by vehicle mounted loud speaker or by direct contact “door knocking”.

4. Duration of Break

There were four breaks in supply over the target maximum of 8 hours. One in each of September, November, March and June. Exceedance over the target ranged from a few minutes to almost 6.5 hours. Duration of break includes both planned and unplanned breaks.

5. Availability of Service

The street most affected by water shutdowns was Kelvin Street which throughout the year accumulated a total of 1,367 minutes of being without water.

6. Hydrants

The New Zealand Fire Service were unable to carry out hydrant flow testing citing the need to gain approved traffic management plans as the reason as to why testing was not carried out. Council staff tested twenty hydrants and found all passed the target value with flows varying from 18 to 34 plus litres/second.

WHAT ELSE WE HAVE DONE

1. Water Treatment Plant Performance

All months, with the exception of February, saw a performance at or above the minimum as set by the Drinking Water Standards. The February transgression was due to the protozoal criteria of the standard not being met during a period when part of the treatment plant was taken out of service for inspection compounded by the then dosing of powdered activated carbon for taste and odour elimination. The event highlights the water treatment plants vulnerability in performance.

Following on from last year's review when the treatment plants performance was critically evaluated and options examined for their suitability for the Council's particular case, a pilot test has been completed, existing treatment structures checked for earthquake loading and finally a design consultant appointed to detail the preferred upgrade option ready for construction which will occur over the coming year.

2. Water Demand

The total annual demand for water was 8,747,901 cubic metres with a maximum daily demand of 33,000 cubic metres. Compared to last year this represents an increase of 3% and 4.8% respectively and is also up on the preceding five years.

3. Bluff Pipeline Replacement

All works were completed including the construction of a pump station at Clifton. The complete pipeline

became operational in August.

4. Bluff Reticulation Improvements:

- A water main was laid in Lee Street to replace undersized galvanised pipe work.
- The two pressure zone network was made operational. This effectively divides the Bluff distribution network into two and effectively brings pressures back to minimise losses due to leakage.

5. Asbestos Cement Pipe Replacement

Further investigation work was undertaken whereby samples were cut from water mains to evaluate condition and assess remaining life. This is a topical issue as following a succession of asbestos cement main failures in 2014 it would appear that the previously assessed life of 65 years is too long. Water mains in Esk Street between Dee and Kelvin Streets were replaced in consideration of the risk they posed to the inner city works newly constructed in that area.

6. Water Asset Management Plan

This was reviewed and updated as required every three years.

PROGRAMME OF WORKS - WATER 2014/15**PIPEWORKS**

<i>Street</i>	<i>Start</i>	<i>Finish</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Bluff Road	Bluff Township	Clifton Booster Station	Renewal	Carry forward	Completed
Clyde Street (east)	Otepuni Stream	Tweed Street	Relining	Carry forward	Completed
Clyde Street (west)	Otepuni Stream	Tweed Street	Relining	Carry forward	Completed
Esk Street North	Dee Street	Kelvin Street	Renewal	Planned	Completed
Esk Street South	Dee Street	Kelvin Street	Renewal	Planned	Completed
Kew Road	Bluff Highway	56 Kew Road	Renewal	Additional	Completed
Lee Street	Gore Street (SH1)	Barrow Street	Renewal	Additional	Completed

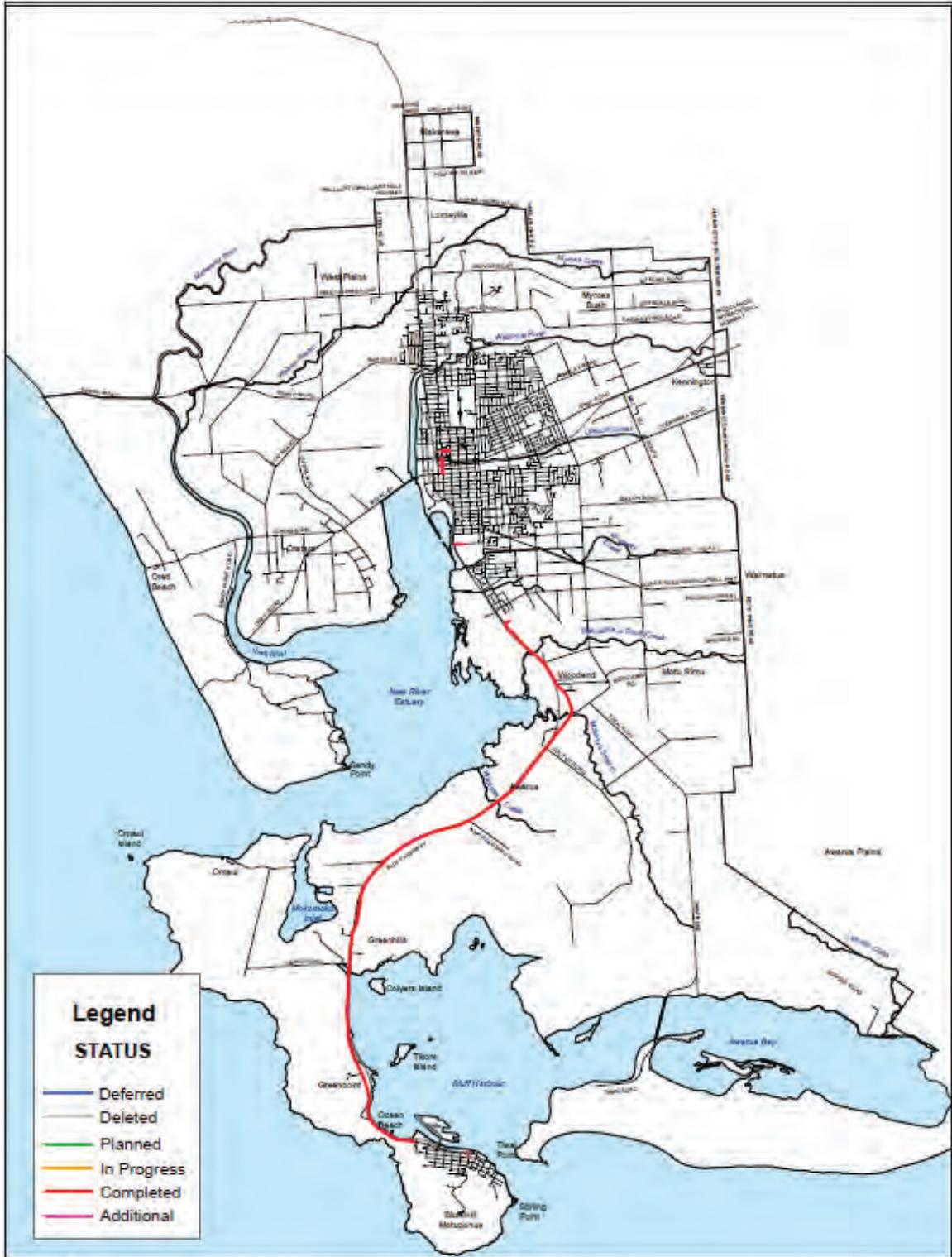
PUMP STATIONS

<i>Location</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Waikiwi Reservoir	Pump Replacement - No.3	Carry forward	Planned

WATER TREATMENT PLANTS

<i>Location</i>	<i>Activity</i>	<i>Status 2014/15 Annual Plan</i>	<i>Progress to 30 June 2015</i>
Branxholme Treatment Plant	Pump Replacement - B Pump	Carry forward	Planned
Branxholme Treatment Plant	Treatment upgrade	Planned	Planned
Clifton Booster	Pump Station Replacement	Carry forward	Completed





CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$500,000 in 2014/15 were:

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Renewal of various Branxholme Treatment Plant items of plant and equipment.	527	0 (Incorporated into Branxholme Water Treatment Plant Performance Improvements Project.)
Branxholme Water Treatment Plant Performance Improvements	3,973	369

THE DETAILS

1. Branxholme Water Treatment Plant Performance Improvements

Actual costs incurred reflect design consultants fees. Progress was delayed to allow pilot testing of the suitability of new filter media and assessment of existing infrastructure intended for incorporation into the upgrade for earthquake loading. Balance of budget will be carried over to allow construction to commence in the 2015/16 year.

FUNDING IMPACT STATEMENT - WATER SUPPLY

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	77	77	-
Targeted rates (other than targeted rate for water supply)	6,721	6,634	6,203
Subsidies and grants for operating purposes	1	1	-
Fees, charges and targeted rates for water supply	1,187	1,225	1,198
Internal charges and overheads recovered	4	4	-
Interest and dividends from investments	-	-	7
Local authorities fuel tax, fines, infringement fees, and other receipts	87	88	14
Total operating funding	8,077	8,029	7,422
Applications of operational funding			
Payments to staff and suppliers	4,800	4,936	4,060
Finance costs	880	1,072	514
Internal charges and overheads applied	4	4	-
Other operating funding applications	-	-	-
Total applications of operational funding	5,684	6,012	4,574
Surplus (deficit) of operational funding	2,393	2,017	2,848
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,954	2,951	(238)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	2,954	2,951	(238)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	(5)
- to improve the level of service	2,385	844	695
- to replace existing assets	3,434	3,543	907
Increase (decrease) in reserves	(472)	581	1,008
Increase (decrease) in investments	-	-	-
Total application of capital funding	5,347	4,968	2,610
Surplus (deficit) of capital funding	(2,393)	(2,017)	(2,848)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	2,689	3,154	3,023

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.



Animal Services

WHAT WE HAVE DONE

The Animal Services 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 Services Activity minimises the effects of dogs on Invercargill residents' and visitors' quality of life.	The Animal Services 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 Services Activity provides 24-hour Animal Control Services to ensure that animal related nuisances are responded to.	The Animal Services 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 Services.

HOW DID WE MEASURE UP

Measure	2014/15 Target	2014/15 Result
De-sexing programmes for dogs are undertaken.	Minimum of one de-sexing programme undertaken annually.	Achieved (2013/14 - Not Achieved)
Suitably trained staff are available to respond to requests for service.	Suitably trained staff are available 24 hours per day, seven days a week.	Achieved (2013/14 - Achieved)

THE DETAILS

De-sexing of dogs and cats at the animal care facility was undertaken throughout the year. Approximately 500 animals have been de-sexed. An audit of the service is to be undertaken and the findings will be used to support decisions relating to the future direction of this service.

A revised 24 hour service is now provided with trained Animal Services Officers working shifts that also cover the weekends. The shifts operate from 7.00am - 7.00pm. An improved service is now also provided outside these hours. The SPCA have been contracted to provide an after-hours animal service.

This has enabled the Council to provide a seamless 24 hour 7 day a week service.

In previous years the service covered 8.00am - 5.00pm Monday - Friday and outside these hours an emergency service was only provided for situations such as dog attacks.

FUNDING IMPACT STATEMENT - ANIMAL SERVICES

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	120	123	347
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	489	504	599
Internal charges and overheads recovered	6	6	-
Interest and dividends from investments	-	-	4
Local authorities fuel tax, fines, infringement fees, and other receipts	18	17	27
Total operating funding	633	650	978
Applications of operational funding			
Payments to staff and suppliers	590	609	953
Finance costs	19	18	9
Internal charges and overheads applied	6	6	-
Other operating funding applications	-	-	-
Total applications of operational funding	615	633	962
Surplus (deficit) of operational funding	18	17	16
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(8)	(9)	(5)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(8)	(9)	(5)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	26	-	24
Increase (decrease) in reserves	(16)	9	(12)
Increase (decrease) in investments	-	-	-
Total application of capital funding	10	9	12
Surplus (deficit) of capital funding	(18)	(17)	(16)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	2	2	24

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.



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 timeframes 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 the Ministry of Business, Innovation and Employment.
		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>2014/15 Target</i>	<i>2014/15 Result</i>
Statutory timeframes for processing consents are met.	100%	99.70% - Not Achieved ¹ (2013/14 - 99.52% - Not Achieved)
Council's 'Earthquake Prone Buildings' Policy reflects the most recent advice from the the Ministry of Business, Innovation and Employment.	A report to Council is tabled presenting guidelines to be adopted.	Not Achieved ² (2013/14 - Not achieved)
Council's 'Building Sector News' is regularly published.	Published 12 times per year.	Achieved - 12 publications. (2013/14 - Achieved)
Accreditation as a Building Consent Authority is retained.	Accreditation is retained.	Achieved - Audit undertaken in June 2014. Accreditation was retained. (2013/14 - Achieved)

THE DETAILS

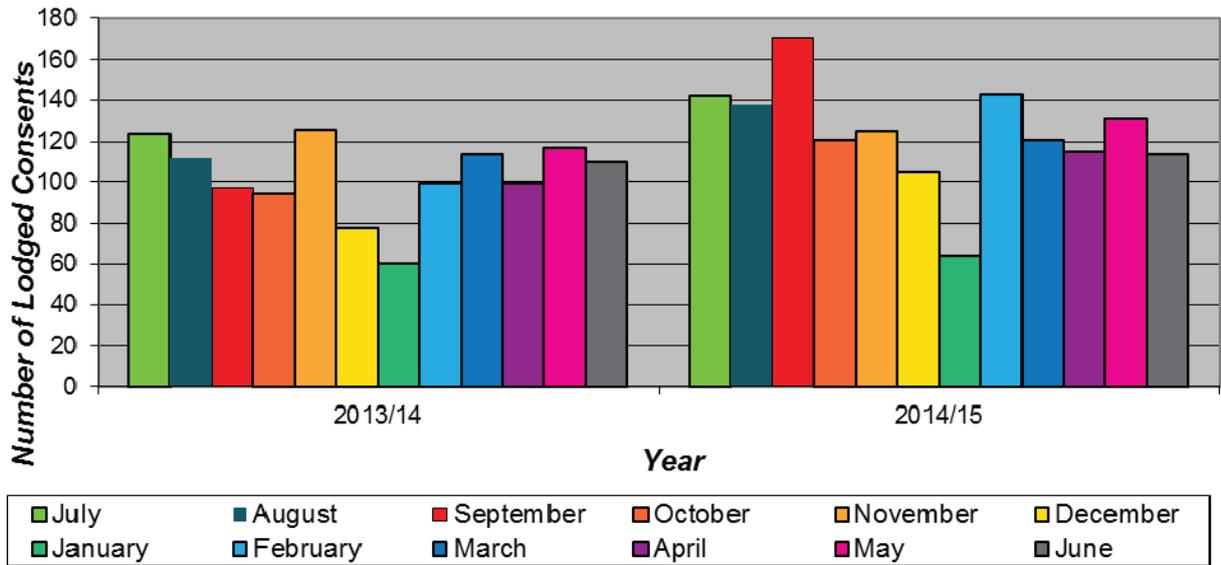
1. Statutory Times

Three consents out of the 1,323 processed went over 20 working days. Council continuously works to ensure that computer systems are followed and extra training provided where needed to lessen instances of consents breaching statutory timeframes.

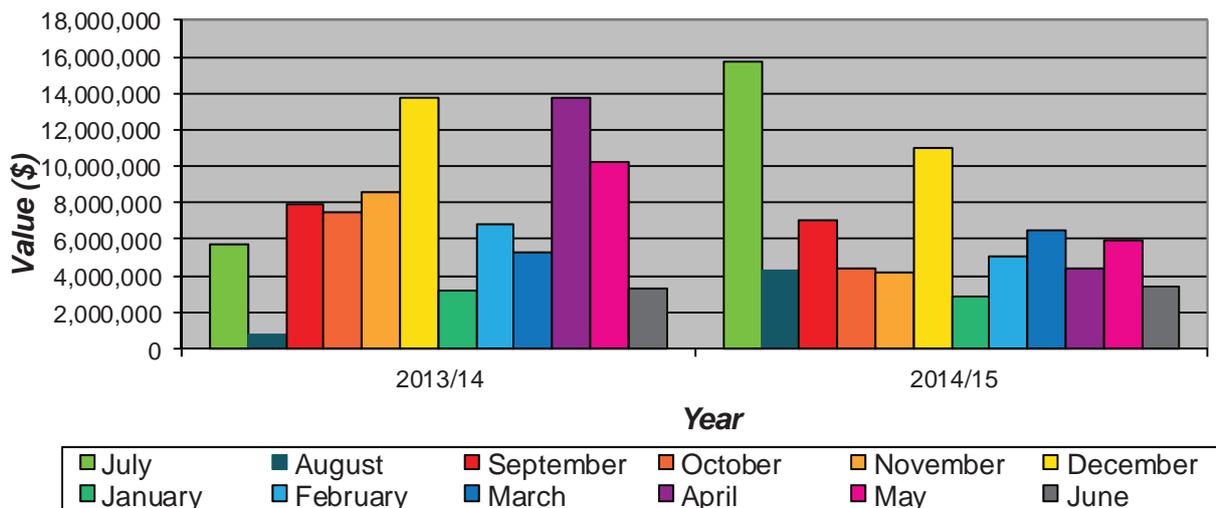
2. Earthquake Policy

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 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
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	525	573	446
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	2,069	2,135	1,742
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	16	14	135
Total operating funding	2,610	2,722	2,323
Applications of operational funding			
Payments to staff and suppliers	2,510	2,621	2,482
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	2,510	2,621	2,482
Surplus (deficit) of operational funding	100	101	(159)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	11
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	11
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	42	51	1
Increase (decrease) in reserves	58	50	(149)
Increase (decrease) in investments	-	-	-
Total application of capital funding	100	101	(148)
Surplus (deficit) of capital funding	(100)	(101)	159
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	106	109	35

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.

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. This ensures that Council has response and recovery

plans in place in the event of an emergency affecting the District. Emergency Management Southland has also and assisted the community in being prepared for an emergency.

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
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	2014/15 Target	2014/15 Result
Number of public education activities delivered to residents, schools and interest groups.	30	Achieved - 31 (2013/14 - 40 - Achieved)
Percentage of residents who have awareness of at least three of the major hazards likely to affect Southland.	45% (This target was reviewed after survey results showed that 50% was too ambitious at this time)	Not achieved - 27% ¹ (2013/14 - 28% - Not achieved)
Percentage of residents who have a plan for coping with a civil defence emergency.	55%	Achieved - 61% ² (2013/14 - 47% - Not Achieved)
Advocacy by EMS to appropriate councils on appropriate resources and policy to mitigate effects of natural disasters.	3	Achieved - 6 ³ (2013/14 - 5 - Achieved)
Facilitation and funding of the Engineering Lifelines group (measured by meeting per annum).	3	Not achieved - 1 ⁴ (2013/14 - 2 - Not Achieved)

THE DETAILS

1. Resident 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.

2. Residents Plan For Emergency

Taken from the Ministry of Civil Defence and Emergency Management. Colmar-Brunton preparedness survey.

3. Advocacy

Two Joint Committee and four Coordinating Executive Group meetings.

4. Engineering Lifelines

Completion of the project consolidating lifelines information and a move of key staff to other work has resulted in fewer meetings. A new lifelines structure for 2015/16 should improve this.



FUNDING IMPACT STATEMENT - CIVIL DEFENCE EMERGENCY MANAGEMENT

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	246	254	240
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	171	177	195
Total operating funding	417	431	435
Applications of operational funding			
Payments to staff and suppliers	417	431	416
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	417	431	416
Surplus (deficit) of operational funding	-	-	19
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	-	-	19
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	19
Surplus (deficit) of capital funding	-	-	(19)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	14

FUNDING IMPACT STATEMENT ANALYSIS

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Compliance *including Parking Services*

WHAT WE HAVE DONE

The Compliance Activity managed parking enforcement services to ensure equitable parking for the community and protecting pedestrians. This was achieved by enforcing car parking in the District,

monitoring and removing vehicles left abandoned and promoting good parking behaviour, including education around schools.

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.	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>2014/15 Target</i>	<i>2014/15 Result</i>
Parking patrols of Council managed parking spaces.	Average 80 hours patrolling per week.	Achieved - Average of 94 hours per week. ¹ (2013/14 - Not achieved. 55 hours)
Educational material is distributed at schools	Distributed to 8 schools per year	Achieved. Education material was emailed to all schools in Invercargill (28 schools) in relation to parking outside the school gates. (2013/14 - Not achieved. 5 schools)

THE DETAILS

1. Parking Patrols

The Parking Division aims to achieve an average of 80 hours patrolling Council managed parking spaces each week.

Full staffing has enabled patrolling hours to be achieved. This is an improvement from the previous year when an average of 55 hours patrolling per week was achieved.

FUNDING IMPACT STATEMENT - COMPLIANCE

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	(88)	(91)	(119)
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	6	6	122
Internal charges and overheads recovered	53	54	53
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	816	843	661
Total operating funding	787	812	716
Applications of operational funding			
Payments to staff and suppliers	709	732	579
Finance costs	-	-	-
Internal charges and overheads applied	53	54	53
Other operating funding applications	-	-	-
Total applications of operational funding	762	786	632
Surplus (deficit) of operational funding	25	26	85
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	2
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	2
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	9	33	2
Increase (decrease) in reserves	16	(7)	85
Increase (decrease) in investments	-	-	-
Total application of capital funding	25	26	87
Surplus (deficit) of capital funding	(25)	(26)	(85)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	26	27	11

FUNDING IMPACT STATEMENT ANALYSIS

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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>2014/15 Target</i>	<i>2014/15 Result</i>
Excessive noise complaints are investigated and responded to within one hour.	95%	Not Achieved - 93% ¹ (2013/14 - Not Achieved - 81%)
Food premises are checked annually for compliance.	80-90%	Achieved - 80% (2013/14 - Not Achieved - 43%)
An increased number of food premises on a Food Control Plan.	30 - 40%	Not Achieved - 22% (66 premises) ² (2013/14 - No baseline. New measure).
Tavern or entertainment licenses are checked annually for compliance.	80-90%	Achieved - 86% (2013/14 - Not Achieved - 68%)

THE DETAILS

1. Noise Complaints

In the previous year the response rate was 81%. The target was achieved for 10 months of the year but during the summer months the heavy demand for the service delayed some responses. Next summer, additional staff will be employed by the contractor. It should also be noted that we now offer a 24 hour response by a professional contractor.

2. Food premises on Food Control Plan

There are currently 66 premises who have a Food Control Plan. This number is expected to increase in 2015/16 as all premises required to have a Food Control Plan need to have a Plan in place by March 1 2016.

FUNDING IMPACT STATEMENT - ENVIRONMENTAL HEALTH

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	883	903	907
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	181	197	321
Internal charges and overheads recovered	-	-	68
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	20	20	60
Total operating funding	1,084	1,120	1,356
Applications of operational funding			
Payments to staff and suppliers	1,069	1,104	1,173
Finance costs	-	-	-
Internal charges and overheads applied	-	-	68
Other operating funding applications	-	-	-
Total applications of operational funding	1,069	1,104	1,241
Surplus (deficit) of operational funding	15	16	115
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	18
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	18
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	16	53
Increase (decrease) in reserves	16	1	79
Increase (decrease) in investments	-	-	-
Total application of capital funding	16	17	132
Surplus (deficit) of capital funding	(16)	(17)	(114)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	19	20	18

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>2014/15 Target</i>	<i>2014/15 Result</i>
The District Plan is monitored and changes recommended to Council.	Hearing of submissions on the District Plan will commence.	Achieved - Hearing of submissions to the Proposed District Plan is on-going with a completion date of early September 2015. ¹ (New measure)
Statutory timeframes for processing consents are met.	100%	Not Achieved - 99.5% ² (2013/14 - 100% Achieved)

THE DETAILS

1. District Plan

There were nine hearings during 2014/15 which covered 27 topic areas raised by submitters and further submitters in relation to the District Plan.

2. Statutory Time Frames

213 of 214 consents were processed within timeframes. One consent application was processed in exceedance of the statutory timeframe; this was due to the time taken for processing and a section 37 waiver (an extension of time to process the consent agreed to by the applicant) could not be applied. This gave 99.5% compliance for the 2014/15 financial year.

FUNDING IMPACT STATEMENT - RESOURCE MANAGEMENT

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	20	20	16
Targeted rates (other than targeted rate for water supply)	1,140	1,094	1,223
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	201	214	144
Internal charges and overheads recovered	-	-	4
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	32	33	6
Total operating funding	1,394	1,361	1,392
Applications of operational funding			
Payments to staff and suppliers	1,378	1,344	1,453
Finance costs	-	-	-
Internal charges and overheads applied	-	-	4
Other operating funding applications	-	-	-
Total applications of operational funding	1,378	1,344	1,457
Surplus (deficit) of operational funding	16	16	(65)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	15
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	15
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	2	29	34
Increase (decrease) in reserves	14	(13)	(84)
Increase (decrease) in investments	-	-	-
Total application of capital funding	16	16	(50)
Surplus (deficit) of capital funding	(16)	(16)	65
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	16	16	13

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 2014/15 (\$)	Actual Level of Financial Support Per Annum 2014/15 (\$)
Service Contracts			
Andersons Park Art Gallery Trust Board	Operation and promotion of the Anderson Park Art Gallery and care of the extensive collection.	173,103	174,603
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.	481,387	481,387
Southland Museum and Art Gallery Trust Board	Museum Redevelopment.	257,142	257,145
Southland Regional Heritage Committee	Preserving the Regional Heritage of Southland.	705,325	705,325
Grants			
Bluff Hill Motupohue Environment Trust	Supporting the pest control programme.	10,000	10,000
Bluff Maritime Museum Trust Board	Operation of the Bluff Maritime Museum.	20,000	20,000
Bluff Pool Trust	Operation of the Bluff Community Pool.	130,000	130,000
Bluff Yacht Club	Undertaking a feasibility study for the ramp upgrade.	30,000	-

<i>Entity</i>	<i>Contribution towards the Specialised Service Provided</i>	<i>Proposed Level of Financial Support Per Annum 2014/15 (\$)</i>	<i>Actual Level of Financial Support Per Annum 2014/15 (\$)</i>
Child, Youth and Family Friendly Sub-Committee	Enhancing the 'Friendly' brand.	10,000	-
Citizens Advice Bureau		24,000	24,000
Coastguard Bluff	Supporting the building of a new coastguard vessel to be based in Bluff.	50,000	50,000
Environment Southland	Contribution towards the completion of the Invercargill - Bluff Walkway/ Cycleway.	50,000	-
Events Fund*	Contribution towards event creation/ promotion.	100,000	100,000
Facilities Maintenance Fund	Contribution to the ongoing maintenance of Council owned facilities utilised by Community Groups and Sports Clubs.	100,000	100,000
Football for all Weathers	Interest and Principle Repayments	13,470	10,703
Iconic Events Fund*	Contribution towards the holding of iconic events or performances in Invercargill.	100,000	100,000
Poppycock Trust	Supporting the Internet Health and Safety Consultant Southland Initiative project.	10,000	10,000
Southland Indoor Leisure Centre Charitable Trust	Loan interest for 2013/14 year resulting from the contribution to Stadium Southland rebuild.	110,084	88,250
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
To be determined	Addressing homelessness in Invercargill.	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>2013/14 \$'000</i>	<i>2014/15 \$'000</i>	<i>2014/15 \$'000</i>
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	2,092	2,327	2,069
Targeted rates (other than targeted rate for water supply)	118	131	344
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	21	22	15
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	2,234	2,483	2,428
Applications of operational funding			
Payments to staff and suppliers	3,963	4,034	2,103
Finance costs	-	-	105
Internal charges and overheads applied	3	3	-
Other operating funding applications	-	-	-
Total applications of operational funding	3,967	4,037	2,208
Surplus (deficit) of operational funding	(1,733)	(1,554)	220
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,757	1,579	(78)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	1,757	1,579	(78)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	24	25	141
Increase (decrease) in investments	-	-	-
Total application of capital funding	24	25	142
Surplus (deficit) of capital funding	1,733	1,554	(220)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

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FUNDING IMPACT STATEMENT - SOUTHLAND REGIONAL HERITAGE COMMITTEE

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	941	971	705
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	18
Local authorities fuel tax, fines, infringement fees, and other receipts	471	476	396
Total operating funding	1,412	1,446	1,119
Applications of operational funding			
Payments to staff and suppliers	2,691	1,265	1,073
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	2,691	1,265	1,073
Surplus (deficit) of operational funding	(1,279)	181	46
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,279	(181)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	1,279	(181)	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	46
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	46
Surplus (deficit) of capital funding	1,279	(181)	(46)
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	2014/15 Target	2014/15 Result
Number of groups and households involved in Neighbourhood Support.	An increase of 10 Neighbourhood Support Groups.	Not Achieved - Four new groups formed and three closed. ¹ (2013/14 - Not Achieved - five groups)
Funding rounds for the Creative Communities Invercargill and Invercargill Active Communities programmes are held.	Invercargill Active Communities monthly rounds (under \$1,000) quarterly rounds (\$1,000). Creative Community Invercargill two rounds per year.	Achieved - Two Creative rounds and 16 Active rounds held. (2013/14 - Achieved two Creative and 16 Active)
Provide community clinics that ensure public level access to Councillors.	Community Consultation Clinics will be held as required, with at least four per year.	Not Achieved ² (2013/14 - Not Achieved)

THE DETAILS

1. Numbers of Groups in Neighbourhood Support

Four new groups were formed and three closed. The staff member responsible for the programme was on leave for five months halting progress on this programme.

2. Community Clinics

The programme was made available on request. A Councillor 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. The "consultation caravan" and other consultation tools were developed in the final six months of the year.



FUNDING IMPACT STATEMENT - COMMUNITY DEVELOPMENT

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	240	248	246
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	2	2	115
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	3
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	10
Total operating funding	242	250	374
Applications of operational funding			
Payments to staff and suppliers	233	241	260
Finance costs	6	6	5
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	239	247	265
Surplus (deficit) of operational funding	3	3	109
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(3)	(3)	(3)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(3)	(3)	(3)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	106
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	106
Surplus (deficit) of capital funding	(3)	(3)	(109)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	1

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 up to a maximum of 30% of gross superannuation.

HOW DID WE MEASURE UP

Measure	2014/15 Target	2014/15 Result
Rentals levels maintained up to a maximum of 30% of gross superannuation	A maximum of 30%	Achieved - All rents are below 30% ¹ (2013/14 - 19.2-23.2%)

THE DETAILS

1. Rental levels

Based on the new single gross superannuation rate set at 1 April 2015, the percentage range is 19.5% - 23.7% of GRI as at 30 June 2015.

FUNDING IMPACT STATEMENT - HOUSING CARE SERVICES

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	19
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	1,002	1,034	1,032
Internal charges and overheads recovered	815	840	760
Interest and dividends from investments	-	-	9
Local authorities fuel tax, fines, infringement fees, and other receipts	20	17	4
Total operating funding	1,837	1,891	1,824
Applications of operational funding			
Payments to staff and suppliers	682	704	745
Finance costs	36	36	18
Internal charges and overheads applied	815	840	760
Other operating funding applications	-	-	-
Total applications of operational funding	1,534	1,580	1,523
Surplus (deficit) of operational funding	303	310	301
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(59)	(63)	(51)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(59)	(63)	(51)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	298	271	-
Increase (decrease) in reserves	(53)	(24)	249
Increase (decrease) in investments	-	-	-
Total application of capital funding	245	248	249
Surplus (deficit) of capital funding	(303)	(310)	(301)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	412	418	296

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 (Adults 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

Measure	2014/15 Target	2014/15 Result
Number of issues per year.	640,000	Not Achieved - 602,380 (2013/14 - Not achieved 601,506)
Level of reference enquiries.	95,000	Achieved - 128,520 (2013/14 - Achieved 92,374)
Increasing number of visits per year.	530,000	Not Achieved - 512,168 (2013/14 - Achieved 531,204)
Membership as a percentage of total population.	65-75%	Achieved 71% (2013/14 - Achieved 75%)

THE DETAILS

The above results reflect the changing use of Invercargill City Libraries and Archives. The number of issues per year did not achieve the 2014/15 target of 640,000 but has shown an increase from last year to 602,380. The numbers visiting the library have decreased to 512,335 but increasing use of

online resources is reflected in the growing number of reference enquiries. The library subscribes to a number of online resources such as Press Display and Ancestry.com which have proved very popular with library users.

WHAT ELSE HAVE WE DONE?

Events and programmes provided for all ages remain popular. The spectrum includes book clubs, Minecraft, holiday programmes and family history evenings. This year these have been extended to include digital literacy. A "Book a Librarian" service has been introduced where a skilled staff member will provide one-on-one assistance for a range of public enquiries. The Library and Archives is also involved in a number of outreach programmes. The Housebound Service provides access to the library resources for those who are unable to visit the library with a maximum of 120 users. Programmes such as Wriggle and Rhyme have now been made available in Bluff with limited attendance at this stage as space is restricted. There

has been a trial of a pop-up library in South City shopping centre. This happens once a month and provides a chance for people in that area to find out what resources and services are available.

The Archives service gained Approved Repository status from Archives New Zealand and is deemed to be an organisation of caring for, both physically and intellectually, public records on behalf of the Chief Archivist and central government. The Archive is now responsible for all three levels of archives in Southland - community, local body (Invercargill City Council) and public (central government).

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 and Archives has been marketing its resources and services through new avenues such as social media. It is hoped with further marketing and promotion the number of visitors will increase.

The Library and Archives continues to collaborate with a number of organisations such as the Genealogical Society, Heritage South, Dan Davin Literary Foundation and the Southland Museum and Art Gallery. This has now extended to include Polyfest, Southland Heritage Month, Southland Arts Festival and most recently with mediamash where we were joint partners in providing a day of learning new digital skills from Invercargill and Southland schools.

CAPITAL WORKS PROJECTS

<i>Project</i>	<i>Proposed \$000</i>	<i>Actual \$000</i>
Renewal of elevators and lift	450	0 ¹
Office changes for Radio Frequency Identification (RFID)	370	19 ²

THE DETAILS

1. *Renewal of elevator and lift*

Renewal of the lift and elevators work was programmed for 2014/15. The asset is nearing the end of its life and is therefore due for renewal. Council has carried this loan amount forward into the 2015/16 financial year as renewal is imminent.

2. *Office changes for RFID*

The office changes and RFID plans are still being finalised, detailed design is yet to be confirmed. The balance of the proposed loan figures from 2013/14 (\$50,000) and 2014/15 (\$370,000) will be carried forward and the proposed remaining budget from these loans (\$401,000) will be used for the works required on the office changes and RFID.

FUNDING IMPACT STATEMENT - LIBRARIES AND ARCHIVES

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	62	62	33
Targeted rates (other than targeted rate for water supply)	3,613	3,692	3,702
Subsidies and grants for operating purposes	8	8	4
Fees, charges and targeted rates for water supply	198	204	127
Internal charges and overheads recovered	618	637	584
Interest and dividends from investments	-	-	10
Local authorities fuel tax, fines, infringement fees, and other receipts	78	78	40
Total operating funding	4,576	4,682	4,500
Applications of operational funding			
Payments to staff and suppliers	3,138	3,227	3,213
Finance costs	120	115	106
Internal charges and overheads applied	618	637	584
Other operating funding applications	-	-	-
Total applications of operational funding	3,877	3,979	3,903
Surplus (deficit) of operational funding	699	703	597
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(84)	(89)	(58)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(84)	(89)	(58)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	33
- to replace existing assets	588	938	413
Increase (decrease) in reserves	27	(324)	93
Increase (decrease) in investments	-	-	-
Total application of capital funding	615	614	539
Surplus (deficit) of capital funding	(699)	(703)	(597)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	1,166	958	1,107

FUNDING IMPACT STATEMENT ANALYSIS

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Parks and Reserves *including Cemeteries and Crematorium*

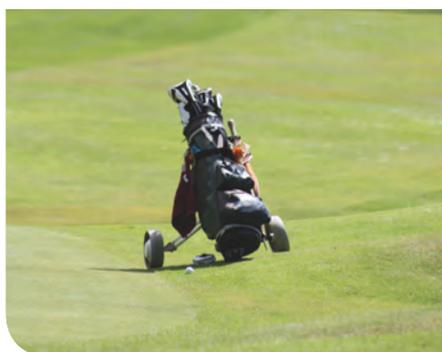
WHAT WE HAVE DONE

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

Measure	2014/15 Target	2014/15 Result
Queens Park is accredited as a "Garden of National Significance".	Accreditation retained	Achieved - Accreditation retained. (2013/14 Achieved)
Percentage of urban residents within 500 metres of a park or reserve.	96%	Achieved - 96%. (2013/14 Achieved 96%)
Burial records are available on Council's website.	100%	Achieved - 100%. (2013/14 Achieved 100%)

CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$75,000 in 2014/15 were:

Project	Proposed \$000	Actual \$000
Queens Park Specialist Displays	90	85 ¹
New Play Equipment	147	86 ²
Plant and Equipment	101	111
Turf Surfaces	180	3 ³
Queens Park Toilets	140	147 ⁴

THE DETAILS

1. Queen's Park

The Queens Park work included lighting and kerbing of Coronation Avenue and rose labels.

2. Play Equipment

New play equipment has been received and is ready to be installed.

3. Turf Surfaces

A full evaluation and planning with consultations has been carried out for turf surfaces, but works are yet to be undertaken. A request will be made for this item to be carried forward and the funding spent in 2015/16 as only \$3,330 was spent in the 2014/15 year.

4. Queen's Park Toilet

Queens Park toilet was installed and is up and running. The extra cost to budget was because additional service connections were required.

FUNDING IMPACT STATEMENT - PARKS AND RESERVES

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	72	72	69
Targeted rates (other than targeted rate for water supply)	5,852	5,945	5,586
Subsidies and grants for operating purposes	36	37	15
Fees, charges and targeted rates for water supply	903	932	973
Internal charges and overheads recovered	7,444	7,677	7,090
Interest and dividends from investments	-	-	125
Local authorities fuel tax, fines, infringement fees, and other receipts	1,134	1,158	1,111
Total operating funding	15,441	15,821	14,969
Applications of operational funding			
Payments to staff and suppliers	6,497	6,706	6,178
Finance costs	44	40	41
Internal charges and overheads applied	7,444	7,677	7,090
Other operating funding applications	-	-	-
Total applications of operational funding	13,985	14,424	13,309
Surplus (deficit) of operational funding	1,455	1,397	1,660
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(61)	(65)	(69)
Gross proceeds from sale of assets	-	-	36
Lump sum contributions	-	-	-
Total sources of capital funding	(61)	(65)	(33)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	40
- to replace existing assets	1,501	1,359	993
Increase (decrease) in reserves	(107)	(27)	593
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,394	1,332	1,627
Surplus (deficit) of capital funding	(1,455)	(1,397)	(1,660)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	712	708	772

FUNDING IMPACT STATEMENT ANALYSIS

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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>2014/15 Target</i>	<i>2014/15 Result</i>
Homes in the Invercargill urban area are within 400 metres of a serviced bus route.	90%	Achieved - 90%. No change to routes so as the target was achieved in 2013/14 Council continues to meet the target. (2013/14 - Achieved - 90%)
Farebox recovery percentage.	36%	Not Achieved - 34% (2013/14 - Achieved - 34%)
All members of the community have the opportunity to use public transport.	Total Mobility Scheme is administered.	Achieved. Total mobility administered and delivered to the community. (2013/14 - Achieved.)

WHAT ELSE HAVE WE DONE?

The Bus Smart service has been operating for 32 months and whilst some growth was seen in the previous year, passenger numbers have been declining in the last five months. The customer satisfaction survey (November 2014) 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. However, with fewer patrons the fare revenue received has kept the farebox recovery below the target although a small fare increase occurred. The forward target for the farebox will be very dependent on having stronger numbers of adult passengers using the service.

The Bus Smart electronic card payment system continues to be a popular payment method, particularly amongst the younger users. A real time bus tracking system was introduced in June 2015 to provide better service for the customers.

It has however been a disappointing end to the year with reducing passenger numbers.

FUNDING IMPACT STATEMENT - PASSENGER TRANSPORT

	<i>Long Term Plan 2012 - 2022</i>		<i>Actual</i>
	<i>2013/14 \$'000</i>	<i>2014/15 \$'000</i>	<i>2014/15 \$'000</i>
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	136	141	140
Targeted rates (other than targeted rate for water supply)	901	938	602
Subsidies and grants for operating purposes	1,171	1,222	953
Fees, charges and targeted rates for water supply	12	13	283
Internal charges and overheads recovered	1	1	-
Interest and dividends from investments	-	-	2
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	48
Total operating funding	2,221	2,315	2,028
Applications of operational funding			
Payments to staff and suppliers	2,165	2,233	1,959
Finance costs	-	-	-
Internal charges and overheads applied	1	1	-
Other operating funding applications	-	-	-
Total applications of operational funding	2,166	2,235	1,959
Surplus (deficit) of operational funding	55	80	69
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	54	79	17
Increase (decrease) in reserves	1	1	52
Increase (decrease) in investments	-	-	-
Total application of capital funding	55	80	69
Surplus (deficit) of capital funding	(55)	(80)	(69)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	33

FUNDING IMPACT STATEMENT ANALYSIS

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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	2014/15 Target	2014/15 Result
All water quality standards are within normal limits.	95%	Achieved - 97% (2013/14 - Achieved - 99%)
Number of visits to Splash Palace per head of Invercargill population.*	At least 6	Achieved - 7.7 visits (2013/14 - Achieved - 7.5 visits)
Percentage of Swim School customers who rate their experience as good or very good when surveyed.	80%	Achieved - 95.6% (2013/14 Achieved - 90%)

* Based on population of 51,696 - 2013 Census.

CAPITAL WORKS PROJECTS

Project	Proposed \$000	Actual \$000
Extend Car Park	214	0
Replace Ozone Tanks	54	0

THE DETAILS

These projects were deferred in order to reduce capital expenditure during the 2014/15 year.



FUNDING IMPACT STATEMENT - POOLS

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	20	20	25
Targeted rates (other than targeted rate for water supply)	1,500	1,643	1,654
Subsidies and grants for operating purposes	142	146	124
Fees, charges and targeted rates for water supply	856	883	766
Internal charges and overheads recovered	1,236	1,388	1,334
Interest and dividends from investments	-	-	1
Local authorities fuel tax, fines, infringement fees, and other receipts	587	604	777
Total operating funding	4,342	4,685	4,681
Applications of operational funding			
Payments to staff and suppliers	2,807	2,905	3,176
Finance costs	88	134	108
Internal charges and overheads applied	1,236	1,388	1,334
Other operating funding applications	-	-	-
Total applications of operational funding	4,132	4,428	4,617
Surplus (deficit) of operational funding	211	257	64
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	708	(38)	(209)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	708	(38)	(209)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	12
- to improve the level of service	-	-	96
- to replace existing assets	954	299	48
Increase (decrease) in reserves	(36)	(80)	(301)
Increase (decrease) in investments	-	-	-
Total application of capital funding	918	219	(145)
Surplus (deficit) of capital funding	(211)	(257)	(64)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	458	632	486

FUNDING IMPACT STATEMENT ANALYSIS

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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	2014/15 Target	2014/15 Result
Automated toilets are available 24 hours a day.	95%	Achieved - 97% (2013/14 - Achieved - 98%)

CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$75,000 in 2014/15 were

Project	Proposed \$000	Actual \$000
Library / Carpark Accessible Toilet Upgrade	\$102	\$21

THE DETAILS

An accessible public toilet in the walkway between the library and carpark was opened in 2007, it was subject to excessive vandalism and was closed 2010. An automated 'Exeloo' unisex accessible toilet will be installed in place of the closed toilet. The Exeloo has vandal and graffiti proof finishes and concealed

services to reduce the occurrence of damage and mistreatment. The deposit for the Exeloo was paid in 2014/15 and is currently under construction in Auckland. The balance of \$81,000 funded by loans for the capital works is carried over into the 2015/16 financial year.

FUNDING IMPACT STATEMENT - PUBLIC TOILETS

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	376	387	344
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	3	-	11
Total operating funding	379	387	354
Applications of operational funding			
Payments to staff and suppliers	290	299	253
Finance costs	29	27	16
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	318	327	270
Surplus (deficit) of operational funding	61	61	85
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(16)	(17)	(15)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(16)	(17)	(15)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	21
- to replace existing assets	96	-	42
Increase (decrease) in reserves	(51)	44	7
Increase (decrease) in investments	-	-	-
Total application of capital funding	45	44	70
Surplus (deficit) of capital funding	(61)	(61)	(85)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	52	53	27

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.

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
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	973	989	953
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	740	764	823
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	(81)	(85)	-
Total operating funding	1,632	1,668	1,776
Applications of operational funding			
Payments to staff and suppliers	677	681	319
Finance costs	57	52	230
Internal charges and overheads applied	740	764	823
Other operating funding applications	-	-	-
Total applications of operational funding	1,474	1,497	1,372
Surplus (deficit) of operational funding	158	171	404
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(83)	(88)	(298)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(83)	(88)	(298)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	65	270	-
Increase (decrease) in reserves	10	(187)	106
Increase (decrease) in investments	-	-	-
Total application of capital funding	75	83	106
Surplus (deficit) of capital funding	(158)	(171)	(404)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	403	494	408

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.

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 2014/15	Result 2014/15
Unmodified audit report received for Long-Term Plan, Annual Report and any Long-Term Plan amendments.	Achieve	Achieved (2013/14 - Achieved)

THE DETAILS

The 2013/14 Annual Report was adopted by Council on 31 October 2014 and received an unmodified Audit Report.

No Long-Term Plan amendments were undertaken in the 2014/15 year.

The Long-Term Plan was adopted on 30 June 2015 and received an unmodified Audit Report.

FUNDING IMPACT STATEMENT - DEMOCRATIC PROCESS

	Long Term Plan 2012 - 2022		Actual
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	2,792	2,876	2,911
Targeted rates (other than targeted rate for water supply)	74	76	72
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	305	315	330
Interest and dividends from investments	-	-	4
Local authorities fuel tax, fines, infringement fees, and other receipts	14	13	25
Total operating funding	3,185	3,280	3,342
Applications of operational funding			
Payments to staff and suppliers	2,864	3,076	2,896
Finance costs	-	-	-
Internal charges and overheads applied	305	315	330
Other operating funding applications	-	-	-
Total applications of operational funding	3,169	3,391	3,226
Surplus (deficit) of operational funding	16	(111)	116
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	-	20	-
Total sources of capital funding	-	20	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	18	72	98
Increase (decrease) in reserves	(2)	(163)	18
Increase (decrease) in investments	-	-	-
Total application of capital funding	16	(91)	116
Surplus (deficit) of capital funding	(16)	111	(116)
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	41	43	44

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.

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	2014/15 Target	2014/15 Result
Number of Media and Famil* opportunities facilitated.	8 per year	Achieved - 23 ¹ (2013/14 Achieved - 20)
Percentage of programmed promotional activities delivered.	100%	Achieved - 100% (2013/14 - Achieved - 100%)
Number of Tourism Businesses using Venture Southland services.	25	Achieved - 98 ² (2013/14 - Achieved)
Number of conference and event opportunities assisted.	12 per year	Achieved - 20 ³ (2013/14 - Achieved)

* Famil - A free or low-cost trip for travel agents or consultants, provided by a travel wholesaler as a means of promoting their service.

THE DETAILS

1. Media and Famil

Some of the highlights in Media and Famil opportunities were the following: Kia Ora Magazine (Air NZ), Taste Magazine, Tourism New Zealand IMP (4), Herald, NZ Gardener, Wilderness Magazine, Gone Fishin, Frommers Travel Guide, Outdoors with Geoff, More FM, Images Magazine, Avenues Magazine, RV Travel and Lifestyle, Fairfax Stuff, and Woman's Day. Each opportunity included targeted content to the audience of each channel, with particular focus to demonstrate key regional clusters or product clusters (including; Invercargill/Bluff, Stewart Island, Gore, Western Southland, The Catlins, Northern Southland, Cycling, Fishing, Events, Art, Heritage, Industry, Walking, Food).

2. Tourism Businesses Using Venture Southland

61 trade ready operators, 31 non-trade operators, 6 community visitor attractions, and 6 promotion/ community associations.

3. Conference and Events

During the year we assisted in over 15 conferences and event opportunities. These included the ILT Kidzone, Burt Munro Challenge, Buskers Festival, Arts Festival, Volleyball Southland - Indoor Volleyball, Wildfood Festival, Harvest Festival, Hokonui Fashion Awards, Edendale Crankup and Joseph Parker Boxing. In the conference space we have prepared bid documents for 4 conferences, and working alongside the Invercargill Licensing Trust, have successfully won 5 conferences - there are a number of other conferences out to the 2016 and 2017 years. In addition Venture Southland has offered advice to a number of groups around hosting AGMs and the like.

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 supporting 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>2014/15 Target</i>	<i>2014/15 Result</i>
Number of Strategic Projects Facilitated.	6	10 strategic projects were facilitated/completed. ¹ (2013/14 - 8 Achieved)
Number of investment opportunities facilitated.	2	Achieved - 14 ² (2013/14- 12 Achieved)
Number of Sector Groups engaged with.	5	Achieved - 10 ³ (2013/14 - 8 Achieved)
New Zealand Trade and Enterprise Programme delivered.	Achieve	Achieved. (2013/14 - Achieved)
Amount of Funding allocated.	\$180,000 Training plus R&D	\$200,000 training funding and \$125,000 R & D funding. (2013/14 - Achieved)

THE DETAILS

1. Strategic projects

10 Strategic Projects completed/facilitated. These include: Methane Recovery (facilitated), Oats (facilitated), Wood Energy (facilitated), Southland Youth Futures (Youth employment) (facilitated), Silica (facilitated), Canterbury South (facilitated), Regional Tax intake (Completed), Southland Economic Profile (Completed), Southland Labour Market Strategy (completed), Regional Broadband extension (facilitated).

2. Number of Investment opportunities facilitated

14 (Southland Oat Initiative, Kingston Flyer, Aquaculture Development - King Salmon, Mining Investment, Silica, Radio Science and Earth Observation x 6, Data Bank Initiative, Biotech, Agricultural Education).

3. Sector group engagement

Ten groups (Southland Energy Consortium, Southland Engineering Group, Canterbury South, Wood Energy South, Food South, Oat Industry Group, Federated Farmers, Dairy Women's Network, Southland Lean Cluster, DairyNZ, Film Otago Southland).

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
	2013/14 \$'000	2014/15 \$'000	2014/15 \$'000
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	1,715	1,770	1,669
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	26
Local authorities fuel tax, fines, infringement fees, and other receipts	1531	1,548	1,422
Total operating funding	3,246	3,318	3,117
Applications of operational funding			
Payments to staff and suppliers	3,246	3,318	3,032
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	3,246	3,318	3,032
Surplus (deficit) of operational funding	-	-	85
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	-	-	85
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	85
Surplus (deficit) of capital funding	-	-	(85)
Funding balance			
	-	-	-
Depreciation expense (not included in the above FIS)	-	-	10



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	2014/15 Target	2014/15 Result
Rate of return is at least equal to the current market interest rate.	Achieve current market interest rate.	Achieved - 5.66% (2013/14 - 5.37%)

THE DETAILS

The return from Endowment and Trading Properties was 5.66%. This is greater than the current market interest rate of 4%. This equates to an additional return on investments of 41%.

FUNDING IMPACT STATEMENT - INVESTMENT PROPERTY

	<i>Long Term Plan 2012 - 2022</i>		<i>Actual</i>
	<i>2013/14 \$'000</i>	<i>2014/15 \$'000</i>	<i>2014/15 \$'000</i>
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	(314)	(343)	(197)
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	339	349	441
Internal charges and overheads recovered	60	60	8
Interest and dividends from investments	-	-	89
Local authorities fuel tax, fines, infringement fees, and other receipts	1,093	1,119	940
Total operating funding	1,177	1,185	1,280
Applications of operational funding			
Payments to staff and suppliers	916	942	972
Finance costs	477	477	517
Internal charges and overheads applied	60	60	8
Other operating funding applications	-	-	-
Total applications of operational funding	1,453	1,480	1,497
Surplus (deficit) of operational funding	(275)	(295)	(216)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	107
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	107
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	1,315
Increase (decrease) in reserves	(275)	(295)	(1,424)
Increase (decrease) in investments	-	-	-
Total application of capital funding	(275)	(295)	(109)
Surplus (deficit) of capital funding	275	295	216
Funding balance	-	-	-
Depreciation expense (not included in the above FIS)	-	-	25

FUNDING IMPACT STATEMENT ANALYSIS

A variance analysis of the Funding Impact Statements has not been undertaken as we are legislatively required to use the 2014/15 budgets prepared as part of the 2012 - 2022 Long-Term Plan. Council's intentions and priorities have changed since these initial budgets, and these changes have been consulted on as part of the development of the 2013/14 and 2014/15 Annual Plans. For additional comments regarding major variances across Council, please refer to note 32 within the Financial Management section of this report, pages 239 to 244.



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

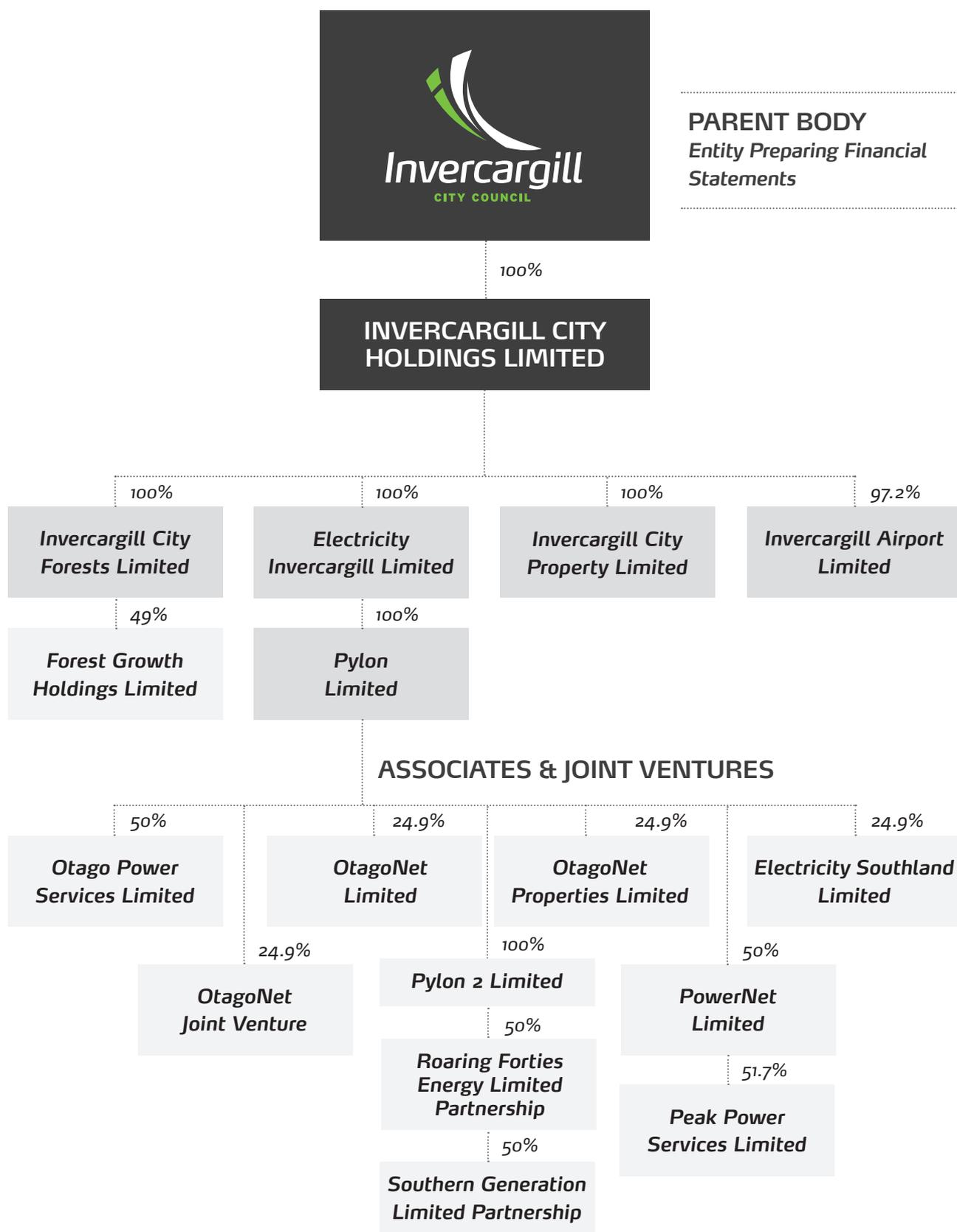
Invercargill City Holdings Limited is wholly owned by Invercargill City Council. There was no proposal to change the ownership or control of Invercargill City Holdings Limited in 2014/15.

Invercargill City Holdings Limited's scope of activities were intended to provide input into the Statement of Intent of each of its subsidiaries. This was 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

2014/15 year by keeping the Council informed of matters of substance 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>2014/15 Targets</i>	<i>2014/15 Result</i>
Invercargill City Holdings Limited - % Before Tax	13.79%	11.84%
Invercargill City Holdings Limited - % After Tax	9.93%	8.12%

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 2014/15.

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 2014/15 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>2014/15 Target</i>	<i>2014/15 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.	Not Achieved ¹ (2013/14 - Not Achieved)
Development and implementation of an annual visitor experience programme.	A minimum of 15 short-term exhibitions, including nine in the community access gallery.	Not Achieved ² (2013/14 - Achieved)
Promotion of the Southland Museum and Art Gallery as a quality venue to visit for residents and visitors.	Annual visitor numbers exceed 200,000/annum.	Achieved ³ (2013/14 - Achieved)

THE DETAILS

1. Collections

A redevelopment proposal has been developed and publicised. The Trust's current activity is to make presentations to funders and other stakeholders to get consensus. This process has created discussion in the community about moving the museum to the CBD.

2. Visitor experience

15 short-term exhibitions have been opened this year,

eight of which were in the Community Access Gallery.

3. Promotion of Museum

The door counter has recorded 245,446 visitors for the year which is a 6% increase from the previous year.

Invercargill Venue and Events Management Limited

Invercargill Venue and Events Management Limited's purpose is to operate and market the Civic Theatre and Scottish Hall, 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 2014/15 year by managing and operating the Civic Theatre and promoting events in Invercargill.

HOW DID WE MEASURE UP

Measure	2014/15 Target	2014/15 Result
Increase in bookings for the Civic Theatre complex.	Increase in bookings for the Civic Theatre complex.	Not Achieved. (2013/14 - Achieved)

THE DETAILS

The bookings of the Civic Theatre and Scottish Hall during the 2014/15 year is as follows:

- Civic Theatre - 56 bookings down 21 on the previous year (2013/2014 - 77 Bookings)
- Victoria Rooms - 41 bookings down 7 on the previous year (2013/2014 - 48 Bookings)
- Drawing Room - 47 bookings down 18 on the previous year (2013/2014 - 65 Bookings)
- Scottish Hall - 25 bookings up 10 on the previous year (2013/2014 - 10 Bookings)

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.

<i>Measure of Service</i>	<i>Target Levels of Performance 2014/15</i>	<i>2014/15 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. (2013/14 - Achieved)
Develop and deliver inspiring educational visits for all audiences.	Maintain and grow visitor numbers.	Achieved. 5,156 visitors 2014/15 (2013/14 - 4,241).

THE DETAILS

The Bluff Maritime Museum Trust contributes towards the achievement of Invercargill City's Community Outcomes. The Trust receives grants from, the Southland Regional Heritage Committee, Environment Southland, the Invercargill City Council and the Bluff Community Board.

The last year has seen an increase in school tours from as far away as Queenstown and Cromwell. There has also been an increase in tourist groups that come to visit. The museum staffs' continued efforts to offer engaging displays and interesting collections have contributed to the increase in visitor numbers.



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 Revenue and Expense
- 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 30 June, 2015

	Note	Council Actual 2015 (\$000)	Council Budget 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Assets						
Current assets						
Cash and cash equivalents	8	4,469	1,435	5,078	14,751	8,502
Receivables	9	11,310	11,792	9,750	10,753	8,394
Prepayments		178	-	140	252	198
Tax receivables		-	-	-	2	2
Inventories	10	669	648	667	676	1,031
Other financial assets	17	-	(764)	-	-	-
Derivative financial instruments	17	-	-	-	-	454
Total current assets		16,626	13,111	15,635	26,434	18,581
Non-current assets						
Work in progress		6,323	-	4,175	12,587	10,838
Property, plant and equipment	11	641,428	694,254	647,697	745,292	737,101
Intangible assets	12	339	273	307	339	307
Forestry assets	13	2,351	1,370	2,005	17,405	17,453
Investment property	14	25,999	26,088	25,539	29,999	29,619
Investment in associates and joint ventures	15,16	-	-	-	66,196	61,170
Investment in CCOs and similar entities	17	36,069	36,546	36,069	-	-
Other financial assets - Other investments	17	10,724	15,392	8,430	15,596	14,872
Other financial assets - Derivative financial instruments	17	85	-	238	186	238
Deferred tax assets	22	-	-	-	683	239
Total non-current assets		723,318	773,923	724,460	888,283	871,837
Total Assets		739,944	787,034	740,095	914,717	890,418
Liabilities						
Current liabilities						
Bank overdraft	8	-	-	-	-	-
Trade and other payables	18	10,289	10,539	8,892	19,563	15,231
Provisions	19	112	112	112	112	112
Employee benefit liabilities	20	2,296	2,649	1,949	2,345	2,013
Borrowings	21	-	2,842	-	-	-
Tax payable		-	-	-	1,258	654
Derivative financial instruments	17	6	-	7	21	762
Total current liabilities		12,703	16,142	10,960	23,299	18,772
Non-current liabilities						
Provisions	19	816	906	863	816	863
Employee benefit liabilities	20	809	860	812	809	812
Borrowings	21	28,861	58,005	29,716	101,122	88,377
Deferred tax liability	22	-	-	-	21,940	20,647
Derivative financial instruments	17	647	-	374	2,969	374
Total non-current liabilities		31,133	59,771	31,765	127,656	111,073
Total liabilities		43,836	75,913	42,725	150,955	129,845
Equity						
Retained earnings	23	398,212	404,800	401,939	438,323	439,049
Other reserves	23	297,896	306,321	295,431	325,439	321,524
Total equity		696,108	711,121	697,370	763,762	760,573
Total liabilities and equity		739,944	787,034	740,095	914,717	890,418
Total equity attributable to the Council		696,108	711,121	697,370	760,911	757,743
Total equity attributable to Minority Interests		-	-	-	2,851	2,830
Total equity		696,108	711,121	697,370	763,762	760,573

The accompanying notes form an integral part of these financial statements

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended June 30, 2015

	Note	Council Actual 2015 (\$000)	Council Budget 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Revenue						
Rates revenue	1	46,022	45,310	45,781	46,022	45,781
Fines		298	496	280	298	280
Subsidies and grants		7,379	7,258	7,699	7,579	7,897
Direct charges revenue		17,770	20,535	17,404	50,141	49,899
Rental revenue		1,852	1,527	1,565	1,852	1,565
Finance revenue		441	401	656	1,087	994
Dividends		4,200	4,200	3,900	-	-
Total revenue (excluding gains)		77,962	79,727	77,285	106,979	106,416
Expenditure						
Employee expenses	4	21,613	21,344	20,261	22,767	21,286
Depreciation and amortisation		21,291	19,675	19,466	25,692	23,967
General expenses	5	33,399	37,083	34,433	53,085	57,204
Finance expenses		1,801	2,773	2,154	5,245	4,620
Total expenditure		78,104	80,875	76,314	106,789	107,077
Other gains/(losses)						
Other gains/(losses)	2	(695)	786	1,899	2,206	4,488
Operating surplus (deficit) before tax		(837)	(362)	2,870	2,396	3,827
Share of associate's and joint venture's surplus (deficit)		-	-	-	2,842	3,493
Surplus (deficit) before tax		(837)	(362)	2,870	5,238	7,320
Income tax expense	7	-	-	-	3,125	1,776
Surplus (deficit) after tax		(837)	(362)	2,870	2,113	5,544
Attributable to:						
Invercargill City Council		(837)	(362)	2,870	2,092	5,547
Minority interest		-	-	-	21	(3)
		(837)	(362)	2,870	2,113	5,544
Other comprehensive revenue and expense						
Property, plant and equipment revaluation gains/(losses)		-	-	52,385	2,886	52,385
Cash flow hedges		(425)	-	621	(1,810)	1,254
Total other comprehensive revenue and expense		(425)	-	53,006	1,076	53,639
Total comprehensive revenue and expense		(1,262)	(362)	55,876	3,189	59,183
Total comprehensive revenue and expense attributable to:						
Equity holders of the Council		(1,262)	(362)	55,876	3,168	59,186
Minority interest		-	-	-	21	(3)
		(1,262)	(362)	55,876	3,189	59,183

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY*For the year ended June 30, 2015*

		Council	Council	Council	Group	Group
		Actual	Budget	Restated	Actual	Restated
	Note	2015	2015	2014	2015	2014
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Balance at 1 July		697,370	711,483	641,494	760,573	701,390
Total comprehensive revenue and expenses		(1,262)	(362)	55,876	3,189	59,183
Balance at 30 June	23	696,108	711,121	697,370	763,762	760,573
Attributable to:						
Invercargill City Council		696,108	711,121	697,370	760,911	757,743
Minority interest		-	-	-	2,851	2,830
Balance at 30 June		696,108	711,121	697,370	763,762	760,573

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASHFLOWS

For the year ended June 30, 2015

		Council Actual 2015 (\$000)	Council Budget 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
	Note					
Cash flows from operating activities						
Receipts from rates revenue		45,969	45,310	45,875	45,969	45,875
Receipts from other revenue		26,924	29,815	29,809	56,962	60,020
Interest received		441	401	718	2,063	1,509
Dividends received		3,900	4,200	3,950	-	-
Payments to suppliers and employees		(53,986)	(58,427)	(57,468)	(70,449)	(74,489)
Interest paid		(1,801)	(2,773)	(2,154)	(5,502)	(4,687)
Income tax paid (refund)		-	-	-	(2,253)	(2,033)
Goods and services tax (net)		(541)	-	(482)	(496)	(516)
Net cash flows from operating activities	24	20,906	18,526	20,248	26,294	25,679
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		556	152	196	806	247
Proceeds from sale of investment property		80	-	232	80	232
Proceeds from sale of investments		-	5,794	11,787	1,700	13,723
Purchase of property, plant and equipment		(17,647)	(24,995)	(16,767)	(34,654)	(24,266)
Purchase of investments		(2,260)	(2,958)	-	(2,260)	4
Purchase of biological assets		-	-	-	(3)	(1,623)
Purchase of investment property		(1,262)	-	-	(1,262)	-
Purchase of intangible assets		(127)	-	(55)	(127)	(55)
Advances made to non subsidiaries		-	-	-	1,570	(5,370)
Investments in associates		-	-	-	(2,808)	(44)
Net cash flows from investing activities		(20,660)	(22,007)	(4,607)	(36,958)	(17,152)
Cash flows from financing activities						
Proceeds from borrowings		-	6,323	2,773	17,768	8,391
Repayment of borrowings		(855)	(2,842)	(13,388)	(855)	(13,888)
Net cash flows from financing activities		(855)	3,481	(10,615)	16,913	(5,497)
Net (decrease) increase in cash, cash equivalents and bank overdrafts		(609)	-	5,026	6,249	3,030
Cash, cash equivalents and bank overdrafts at the beginning of the year		5,078	1,435	52	8,502	5,472
Cash, cash equivalents and bank overdrafts at the end of the year	8	4,469	1,435	5,078	14,751	8,502

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

1 Rates revenue

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)
General rates	27,967	27,918
Targeted rates attributable to activities		
Water	6,203	6,217
Sewerage and drainage	7,498	7,343
Refuse and recycling	3,815	3,770
Rates penalties	628	622
Total revenue from rates	46,111	45,870

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:

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)
Halls, museums and other similar groups	5	5
Organisations whose object is the health and well-being of the community	21	21
Organisations whose principal object is the promotion of the arts or recreation	39	39
Organisations using premises as a showground or meeting venue	-	-
Organisations using premises for gaming and sport	9	9
Organisations using premises for branches of the arts	15	15
Total remissions	89	89
Rates revenue net of remissions	46,022	45,781

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.

Rating Base Information

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, Clause 30A of Schedule 10.

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)
Number of rating units within the Invercargill City Council	25,049	25,017
	(\$000)	(\$000)
Total rateable land value within the Invercargill City Council	-	-
Total rateable capital value within the Invercargill City Council	6,407,524	6,339,770

Invercargill City Council does not rate based on land value, and as such did not record land data value within the rating system for the 2013/14 and 2014/15 years. 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 gains and losses

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Change in fair value and harvesting of biological assets (refer Note 14)	346	635	2,383	3,247
Change in fair value of investment property	(722)	1,172	(802)	1,320
Change in fair value of investments	34	(20)	34	(20)
Net gain/(loss) on sale of property, plant and equipment	(353)	112	(368)	(111)
Reversal of prior impairment loss	-	-	945	-
Gain/(Loss) on derivatives - Foreign exchange contracts	-	-	-	62
Gain/(Loss) on foreign exchange rate conversion	-	-	14	(10)
Total other gains and losses	(695)	1,899	2,206	4,488

3 Reconciliations of Funding Impact Statements to Statement of Comprehensive Revenue & Expenses

Rates revenue reconciliation from Funding Impact Statements to Statement of Comprehensive Revenue & Expenses

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)
General rates, uniform annual general charges, rates penalties	5,218	7,585
Targeted rates (other than targeted rate for water supply)	40,804	38,196
Total rates income as per Funding Impact Statement	46,022	45,781
Rates excluding targeted water supply rates	39,819	39,564
Rates - Targeted water supply rates	6,203	6,217
Total rates income as per Statement of Comprehensive Revenue & Expenses	46,022	45,781

Operating revenue reconciliation from Funding Impact Statements to Statement of Comprehensive Revenue & Expenses

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)
Total operating funding as per Funding Impact Statement	76,675	75,945
PLUS: Capital funding - Subsidies and grants for capital expenditure		
- Roading activity	3,328	3,894
LESS: Share of joint ventures' revenue	(2,057)	(2,442)
PLUS - Non cash revaluations		
- Investment property revaluation gain/(loss)	(722)	1,172
- Biological assets revaluation gain/(loss)	346	635
- Investments revaluation gain/(loss)	34	(20)
- De-recognition of property, plant and equipment gain/(loss)	(337)	-
Total revenue funding as per Statement of Comprehensive Revenue and Expense (Including other gains/losses)	77,267	79,184
Rates excluding targeted water supply rates	39,819	39,564
Targeted rates for water supply	6,203	6,217
Subsidies and grants	7,379	7,699
Other revenue	24,120	23,149
Change in fair value and harvesting of biological assets	346	635
Change in fair value of investment property	(722)	1,172
Change in fair value of investments	34	(20)
Gain/(loss) on sale of assets	(353)	112
Finance revenue	441	656
Total revenue (Including other gains/losses)	77,267	79,184

Operating expenditure reconciliation from Funding Impact Statements to Statement of Comprehensive Revenue & Expenses

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)
Total applications of operating funding as per Funding Impact Statement	58,724	58,970
LESS: Share of joint ventures' expenses	(1,911)	(2,122)
Per Statement of Comprehensive Revenue and Expense	56,813	56,848
Employee benefit expenses	21,613	20,261
Other expenses	33,399	34,433
Finance expenses	1,801	2,154
Plus depreciation expenses (not in Funding Impact Statement)	21,291	19,466
Total operating expenditure including finance costs as per Statement of Comprehensive Revenue and Expense	78,104	76,314

4 Employee expenses

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Wages and salaries	20,908	20,787	22,062	21,812
Contributions to defined contribution plans	526	128	526	128
Increase/(Decrease) in employee benefits	179	(654)	179	(654)
Total employee expenses	21,613	20,261	22,767	21,286

Employee severance payments:

Council made three severance payments during the year ended 30 June 2015 totalling \$74,774 comprising of \$9,497, \$30,352 and \$34,925.

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

5 General expenses

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Audit fees - Audit New Zealand (Note 6)	242	143	445	307
Bad and doubtful debts	34	21	34	21
Directors' fees	-	-	648	543
Operating lease expenses	184	191	184	191
Impairment of property, plant and equipment	-	-	-	192
Direct operating expenses (including repairs and maintenance) arising on investment properties	770	954	770	954
Other expenses	32,169	33,124	51,004	54,996
Total general expenses	33,399	34,433	53,085	57,204

6 Auditor remuneration

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Auditor's remuneration to Audit New Zealand comprises:				
- Audit of financial statements	124	122	198	199
- Other audit-related services	100	21	119	21
- Audit of prior year's financial statements	18	-	18	-
Auditor's remuneration to other auditors comprises:				
- Audit of financial statements	-	-	43	39
- Other audit-related services	-	-	67	48
Total auditor remuneration	242	143	445	307

Other audit-related services for the audit or review of financial and non financial information other than financial reports including the Long-Term Plan.

7 Income tax expense

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Current tax expense				
Current period	-	-	2,858	2,128
Adjustment for prior periods	-	-	(18)	3
Total current tax expense	-	-	2,840	2,131
Deferred tax expense				
Origination and reversal of temporary differences	-	-	65	(505)
Adjustment for prior periods	-	-	-	32
Other	-	-	220	118
Total deferred tax expense	-	-	285	(355)
Total income tax expense	-	-	3,125	1,776
Reconciliation of effective tax rate				
Profit for the period excluding income tax	(837)	2,947	5,238	7,320
Permanent differences	-	-	-	(100)
	(837)	2,947	5,238	7,220
Tax at 28%	(234)	814	1,431	2,038
Non-deductible expenses	234	-	234	-
Tax exempt income	-	(814)	(29)	(824)
Group loss offset	-	-	140	(264)
Change in recognised permanent differences	-	-	1,324	714
Change in recognised temporary differences	-	-	-	88
Under/(Over) provided in prior periods	-	-	25	24
Total income tax expense	-	-	3,125	1,776

Within the Group; Invercargill City Holdings Limited will transfer tax losses to Electricity Invercargill Limited of \$1,292,691 (2014: \$700,000). Invercargill City Forests Limited will transfer tax losses to Electricity Invercargill Limited of \$204,296 (2014: \$Nil).

From the above tax position of loss offsets transferred to other Group companies for the year ended 30 June 2015, there are no unrecognised tax losses of the Group (2014: \$Nil).

Imputation credits

	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Imputation credits available for use in subsequent periods	9,086	8,339

8 Cash and cash equivalents

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Bank balances	4,465	5,063	6,641	6,681
Call deposits	-	-	8,106	1,805
Cash and cash equivalents	4	15	4	16
Cash and cash equivalents in the Statement of Cash Flows	4,469	5,078	14,751	8,502

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

9 Receivables

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Rates and water receivables	2,276	2,223	2,276	2,223
Related party receivables	4,291	3,956	357	486
Sundry debtors	3,749	3,128	6,171	5,126
Goods and services tax	1,045	471	2,000	587
	11,361	9,778	10,804	8,422
Less provision for impairment of receivables	(51)	(28)	(51)	(28)
Total receivables	11,310	9,750	10,753	8,394

Total receivables comprises:

Receivables from non-exchange transactions	5,270	4,361
Receivables from exchange transactions	6,040	5,389
Total receivables	11,310	9,750

Receivables from non-exchange transactions includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates.

Receivables from exchange transactions includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.

The carrying value of trade and other receivables approximates 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 receivables 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 judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Current (Less than 3 months)	11,310	9,750	10,753	8,394
3 to 6 months	-	-	-	-
6 to 9 months	-	-	-	-
9 to 12 months	-	-	-	-
> 12 months	-	-	-	-
Carrying amount	11,310	9,750	10,753	8,394

As of 30 June 2015 and 2014, all overdue receivables, except for rates receivables, 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 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
At 1 July	(28)	(17)	(28)	(17)
Additional provisions made during the year	(23)	(11)	(23)	(11)
At 30 June	(51)	(28)	(51)	(28)

10 Inventories

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Inventory held for distribution or provision of services at charge or nominal charge				
Raw materials and consumables	181	220	181	220
Finished goods	385	346	385	346
	566	566	566	566
Inventory held for sale or provision of services at commercial terms				
Finished goods	103	101	110	131
Timber logs	-	-	-	334
	103	101	110	465
Total inventories	669	667	676	1,031

The carrying amount of inventories held for distribution are measured at cost less any loss of service potential as at 30 June, 2015 amounted to \$Nil (2014: \$Nil).

The write-down of inventories held for distribution amounted to \$Nil (2014: \$Nil), while reversals of write-downs amounted to \$Nil (2014: \$Nil).

The carrying amount of inventories pledged as security for liabilities is \$Nil (2014: \$Nil).

11 Property, plant and equipment

2015

	\$000					
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions and transfers	Disposals and Derecognition	Current year disposals accumulated depreciation
	1-Jul-14	1-Jul-14	1-Jul-14			
Council operational assets						
Land	14,998	-	14,998	461	-	-
Buildings	68,416	-	68,416	638	(156)	5
Library books	4,801	-	4,801	373	-	-
Plant and equipment	18,844	(12,890)	5,954	711	(74)	58
Motor vehicles	3,773	(2,644)	1,129	842	(416)	348
Furniture and fittings	3,391	(3,189)	202	19	-	-
Total Council operational assets	114,223	(18,723)	95,500	3,044	(646)	411
Council infrastructural assets						
Roads and bridges	209,686	-	209,686	7,223	-	-
Stormwater systems	105,464	-	105,464	1,255	-	-
Wastewater systems - Treatment Plants & Facilities	18,072	-	18,072	388	-	-
Wastewater systems - Other Assets	61,559	-	61,559	571	-	-
Water systems - Treatment Plant & Facilities	7,400	-	7,400	-	-	-
Water systems - Other Assets	94,216	1	94,217	3,018	(337)	-
Land under roads	45,009	-	45,009	-	-	-
Total Council infrastructural assets	541,406	1	541,407	12,455	(337)	-
Council restricted assets						
Land	7,122	(74)	7,048	-	-	-
Land - Forestry	1,625	-	1,625	-	-	-
Buildings	3,391	(1,274)	2,117	-	-	-
Total Council restricted assets	12,138	(1,348)	10,790	-	-	-
Total Council property, plant and equipment	667,767	(20,070)	647,697	15,499	(983)	411
Subsidiaries property, plant and equipment						
Land	5,974	-	5,974	-	-	-
Gravel and fencing	2,106	(512)	1,594	20	-	-
Buildings, yards and terminals	1,576	(1,605)	(29)	3,648	(1,462)	1,450
Network assets	83,936	(12,062)	71,874	11,649	(279)	30
Plant and equipment	2,498	(2,241)	257	81	(320)	317
Motor vehicles	2,608	(2,539)	69	31	(2)	2
Furniture and fittings	527	(502)	25	2,443	(159)	159
Runways and taxi ways	14,174	(5,946)	8,228	-	-	-
Roading	1,546	(134)	1,412	255	-	-
Total subsidiaries property, plant and equipment	114,945	(25,541)	89,404	18,127	(2,222)	1,958
Total group property, plant and equipment	782,712	(45,611)	737,101	33,626	(3,205)	2,369

Cost transfers	Depreciation transfers	Impairment charges	Depreciation	Revaluation adjustment - Cost	Revaluation adjustment - Accumulated depreciation	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount
						30-Jun-15	30-Jun-15	30-Jun-15
-	-	-	-	-	-	15,459	-	15,459
-	-	-	(1,915)	-	-	68,898	(1,910)	66,988
-	-	-	(690)	-	-	5,174	(690)	4,484
(1,229)	746	-	(1,047)	-	-	18,252	(13,133)	5,119
1,113	(630)	-	(588)	-	-	5,312	(3,514)	1,798
-	72	(72)	(20)	-	-	3,410	(3,209)	201
(116)	188	(72)	(4,260)	-	-	116,505	(22,456)	94,049
-	-	-	(9,441)	-	-	216,909	(9,441)	207,468
-	-	-	(2,139)	-	-	106,719	(2,139)	104,580
-	-	-	(560)	-	-	18,460	(560)	17,900
-	-	-	(1,675)	-	-	62,130	(1,675)	60,455
-	-	-	(312)	-	-	7,400	(312)	7,088
-	-	-	(2,708)	-	-	96,897	(2,707)	94,190
-	-	-	(4)	-	-	45,009	(4)	45,005
-	-	-	(16,839)	-	-	553,524	(16,838)	536,686
32	(32)	-	(12)	-	-	7,154	(118)	7,036
-	-	-	-	-	-	1,625	-	1,625
(13)	13	-	(85)	-	-	3,378	(1,346)	2,032
19	(19)	-	(97)	-	-	12,157	(1,464)	10,693
(97)	169	(72)	(21,196)	-	-	682,186	(40,758)	641,428
-	-	-	-	53	-	6,027	-	6,027
-	-	-	(68)	-	-	2,126	(580)	1,546
-	-	-	(2)	-	-	3,762	(157)	3,605
-	-	-	(3,355)	-	-	95,306	(15,387)	79,919
-	-	-	(62)	-	-	2,259	(1,986)	273
-	-	-	(21)	-	-	2,637	(2,558)	79
-	-	-	(17)	-	-	2,811	(360)	2,451
-	-	945	(781)	-	-	14,174	(5,782)	8,392
-	-	-	(95)	-	-	1,801	(229)	1,572
-	-	945	(4,401)	53	-	130,903	(27,039)	103,864
(97)	169	873	(25,597)	53	-	813,089	(67,797)	745,292

11 Property, plant and equipment

2014 (Restated)

	\$000					
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions and transfers	Disposals	Current year disposals 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 Council 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	(4,559)	66,011	11,977	-	-
Land under roads	45,009	(4)	45,005	-	-	-
Total Council infrastructural assets	524,436	(29,147)	495,289	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 Council restricted assets	12,127	(1,252)	10,875	11	-	-
Total Council property, plant and equipment	644,660	(53,247)	591,413	23,500	(476)	260
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 property, plant and equipment	112,560	(20,953)	91,607	2,773	(388)	105
Total group property, plant and equipment	757,220	(74,200)	683,020	26,273	(864)	365

Cost transfers	Depreciation transfers	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	1	94,217
-	-	-	-	-	4	45,009	-	45,009
-	-	-	(14,895)	(4,498)	44,043	541,406	1	541,407
-	-	-	(11)	-	-	7,122	(74)	7,048
-	-	-	-	-	-	1,625	-	1,625
-	-	-	(85)	-	-	3,391	(1,274)	2,117
-	-	-	(96)	-	-	12,138	(1,348)	10,790
-	-	-	(19,385)	83	52,302	667,767	(20,070)	647,697
-	-	-	-	-	-	5,974	-	5,974
-	-	-	(67)	-	-	2,106	(512)	1,594
-	-	(74)	(4)	-	-	1,576	(1,605)	(29)
-	-	-	(3,498)	-	-	83,936	(12,062)	71,874
-	-	(20)	(51)	-	-	2,498	(2,241)	257
-	-	(98)	(21)	-	-	2,608	(2,539)	69
-	-	-	(3)	-	-	527	(502)	25
-	-	-	(781)	-	-	14,174	(5,946)	8,228
-	-	-	(76)	-	-	1,546	(134)	1,412
-	-	(192)	(4,501)	-	-	114,945	(25,541)	89,404
-	-	(192)	(23,886)	83	52,302	782,712	(45,611)	737,101

11 Property, plant and equipment

The net carrying amount of plant and equipment held under finance leases is \$Nil, (2014: \$Nil).

No depreciation is charged on land and there have been no impairments throughout the period (2014: \$Nil).

Invercargill City Forests Limited

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, 2015 (\$3,940,788 at 30 June, 2014).

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 land was valued by Thayer Todd Valuations Limited (independent valuers) as at 30 June, 2015. The fair value was determined on the highest and best use of the land using the market comparable on sales of comparable land, based on the Valuer's sales database. Invercargill City Council has assessed the carrying value of the forestry land for impairment as at 30 June, 2015. The assessment has shown the fair value of the land to be not materially different to the carrying amount shown in these financial statements.

Electricity Invercargill Limited

The value of the network assets owned by Electricity Invercargill Limited, had it been carried at the cost model, would be \$57,402,000 at 30 June, 2015 (\$47,092,000 at 30 June, 2014).

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 are independent valuers. 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%.

Invercargill Airport Limited

The old terminal building asset of Invercargill Airport Limited was demolished after it was decommissioned in June 2015 following the completion of stage one of the terminal redevelopment project. The asset was fully impaired at June 2013.

The aeronautical assets of Invercargill Airport Limited are shown at cost less accumulated depreciation and impairment. An impairment assessment using discounted cash flow methodology was carried out by Airbiz Strategies Limited, an independent expert as at 30 June, 2015. This resulted in an increase of \$945,000, being a reversal of accumulated impairment from prior years.

The following valuation assumptions were adopted;

- The forecast 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 model 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 have 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, clause 31A of Schedule 10.

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)
Total value of all assets that are covered by insurance contracts	915,256	893,367
Maximum amount to which these assets are insured	928,882	932,614
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.

12 Intangible assets

	Council		
	Computer Software (\$000)	Other Intangible (\$000)	Total (\$000)
Cost			
Balance at 1 July 2013	940	-	940
Reclassifications	104	-	104
Additions - purchases	55	-	55
Balance at 30 June 2014	1,099	-	1,099
Additions - purchases	127	-	127
Balance at 30 June 2015	1,226	-	1,226
Amortisation and impairment charges			
Balance at 1 July 2013	667	-	667
Reclassifications	44	-	44
Amortisation for the year	81	-	81
Balance at 30 June 2014	792	-	792
Amortisation for the year	95	-	95
Balance at 30 June 2015	887	-	887
Net book value			
Balance at 30 June, 2015	339	-	339
Balance at 30 June, 2014	307	-	307

	Group		
	Computer Software (\$000)	Other Intangible (\$000)	Total (\$000)
Cost			
Balance at 1 July 2013	940	-	940
Reclassifications	104	-	104
Additions - purchases	55	-	55
Balance at 30 June 2014	1,099	-	1,099
Additions - purchases	127	-	127
Balance at 30 June 2015	1,226	-	1,226
Amortisation and impairment charges			
Balance at 1 July 2013	667	-	667
Reclassifications	44	-	44
Amortisation for the year	81	-	81
Balance at 30 June 2014	792	-	792
Amortisation for the year	95	-	95
Balance at 30 June 2015	887	-	887
Net book value			
Balance at 30 June, 2015	339	-	339
Balance at 30 June, 2014	307	-	307

Amortisation of intangible assets is recognised within depreciation and amortisation in the Statement of Comprehensive Revenue and Expenses.

13 Biological assets

	Council	Group
	Forestry \$000	Forestry \$000
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>
Balance at 1 July 2014	2,005	17,453
Aquisitions	-	3
Forest assets logged at cost	-	(2,434)
Change in fair value less estimated point-of-sale costs	346	2,383
Balance at 30 June 2015	<u>2,351</u>	<u>17,405</u>

At 30 June, 2015 standing timber comprised approximately 518 hectares (2014: 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 2,294 hectares at eight different locations (2014: 2,120 hectares at seven different locations).

The forests were revalued as at 30 June, 2015 by an independent valuer, Mr Geoff Manners of Chandler Fraser Keating Limited (CFK). The valuation excludes funding and taxation as costs. The discount rate is based on the mid-point of CFK's analysis of the pre-tax discount rates from actual transactions. The pre-tax discount rate chosen for the 2015 valuation of the Invercargill City Forests Limited's forests is 8.5% (2014: 9.5%) and for the Council's forests it is 11% (2014: 12%).w

Biological assets are categorised as Level 3 in the fair value hierarchy.

The Council and Group are exposed to a number of risks related to forestry assets. Refer to the end of this note for further details.

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.

Council

Invercargill City Council has harvested a total of 202 hectares of pre 1990 forest. Of this harvested land, 30 hectares has not yet been replanted at 30 June, 2015 and carries a potential deforestation liability of \$179,548 if the land is not replanted. It is Invercargill City Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

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

	2015 Units	2015 \$000	2014 Units	2014 \$000
Received:				
Post 1989	-	-	-	-
Pre 1990	-	-	-	-
	-	-	-	-
Sold:				
Post 1989	-	-	-	-
Pre 1990	-	-	3,370	-
	-	-	3,370	-

As at 30 June 2015 there are 32,210 carbon credits units on hand (30 June 2014: 32,210).

Invercargill City Forests Limited

Invercargill City Forests Limited has harvested a total of 196 hectares of pre 1990 forest in Dunrobin Forest. It is Invercargill City Forests Limited's intention to replant all forests.

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

	2015 Units	2015 (\$000)	2014 Units	2014 (\$000)
Received:				
Post 1989	34,511	225	33,831	131
Pre 1990	-	-	-	-
	<u>34,511</u>	<u>225</u>	<u>33,831</u>	<u>131</u>
Sold:				
Post 1989	34,511	225	100,357	253
Pre 1990	-	-	-	-
	<u>34,511</u>	<u>225</u>	<u>100,357</u>	<u>253</u>

As at 30 June, 2015 there are nil carbon credit units on hand (30 June, 2014: nil).

There are no future expected allocations.

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of pine. Where possible the Group 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 from the market.

Management performs regular industry trend analysis to ensure that the Group'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 Group's pine plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces.

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

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

14 Investment property

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Balance at 1 July	25,539	24,467	29,619	28,399
Acquisitions	1,262	-	1,262	-
Disposals	(80)	(100)	(80)	(100)
Change in fair value	(722)	1,172	(802)	1,320
Balance at 30 June	25,999	25,539	29,999	29,619

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

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

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 2015 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 Holdco Groups investment properties are valued annually at fair value effective 30 June. All investment properties are related to Invercargill Airport Limited. For 2015 and 2014, all investment properties 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 (2014: two years), hence the open market evidence has been adjusted by management to be valued on a discounted cash flow basis of their remaining expected earnings. The 2015 open market evidence valuation was performed by Robert Todd (2014: Trevor Thayer), an independent valuer from Thayer Todd Valuations Limited. The valuers are experienced with extensive market knowledge of the types of investment properties owned by the Group.

Investment property is categorised as Level 3 in the fair value hierarchy.

Reconciliation of net surplus on investment properties

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)
Rental income derived from investment properties	441	327
Direct operating expenses (including repairs and maintenance) generating rental income	(168)	(114)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(602)	(785)
Surplus/(Deficit) arising from investment properties carried at fair value	(329)	(572)

15 Equity accounted associates

	Percentage held by Group		Balance Date
	2015	2014	
Associate Companies			
Electricity Southland Limited	24.9%	50.0%	31-Mar
Otago Power Services Limited	50.0%	24.5%	31-Mar
Forest Growth Holdings Limited	49.0%	49.0%	31-Mar

On 30 September, 2014 the Electricity Invercargill Limited Group purchased an additional 3.2% shareholding in Otago Power Services Limited (a contracting company). On 31 March, 2015 an additional 22.3% shareholding was purchased to attain a 50% shareholding. Goodwill of \$1,613,000 was recognised on acquisition.

The information below reflects the amounts presented in the financial statements of each entity and not the Group's share.

	Current assets (\$000)	Non-current assets (\$000)	Total assets (\$000)	Current liabilities (\$000)	Non-current liabilities (\$000)
2015					
Electricity Southland Limited, Otago Power Services Limited and Forest Growth Holdings Limited	13,082	17,228	30,310	11,276	11,405
2014 (Restated)					
Power Services Limited, Electricity Southland Limited, Otago Power Services Limited and Peak Power Services Limited	4,091	14,842	18,933	3,532	3,957

Forest Growth Holdings Limited has a 31 March balance date. An adjustment has been made to the Group Statement of Comprehensive Revenue and Expenses for significant forestry transactions for the three month period to 30 June, which had the effect of increasing the Group profit by \$906,000 (2014: \$3,325,000 increase in the Group profit).

Total liabilities	Revenues	Expenses	Profit / (Loss)
(\$000)	(\$000)	(\$000)	(\$000)
22,681	45,501	42,245	3,256
7,489	34,711	30,424	4,287

Movements in carrying value of equity accounted associates

	Group 2015 \$000	Group 2014 \$000
Balance at 1 July	17,653	7,715
Investments in associates	291	49
Share of profit/(loss)	91	1,954
Goodwill on acquisition	1,613	-
Increase in advance to associates	(601)	10,421
Distributions from associates	(1,652)	(269)
Disposal of associates	(1,593)	(2,217)
Balance at 30 June	<u>15,802</u>	<u>17,653</u>

There are no public prices available to value these investments.

16 Equity Accounted Joint Ventures

Joint Ventures	Percentage held by Council		Balance date
	2015	2014	
Venture Southland	41.7%	41.7%	30-Jun
Emergency Management Southland	28.3%	28.3%	30-Jun
Southland Regional Heritage Committee	63.0%	63.0%	30-Jun

The information below reflects the amounts presented in the financial statements of each entity and not the Council's share.

	Current assets (\$000)	Non-current assets (\$000)	Total assets (\$000)	Current liabilities (\$000)
2015				
Venture Southland, Emergency Management Southland and Southland Regional Heritage Committee	3,602	379	3,981	1,446
2014 (Restated)				
Venture Southland, Emergency Management Southland and Southland Regional Heritage Committee	3,655	278	3,933	1,657

Non-current liabilities	Total liabilities	Revenues	Expenses	Profit / (Loss)
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
-	1,446	7,433	7,175	258
-	1,657	7,784	7,624	160

Movements in carrying value of equity accounted joint ventures:

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)
Balance at 1 July	1,045	968
Investments in joint ventures	-	-
Share of profit/(loss)	123	77
Goodwill on acquisition	-	-
Increase in advance to joint ventures	-	-
Distributions from joint ventures	-	-
Disposal of joint ventures	-	-
Balance at 30 June	1,168	1,045

There are no public prices available to value these investments.

16 Equity Accounted Joint Ventures

Joint Ventures	Percentage held by Council		Balance date
	2015	2014	
PowerNet Limited Group	50.0%	50.0%	31-Mar
OtagoNet Joint Venture	24.9%	24.5%	31-Mar

On 30 September, 2014, the Electricity Invercargill Limited Group purchased an additional 3.2% interest in the OtagoNet Joint Venture. On 31 March, 2015 some of this was sold to leave a 24.9% interest in the OtagoNet Joint Venture. Goodwill of \$693,000 was recognised on the acquisition.

The information below reflects the amounts presented in the financial statements of each entity and not the Council's share.

	Current assets (\$000)	Non-current assets (\$000)	Total assets (\$000)	Current liabilities (\$000)
2015				
PowerNet Limited Group and OtagoNet Joint Venture	29,581	183,637	213,218	13,849
2014 (Restated)				
PowerNet Limited and OtagoNet Joint Venture	33,222	159,630	192,852	15,650

Non-current liabilities	Total liabilities	Revenues	Expenses	Profit / (Loss)
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
27,075	40,924	95,546	65,303	30,243
25,976	41,626	81,652	70,288	11,364

Movements in carrying value of equity accounted joint ventures:

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)
Balance at 1 July	42,472	37,509
Investments in joint ventures	4,392	1,990
Share of profit/(loss)	3,835	2,663
Goodwill on acquisition	220	3,005
Increase in advance to joint ventures	(2,386)	(2,695)
Distributions from joint ventures	-	-
Disposal of joint ventures	693	-
Balance at 30 June	<u>49,226</u>	<u>42,472</u>

There are no public prices available to value these investments.

17 Other financial assets

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Non-current investments				
<i>Investments in CCOs and similar entities</i>				
Investment in subsidiary	36,069	36,069	-	-
	36,069	36,069	-	-
Investments in other entities				
Other investments	10,189	7,956	15,061	14,398
Available-for-sale financial assets	535	474	535	474
	10,724	8,430	15,596	14,872
Total non-current investments	46,793	44,499	15,596	14,872
Current derivative financial instruments				
Interest rate swaps (cash flow hedges) - assets	-	-	-	454
Interest rate swaps (cash flow hedges) - liabilities	(6)	(7)	(21)	(762)
	(6)	(7)	(21)	(308)
Non-current derivative financial instruments				
Interest rate swaps (cash flow hedges) - assets	85	238	186	238
Interest rate swaps (cash flow hedges) - liabilities	(647)	(374)	(2,969)	(374)
	(562)	(136)	(2,783)	(136)
Total financial instruments	(568)	(143)	(2,804)	(444)

18 Trade and other payables

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Trade payables	5,053	4,588	6,184	5,796
Directors fees payable	-	-	4	3
Accrued expenses	3,678	3,247	6,637	6,126
Amounts due to related parties	-	12	5,107	2,202
Income in advance	1,558	1,045	1,631	1,104
Total trade and other payables	10,289	8,892	19,563	15,231
Total payables comprises:				
Payables from non-exchange transactions	1,564	1,045		
Payables from exchange transactions	8,725	7,847		
Total trade and other payables	10,289	8,892		

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.

19 Provisions

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Landfill aftercare provision				
Balance 1 July	975	1,018	975	1,018
Amounts used during the year	(47)	(43)	(47)	(43)
Balance at 30 June	928	975	928	975
Current	112	112	112	112
Non-current	816	863	816	863
	928	975	928	975

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 post-closure responsibilities including 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%.

20 Employee benefit liabilities

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Accrued pay	165	-	182	18
Annual leave	1,940	1,741	1,972	1,787
Long service leave	375	347	375	347
Retirement gratuities	625	673	625	673
	<u>3,105</u>	<u>2,761</u>	<u>3,154</u>	<u>2,825</u>
Current	2,296	1,949	2,345	2,013
Non-current	809	812	809	812
Total employee benefit liabilities	<u>3,105</u>	<u>2,761</u>	<u>3,154</u>	<u>2,825</u>

21 Borrowings

	Council	Council	Group	Group
	Actual	Restated	Actual	Restated
	2015	2014	2015	2014
	(\$000)	(\$000)	(\$000)	(\$000)
Non-current				
Secured loans	28,861	29,716	101,122	88,377
Total borrowings	28,861	29,716	101,122	88,377

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 will expire and be renewed for a further three years on 12 November, 2015.

In addition to the loans held by the Council, Invercargill City Holdings Limited holds a multi-option note facility which they extended during the 2015 year from \$60 million to \$80 million. This facility commenced on 6 September, 2013 for a period of 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.

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.

Internal loans and borrowing

	Council Actual 2015 (\$000)	Council Actual 2015 (\$000)	Council Actual 2015 (\$000)	Council Actual 2015 (\$000)
Loans - per activity borrowing funds internally	Opening balance	Loans drawn & adjustments	Loans repaid	Closing balance
Water	1,758	(31)	70	1,657
Investment property	8,666	149	-	8,815
Theatre services	4,337	(118)	298	3,921
Other	-	-	-	-
Total loans - per activity borrowing funds internally	14,761	-	368	14,393

	Council Actual 2014 (\$000)	Council Actual 2014 (\$000)	Council Actual 2014 (\$000)	Council Actual 2014 (\$000)
Loans - per activity borrowing funds internally	Opening balance	Loans drawn	Loans repaid	Closing balance
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 loans - per activity borrowing funds internally	4,948	10,000	187	14,761

	Council Actual 2015 (\$000)	Council Actual 2014 (\$000)
Interest paid by activity		
Water	74	76
Investment property	384	492
Theatre services	180	239
Total interest paid by activity	638	807

21 Borrowings (continued)

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 2015

	Overdraft (\$000)	Secured loans (\$000)	Total (\$000)
Less than one year	-	28,861	28,861
Later than one year but not more than five years	-	-	-
Later than five years	-	-	-
	-	28,861	28,861

Council 2014

	Overdraft (\$000)	Secured loans (\$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

Interest rates on these Council secured loans had a weighted average interest rate for the multi-option facility of 5.94% (2014: 5.54%) with hedging refer Note 31. Other Group loans had a weighted average interest rate for the multi-option note facility of 5.66% (2014: 5.74%) with hedging refer Note 30.

Group 2015

	Overdraft (\$000)	Secured loans (\$000)	Total (\$000)
Less than one year	-	28,861	28,861
Later than one year but not more than five years	-	72,261	72,261
Later than five years	-	-	-
	-	101,122	101,122

Group 2014

	Overdraft (\$000)	Secured loans (\$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

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

22 Deferred tax liabilities/(assets)

Movements in temporary differences during the year

	Balance at 1 July 2013	Recognised in profit or loss	Recognised in equity
	(\$000)	(\$000)	(\$000)
Property, plant and equipment	18,754	(530)	-
Biological assets	3,010	(3)	-
Investment property	743	13	-
Derivatives	(351)	17	247
Other items	(28)	10	(10)
Tax losses	(1,618)	154	-
Total movements	20,510	(339)	237

Balance at 30 June 2014	Recognised in profit or loss	Recognised in equity	Balance at 30 June 2015
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(\$000)	(\$000)	(\$000)	(\$000)
18,224	(177)	1,102	19,149
3,007	162	-	3,169
756	-	-	756
(87)	-	(539)	(626)
(28)	82	-	54
(1,464)	219	-	(1,245)
20,408	286	563	21,257

23 Equity

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Retained earnings				
As at 1 July	401,939	400,922	439,049	435,255
Transfers to:				
Restricted reserves	(8,058)	(4,570)	(8,058)	(4,570)
Transfers from:				
Restricted reserves	5,168	2,717	5,168	2,717
Transfer of revaluation reserve to retained earnings	-	-	51	103
Surplus/(deficit) for the year	(837)	2,870	2,113	5,544
As at 30 June	398,212	401,939	438,323	439,049
Restricted and non restricted reserves				
As at 1 July	23,303	21,450	23,850	21,997
Transfers to:				
Retained earnings	(5,168)	(2,717)	(5,168)	(2,717)
Transfers from:				
Retained earnings	8,058	4,570	8,058	4,570
As at 30 June	26,193	23,303	26,740	23,850
Hedging Reserve				
As at 1 July	(143)	(764)	(368)	(1,622)
Other comprehensive revenue and expenses:				
Effective portion of changes in fair value of cashflow hedges	(425)	621	(1,810)	1,254
As at 30 June	(568)	(143)	(2,178)	(368)
Asset revaluation reserves				
As at 1 July	272,271	219,886	298,042	245,760
Other comprehensive revenue and expenses:				
Revaluation gains/(losses)	-	52,385	2,886	52,385
Transfer of revaluation reserve due to asset disposal	-	-	(51)	(103)
As at 30 June	272,271	272,271	300,877	298,042
Asset revaluation reserves consist of:				
Land and buildings	43,887	43,887	45,332	45,279
Library books	7,831	7,831	7,831	7,831
Infrastructural assets	220,553	220,553	247,714	244,932
Total asset revaluation reserve	272,271	272,271	300,877	298,042
Total other reserves	297,876	295,431	325,439	321,524

	Actual 2015			
	Opening Balance	Transfers In	Transfers Out	Closing Balance
	(\$000)	(\$000)	(\$000)	(\$000)
Restricted reserves				
The reserves can only be used for designated purposes.				
Category A (Legal restriction)	115	3	-	118
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.				
Category B (Capital-only restriction)	6,138	136	(1,262)	5,012
These reserves are invested in property that provides a financial return to ratepayers				
(Investment Property, Library and Infrastructure activities)				
Category C (Specific purpose)	8,816	625	(161)	9,280
These reserves are to maintain and provide for improvements to separately identifiable areas.				
(Parks, crematorium and cemetery, community centres, waste and infrastructure activities)				
Non restricted reserves				
The reserves can be used for purposes other than the purpose currently specified.				
Loss of service potential	6,197	2,477	(1,871)	6,803
To set aside funds for the replacement of assets in the future (all activities).				
Development	2,008	2,850	(788)	4,070
To maintain and provide assets in identifiable areas. (Parks, Roding, and Water activities)				
Property	1,026	136	(146)	1,016
To provide for the purchase of properties. (Investment Property, and Infrastructure activities)				
Amenities	709	31	(86)	654
To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)				
Financial	6,048	1,734	(473)	7,309
To provide ongoing funding in a consistent manner for Council operations. (all activities)				
Community Board	109	-	-	109
To provide funding for Community Board areas for their activities and development of assets.				
Economic development	(7,863)	66	(381)	(8,178)
To develop economic growth in the city which will be funded by future activity. (Investment Property activity)				
	23,303	8,058	(5,168)	26,193

	Restated 2014			
	Opening Balance	Transfers In	Transfers Out	Closing Balance
	(\$000)	(\$000)	(\$000)	(\$000)
Restricted reserves				
The reserves can only be used for the designated purposes.				
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.	112	3	-	115
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
Category C (Specific purpose) These reserves are to maintain and provide for improvements to separately identifiable areas. (Parks crematorium and cemetery, community centres, waste and infrastructure activities)	8,468	538	(190)	8,816
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
Development To maintain and provide assets in identifiable areas. (Parks, Roading, and Water activities)	2,068	27	(87)	2,008
Property To provide for the purchase of properties. (Investment Property, and Infrastructure activities)	1,001	25	-	1,026
Amenities To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)	477	263	(31)	709
Financial To provide ongoing funding in a consistent manner for Council operations. (all activities)	5,045	1,530	(527)	6,048
Community Board To provide funding for Community Board areas for their activities and development of assets. (Democratic Process activity)	82	27	-	109
Economic Development To develop economic growth in the city which will be funded by future activity (Investment Property activity)	(7,501)	-	(362)	(7,863)
	<u>21,450</u>	<u>4,570</u>	<u>(2,717)</u>	<u>23,303</u>

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

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Net surplus/(deficit) after taxation	(837)	2,870	2,113	5,544
Add non-cash items:				
Depreciation and amortisation of intangibles	21,291	19,466	25,689	23,966
(Gain)/Loss on sale of assets	353	(112)	368	309
Change in fair value of biological assets	(346)	(635)	(2,383)	(3,247)
Change in fair value of investment property	722	(1,172)	802	(1,320)
Change in fair value of investments	(34)	20	(157)	(57)
Change in fair value of intangible assets	-	(60)	-	(60)
Increase/(Decrease) in deferred taxation	-	-	284	(342)
De-recognition of term loan	-	-	(168)	-
De-recognition of property, plant and equipment	(337)	-	(337)	-
Impairment of investments	-	-	(945)	-
Biological assets - Cost of goods sold	-	-	2,768	4,509
Associate post-acquisition profits	-	-	(3,926)	(4,617)
Loss on sale of associates	-	-	(106)	342
Net (surplus)/deficit on derivatives	-	-	-	(62)
	20,812	20,377	24,002	24,965
Add/(Less) movements in other working capital items:				
(Increase)/Decrease in stock, receivables and WIP	(391)	3,127	(379)	1,813
Increase/(Decrease) in sundry creditors	1,026	(2,774)	2,940	(908)
(Increase)/Decrease in GST and taxation	(541)	(482)	(269)	(191)
	94	(129)	2,292	714
Net cash from operating activities	20,906	20,248	26,294	25,679

25 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 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
(a) Invercargill City Holdings Limited				
<i>Revenue</i>				
Provision of services	280	105	-	-
Dividend from Subsidiary to Parent	4,200	3,900	-	-
<i>Expenditure</i>				
Provision of goods and services	32	30	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	4,200	3,900	-	-
(b) Electricity Invercargill Limited				
<i>Revenue</i>				
Provision of services	3	-	-	-
<i>Expenditure</i>				
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				
<i>Revenue</i>				
Provision of services	116	57	-	-
<i>Expenditure</i>				
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				
<i>Revenue</i>				
Provision of services	88	220	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	2	-	-
(e) Invercargill City Property Limited				
<i>Revenue</i>				
Provision of services	5	5	-	-
<i>Expenditure</i>				
Provision of goods and services	104	100	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
(f) AWS Legal				
<i>Revenue</i>				
Provision of services	-	5	-	5
<i>Expenditure</i>				
Provision of goods and services	-	-	248	40
Outstanding at balance date by Parent and Group	-	-	30	-
Outstanding at balance date to Parent and Group	-	-	-	-
(g) Crowe Horwath (formerly WHK)				
<i>Revenue</i>				
Provision of services	-	4	-	4
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(h) Venture Southland				
<i>Revenue</i>				
Provision of services	146	3	85	2
<i>Expenditure</i>				
Provision of grant and services	1,669	1,650	968	957
Outstanding at balance date by Parent and Group	-	10	-	6
Outstanding at balance date to Parent and Group	-	-	-	-
(i) Southland Regional Heritage Committee				
<i>Revenue</i>				
Provision of services	5	-	2	-
<i>Expenditure</i>				
Provision of grant and services	705	697	261	258
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(j) Emergency Management Southland				
<i>Revenue</i>				
Provision of services	-	5	-	4
<i>Expenditure</i>				
Provision of grant and services	236	227	169	163
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
(k) Anderson Park Museum and Art Gallery				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of grant and services	-	172	-	172
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(l) SBS Bank				
<i>Revenue</i>				
Provision of services	-	-	85	53
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group - Bank deposits	-	-	8,044	790
(m) AJO Management Limited				
<i>Revenue</i>				
Provision of services	-	1	-	1
<i>Expenditure</i>				
Provision of goods and services	-	-	65	44
Outstanding at balance date by Parent and Group	-	-	3	3
Outstanding at balance date to Parent and Group	-	-	-	-
(n) PowerNet Limited				
<i>Revenue</i>				
Provision of services	22	11	239	167
<i>Expenditure</i>				
Provision of goods and services	11	19	11,978	8,455
Outstanding at balance date by Parent and Group	2	-	5,100	2,155
Outstanding at balance date to Parent and Group	-	-	108	358
(o) Electricity Southland Limited				
<i>Revenue</i>				
Provision of services	-	-	74	21
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	24	7

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
(p) Otago Power Services Limited				
<i>Revenue</i>				
Provision of services	-	-	34	14
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	9	4
(q) Power Services Limited				
<i>Revenue</i>				
Provision of services	-	2	-	24
<i>Expenditure</i>				
Provision of goods and services	-	-	-	40
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(r) R M Walton				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	3	10
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(s) Invercargill Community Recreation and Sport Trust				
<i>Revenue</i>				
Provision of services	3	-	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	3	-	-	-
(t) Invercargill City Charitable Trust				
<i>Revenue</i>				
Provision of services	21	3	-	-
<i>Expenditure</i>				
Provision of goods and services	28	28	-	-
Outstanding at balance date by Parent and Group	3	-	-	-
Outstanding at balance date to Parent and Group	21	-	-	-

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
(u) Bluff Maritime Museum				
<i>Revenue</i>				
Provision of services	2	1	2	1
<i>Expenditure</i>				
Provision of grants, 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				
<i>Revenue</i>				
Provision of goods and services	436	440	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	1,186	1,521	-	-
Outstanding at balance date by Parent and Group	2	3	-	-
Outstanding at balance date to Parent and Group	45	42	-	-
(w) Invercargill Licensing Trust				
<i>Revenue</i>				
Provision of goods and services	77	47	77	47
<i>Expenditure</i>				
Provision of grants, goods and services	35	45	35	45
Outstanding at balance date by Parent and Group	-	3	19	6
Outstanding at balance date to Parent and Group	19	6	-	3
(x) Southland Electronics Limited				
<i>Revenue</i>				
Provision of goods and services	-	11	-	11
<i>Expenditure</i>				
Provision of goods and services	37	6	37	6
Outstanding at balance date by Parent and Group	2	-	-	-
Outstanding at balance date to Parent and Group	-	-	2	-

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
(y) Southland Warm Homes Trust				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
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				
<i>Revenue</i>				
Provision of goods and services	4	11	4	11
<i>Expenditure</i>				
Provision of grants, goods and services	173	172	173	172
Outstanding at balance date by Parent and Group	-	-	-	2
Outstanding at balance date to Parent and Group	-	2	-	-
(aa) Citizens Advice Bureau (Invercargill)				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	29	24	29	24
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(ab) Archdraught Limited				
<i>Revenue</i>				
Provision of goods and services	39	12	39	12
<i>Expenditure</i>				
Provision of goods and services	2	-	2	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
(ac) Southland Indoor Leisure Centre Charitable Trust				
<i>Revenue</i>				
Provision of services	19	-	19	-
<i>Expenditure</i>				
Provision of goods and services	400	-	400	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(ad) Southland Art Foundation				
<i>Revenue</i>				
Provision of goods and services	9	-	9	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	4	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-
(ae) Southland Football Inc.				
<i>Revenue</i>				
Provision of goods and services	6	-	6	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	4	-	4	-
(af) Age Concern Southland Inc.				
<i>Revenue</i>				
Provision of goods and services	1	-	1	-
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date by Parent and Group	-	-	-	-
Outstanding at balance date to Parent and Group	-	-	-	-

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
(ag) Forest Growth Holdings Limited				
<i>Revenue</i>				
Provision of goods and services	7	-	609	-
<i>Expenditure</i>				
Provision of grants, 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 and OtagoNet Joint Venture, uses AWS Legal as its solicitors. A B Harper is a Partner of AWS Legal and is a Director of PowerNet Limited.

During the year, Invercargill Airport Limited purchased services from AJO Management Limited, a management company in which A J O'Connell is a Director. These services included director fees.

Invercargill Airport Limited purchased services from R M Walton (Director)

Invercargill Venue & Events Management Limited's revenues are collected by ICC ticketing service on its behalf and are paid on to the company (2015: \$1.03 million, 2014: \$1.39 million)

25 Related party transactions (continued)

Below is the Key Management Personnel of Council and the capacity in which they are involved with related entities that have had financial transactions with the Council. All transactions have been on an arms length basis.

Mayor and Councillors	Relationship
Tim Shadbolt	
Invercargill Airport Limited	Director
The Invercargill City Charitable Trust	Trustee
Darren Ludlow	
Electricity Invercargill Limited	Director
Powernet Limited	Director
Invercargill City Charitable Trust Board	Trustee
Southland Art Foundation	Trustee
Invercargill Community Recreation and Sport Trust	Trustee
Southland Museum and Art Gallery Trust Board	Trustee
Neil Boniface	
Powernet Limited	Director
Electricity Invercargill Limited	Director
Invercargill Venue & Events Management Limited	Director
Southland Warm Homes Trust	Trustee
Citizens Advice Bureau	Trustee
Anderson Park Art Gallery Inc	Councillor
Graham Sycamore	
Invercargill City Holdings Limited	Director
Invercargill City Property Limited	Director
Invercargill Community Recreation and Sport Trust	Trustee
Southland Museum and Art Gallery Trust Board	Trustee
Lindsay Thomas	
Invercargill City Holdings Limited	Director
Southland Football Incorporated	Trustee

Mayor and Councillors (continued)	Relationship
Lindsay Abbott Invercargill Venue & Events Management Limited Invercargill Community Recreation and Sport Trust Anderson Park Art Gallery Inc	Director Trustee Councillor
Alan Dennis Invercargill City Holdings Limited Invercargill Licencing Trust Invercargill Community Recreation and Sport Trust Southland Indoor Leisure Centre Charitable Trust	Director Trustee Trustee Trustee
Graham Lewis Invercargill Community Recreation and Sport Trust Hospice Southland Charitable Trust	Trustee Trustee
Ian Pottinger Southland Electronics Limited	Director
Peter Kett Age Concern Southland Incorporated Invercargill Community Recreation and Sport Trust	Trustee Trustee
Lloyd Esler Southland Museum and Art Gallery Trust Board	Trustee
Rebecca Amundsen Archdraught Limited Glengarry Community Action Group	Director Trustee
Karen Arnold Invercargill Community Recreation and Sport Trust	Trustee
Chief Executive & Senior Executive Team	Relationship
Richard King The Invercargill City Charitable Trust	Trustee
Dean Johnston Invercargill Venue & Events Management Limited Forest Growth Holdings Limited	Director Director

25 Related party transactions (continued)**Key management personnel**

Details of transactions between Council and key management personnel are disclosed as part of Note 28 Remuneration.

26 Capital commitments and operating leases

Commitments

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Capital expenditure - Infrastructure	1,934	3,589	1,934	3,589
Signed commitments for operating expenditure	18,782	29,564	18,782	29,564
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	-	-	4,657	9,577
Total commitments	20,716	33,153	25,373	42,730

Operating leases as lessee

The Council and Group have \$Nil non-cancellable operating leases as lessee (2014: \$Nil).

Operating leases as lessor

The Council leases its investment property under 60 operating leases. There are 37 leases that have a non-cancellable term of 21 years, 4 leases that range between 5 and 11 years, 6 leases over 3 to 4 years, nil leases over 1 to 3 years, and 13 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 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Non-cancellable operating leases as lessor				
Not later than one year	705	706	929	961
Later than one year and not later than five years	1,852	1,824	2,162	2,213
Later than five years	1,882	1,947	2,174	2,296
Total non-cancellable operating leases	4,439	4,477	5,265	5,470

No contingent rents have been recognised 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.

27 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).

Forestry

Invercargill City Council has harvested a total of 202 hectares of pre-1990 forest. Of this harvested land 30 hectares has not yet been replanted at 30 June, 2015 and carries a potential deforestation liability. Deforestation liability from pre-1990 land at 30 June, 2015, if the land is not replanted is \$179,548. It is Invercargill City Council's intention that these harvested areas will be re-established to ensure no obligation to surrender units.

Invercargill City Forests Limited has harvested a total of 196 hectares of pre-1990 forest. This harvested land will be replanted but at balance date carried a potential deforestation liability of \$836,659. At 30 June, 2014 Invercargill City Forests Limited had harvested a total of 216 hectares of pre-1990 forest. It is Invercargill City Forest Limited's intention to replant all forests. Refer note 13.

Electricity Invercargill Limited

Electricity Invercargill Limited has a contingent liability as at 31 March, 2015 of \$415,000 (31 March, 2014: \$415,000). 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

There were no contingent assets as at 30 June 2015.

28 Remuneration

Key management personnel

Key management personnel of the Council include:

The Chief Executive, Councillors and Senior Management Team.

Venture Southland joint committee senior management team: The Directorate, Chief Executive and four group managers.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2014: \$Nil).

The Council did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2014: \$Nil).

The Council did not provide any loans to key management personnel or their close family members (2014: \$Nil).

The total remuneration of members of Council and the number of individuals, on a full-time equivalent basis, receiving remuneration from the Group are:

	Council Actual 2015	Council Restated 2014	Group Actual 2015	Group Restated 2014
Short-term employee benefits	1,377,722	1,303,614	1,893,722	1,671,614
Vehicle (market value plus FBT)	93,616	93,785	93,616	93,785
Retirement benefits	17,122	15,485	17,122	15,485
Other benefits	170,994	140,711	170,994	140,711
Termination benefits	-	14,522	-	14,522
Directors' fees	30,000	30,000	677,000	573,000
Total remuneration	1,689,453	1,598,117	2,852,453	2,509,117

Further details of the remuneration of Council key management personnel is provided below:

	Council Actual 2015	Council Restated 2014
R W King - Chief Executive		
Short-term employee benefits	292,190	288,458
Vehicle (market value plus FBT)	15,623	14,699
Other benefits	62,431	46,876
	370,244	350,033

The 2014 Annual Report's disclosure of the Chief Executive's remuneration did not include other benefits, being accumulated leave. The 2015 Annual Report includes other benefits for both the 2014 and 2015 years.

28 Remuneration (continued)**Key management personnel**

	Council Actual 2015	Council Restated 2014
Invercargill City Council Senior Management Team		
Short-term employee benefits	789,723	744,590
Vehicle (market value plus FBT)	67,021	63,872
Retirement benefits	17,122	15,485
Other benefits	108,562	93,835
Directors' fees	30,000	30,000
	<u>1,012,428</u>	<u>947,782</u>

In the 2014 Annual Report \$22,128 of FBT that the Council paid on Senior Management's private use of Council motor vehicles was not included in this note. This has now been included in the 2014 comparative figure in this Annual Report.

	Council Actual 2015	Council Restated 2014
Venture Southland Key Management Personnel		
Short-term employee benefits	295,809	270,566
Vehicle (market value plus FBT)	10,972	15,214
Termination benefits	-	<u>14,522</u>
	<u>306,781</u>	<u>300,302</u>

28 Remuneration (continued)

Elected representatives

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

	Council Actual 2015	Council Restated 2014	Group Actual 2015	Group Restated 2014
T R Shadbolt (Mayor)				
Short-term employee benefits	107,509	102,471	107,509	120,933
Vehicle (market value plus FBT)	8,369	8,346	8,369	8,346
Directors' fees	-	-	23,700	18,462
	<u>115,878</u>	<u>110,817</u>	<u>139,578</u>	<u>147,741</u>
Councillors				
N D Boniface	41,567	38,991	92,647	84,311
G J Sycamore	33,758	29,524	95,165	80,338
A G Dennis	31,758	29,164	62,058	57,360
D J Ludlow	51,325	48,309	78,544	73,484
L S Thomas	39,607	34,610	69,907	44,009
R L Abbott	39,607	38,991	39,607	38,991
I L Esler	31,758	29,164	31,758	29,164
I R Pottinger	35,707	34,095	35,707	34,095
G D Lewis	35,707	34,095	35,707	34,095
R R Admundsen	34,882	22,043	34,882	22,043
K F Arnold	31,918	22,043	31,918	22,043
P W Kett	31,758	22,042	31,758	22,042
N J Elder	-	7,121	-	40,721
T Buck	-	7,121	-	7,121
C Dean	-	11,881	-	11,881
	<u>439,352</u>	<u>409,194</u>	<u>639,658</u>	<u>601,698</u>
Community Board members				
Bluff:				
R J C Fife	8,000	5,472	8,000	5,472
W E Glassey	4,000	2,857	4,000	2,857
G V Henderson	4,000	2,857	4,000	2,857
P A Young	4,000	2,857	4,000	2,857
G A Laidlaw	4,000	4,113	4,000	4,113
J M Mitchell	-	3,417	-	3,417
P Coote	-	1,256	-	1,256
B Proctor	-	1,256	-	1,256
C Te Au	-	1,256	-	1,256
	<u>24,000</u>	<u>25,341</u>	<u>24,000</u>	<u>25,341</u>
Total elected representatives' remuneration	<u>579,230</u>	<u>545,352</u>	<u>803,236</u>	<u>774,780</u>

Council employees

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

	2015
< \$60,000	354
\$60,000 - \$79,999	61
\$80,000 - \$99,999	15
\$100,000 - \$119,999	5
\$120,000 - \$139,999	11
\$140,000 - \$279,999	6
\$280,000 - \$319,999	1
	<hr/> 453 <hr/>
	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/>

Total remuneration includes non-financial benefits provided to employees.

At balance date the Council employed 259 (2014: 249) full time employees, with the balance of staff representing 67 (2014: 57) full time equivalent employees. A full time employee is determined on the basis of a 40 hour working week.

29 Events after balance date

There have been no subsequent events.

30 Financial instrument risk

The Council and Group have 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 \$1,654,000(2014: \$1,511,000) 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 tables below analyse the Council's and the Group's financial assets and liabilities (excluding derivatives) into 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.

Council 2015

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	4,469	4,469	4,469	-	-	4,469
Receivables and prepayments	7,288	7,288	7,288	-	-	7,288
Dividends receivable	4,200	4,200	4,200	-	-	4,200
Available-for-sale financial assets	535	535	-	-	535	535
Other investments	10,189	10,189	-	-	10,189	10,189
Total financial assets	26,681	26,681	15,956	-	10,724	26,678
Financial liabilities						
Trade and other payables, provisions and employee benefit liabilities	14,322	14,157	12,532	1,625	-	14,157
Borrowings - secured loans	28,861	30,689	30,689	-	-	30,689
Total financial liabilities	43,183	44,846	43,221	1,625	-	44,846

Group 2015

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Cash and cash equivalents and bank overdrafts	14,751	14,751	14,751	-	-	14,751
Receivables and prepayments	7,288	10,986	10,986	-	-	10,986
Dividends receivable	-	4,200	4,200	-	-	4,200
Available-for-sale financial assets	535	535	-	-	535	535
Other investments	15,061	15,833	281	5,363	10,189	15,833
Total financial assets	37,635	46,305	30,218	5,363	10,724	46,303
Financial liabilities						
Trade and other payables, provisions and employee benefit liabilities	23,645	23,393	21,768	1,625	-	23,393
Borrowings - secured loans	101,122	112,380	33,842	78,548	-	112,390
	124,767	135,783	55,610	80,173	-	135,783

The tables below analyse the Council's and the Group's financial assets and liabilities (excluding derivatives) into 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.

Council 2014 (Restated)

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	5,078	5,078	5,078	-	-	5,078
Receivables and prepayments	5,990	5,990	5,990	-	-	5,990
Dividends receivable	3,900	3,900	3,900	-	-	3,900
Available-for-sale financial assets	474	474	-	-	474	474
Other investments	7,956	7,956	-	-	7,956	7,956
Total financial assets	23,398	23,398	14,968	-	8,430	23,398

Financial liabilities

Trade and other payables, provisions and employee benefit liabilities	12,628	12,628	10,953	1,675	-	12,628
Borrowings - secured loans	29,716	35,684	1,502	3,003	31,179	35,684
Total financial liabilities	42,344	48,312	12,455	4,678	31,179	48,312

Group 2014 (Restated)

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Cash, cash equivalents and bank overdrafts	8,502	8,502	8,502	-	-	8,502
Receivables and prepayments	8,592	8,657	8,657	-	-	8,657
Available-for-sale financial assets	474	474	-	-	474	474
Other investments	14,398	15,789	366	732	14,691	15,789
Total financial assets	31,966	33,422	17,525	732	15,165	33,422
Financial liabilities						
Trade and other payables, provisions and employee benefit liabilities	18,657	18,976	17,301	1,675	-	18,976
Borrowings - secured loans	88,377	102,152	4,104	66,869	31,179	102,152
	107,034	121,128	21,405	68,544	31,179	121,128

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

The tables below analyse the Council's and the Group's financial assets and liabilities (excluding derivatives) into 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.

Council 2015

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Derivative financial instruments	85	114	-	-	114	114
Total financial assets	85	114	-	-	114	114
Financial liabilities						
Derivative financial instruments	653	981	385	499	97	981
Total financial liabilities	653	981	385	499	97	981

Group 2015

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Derivative financial instruments	186	252	-	-	252	252
Total financial assets	186	252	-	-	252	252
Financial liabilities						
Derivative financial instruments	2,990	4,067	1,215	1,840	1,012	4,067
Total financial liabilities	2,990	4,067	1,215	1,840	1,012	4,067

Council 2014 (Restated)

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Derivative financial instruments	238	-	-	-	-	-
Total financial assets	238	-	-	-	-	-
Financial liabilities						
Derivative financial instruments	381	801	7	330	464	801
Total financial liabilities	381	801	7	330	464	801

Council 2014 (Restated)

	Carrying amount (\$000)	Contractual cash flows (\$000)	Maturity dates			Total (\$000)
			< 1 year (\$000)	1-3 years (\$000)	> 3 years (\$000)	
Financial assets						
Derivative financial instruments	692	86	-	-	86	86
Total financial assets	692	86	-	-	86	86
Financial liabilities						
Derivative financial instruments	1,136	1,899	14	584	1,301	1,899
Total financial liabilities	1,136	1,899	14	584	1,301	1,899

• **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 21.

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 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
	Liability	Liability	Liability	Liability
Maturity < 1 year	4,000	4,000	10,800	8,000
Maturity 1-2 years	4,000	4,000	14,300	10,800
Maturity 2-3 years	7,000	4,000	8,700	14,300
Maturity 3-4 years	5,000	-	11,500	1,700
Maturity 4-5 years	-	3,000	7,500	6,500
Maturity 5-6 years	3,000	5,000	8,000	5,000
Maturity 6-7 years	-	3,000	8,000	8,000
Maturity 7-10 years	5,000	-	32,000	9,000
	28,000	23,000	100,800	63,300

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	
	2015	2014	2015	2014
	%	%	%	%
Effectiveness	100	100	100	100

Sensitivity analysis on financial instruments

Investments: If interest rates on investments at 30 June, 2015 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$40,847 (2014: \$118,713).

Borrowings: If interest rates on borrowings at 30 June, 2015 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 \$43,334 (2014: \$102,457) and for Invercargill City Holdings Limited \$117,137 (2014: \$52,451).

Cash and cash equivalents 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:

Interest rate swaps

	Carrying amount	Equity change	
	Year 2015	+0.5%	-0.5%
	\$000	\$000	\$000
Council	(568)	370	(370)
Invercargill City Holdings Limited	(2,235)	1,261	(1,261)
	(2,803)	1,631	(1,631)
	Year 2014	+0.5%	-0.5%
	\$000	\$000	\$000
Council	(143)	87	(87)
Invercargill City Holdings Limited	(311)	243	(243)
	(454)	330	(330)

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

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

Level 2

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

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

	Council 2015			
	Level 1	Level 2	Level 3	Total
	(\$000)	(\$000)	(\$000)	(\$000)
Assets at fair value				
Derivatives	-	85	-	85
Biological assets	-	-	2,351	2,351
Network assets	-	-	536,686	536,686
Investment property	-	-	25,999	25,999
Land and buildings	-	-	82,447	82,447
Library books	-	-	4,484	4,484
Total Assets at fair value	-	85	651,967	652,052
Liabilities at fair value				
Derivatives	-	653	-	653
Total liabilities at fair value	-	653	-	653

Fair Value Measurement

	Council 2014 (Restated)			
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Assets at fair value				
Derivatives	-	238	-	238
Biological assets	-	-	2,005	2,005
Network assets	-	-	541,407	541,407
Investment property	-	-	25,539	25,539
Land and buildings	-	-	83,414	83,414
Library books	-	-	4,801	4,801
Total Assets at fair value	-	238	657,166	657,404
Liabilities at fair value				
Derivatives	-	381	-	381
Total liabilities at fair value	-	381	-	381

	Group 2015			
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Assets at fair value				
Derivatives	-	186	-	186
Biological assets	-	-	17,405	17,405
Network assets	-	-	614,108	614,108
Investment property	-	-	29,999	29,999
Land and buildings	-	-	82,447	82,447
Library books	-	-	4,484	4,484
Runway asset	-	-	-	-
Total Assets at fair value	-	186	748,443	748,629
Liabilities at fair value				
Derivatives	-	2,990	-	2,990
Total Liabilities at fair value	-	2,990	-	2,990

Fair Value Measurement (continued)

	Group 2014 (Restated)			Total (\$000)
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	
Assets at fair value				
Derivatives	-	682	-	682
Biological assets	-	-	17,453	17,453
Network assets	-	-	610,376	610,376
Investment property	-	-	29,619	29,619
Land and buildings	-	-	83,414	83,414
Library books	-	-	4,801	4,801
Runway asset	-	-	8,130	8,130
Total Assets at fair value	-	682	753,793	754,475
Liabilities at fair value				
Derivatives	-	1,136	-	1,136
Total liabilities at fair value	-	1,136	-	1,136

	Council Actual 2015 (\$000)	Council Restated 2014 (\$000)	Group Actual 2015 (\$000)	Group Restated 2014 (\$000)
Level 3 fair value measurements				
Balance at beginning of the year	657,166	598,749	753,793	697,970
Unrealised net change in value of assets	(376)	54,192	1,581	56,952
Purchases	15,189	22,150	26,775	25,295
Sales	(573)	(256)	(3,149)	(4,783)
Reclassified from fair value	-	-	(8,130)	-
Depreciation and impairment	(19,439)	(17,669)	(22,427)	(21,641)
Balance at the end of the year	651,967	657,166	748,443	753,793

Fair Value Measurement (continued)

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's 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 valuer's analysis of the implied pre-tax discount rates from actual transactions. The pre-tax discount rate chosen for the Council's 2015 valuation is 11% (2014: 12%). The pre-tax discount rate chosen for the Group's 2015 valuation is 8.5% (2014: 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 five 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 the 2014 valuation is 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.

31 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.

32 Explanation of major variances

Statement of Comprehensive Revenue and Expense - Council

				Variance to	Variance to
	Actual	Budget	Restated	Budget	Restated
	2015	2015	2014	2015	2014
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Revenue					
Rates revenue	46,022	45,310	45,781	712	241
Fines	298	496	280	(198)	18
Subsidies and grants	7,379	7,258	7,699	121	(320)
Direct charges revenue	1 17,770	20,535	17,404	(2,765)	366
Rental revenue	2 1,852	1,527	1,565	325	287
Finance revenue	441	401	656	40	(215)
Dividends	4,200	4,200	3,900	-	300
Development and financial contributions	-	-	-	-	-
Property, plant and equipment acquired in non-exchange transactions	-	-	-	-	-
Expenditure					
Employee expenses	21,613	21,344	20,261	269	1,352
Depreciation and amortisation	3 21,291	19,675	19,466	1,616	1,825
General expenses	4 33,399	37,083	34,433	(3,684)	(1,034)
Finance expenses	5 1,801	2,773	2,154	(972)	(353)
Other gains/(losses)	6 (695)	786	1,899	(1,481)	(2,594)
Other comprehensive Revenue and Expenses					
Property, plant and equipment revaluation gains/(losses)	-	-	52,385	-	(52,385)
Cash flow hedges	(425)	-	621	(425)	(1,046)
					-
Total variance in Statement of Comprehensive Revenue and Expenses	(1,262)	(362)	55,876	(900)	(57,138)

2015 Variance analysis against 2015 Budget

- 1 - Direct charges revenue - lower than budget due to lower than anticipated revenue from milk solids income, transfer station income, building consents income and general external contracting income.
- 2 - Rental revenue is higher than budget due to commercial rents for industrial sites being greater than was anticipated.
- 3 - Depreciation and amortisation - higher than budget due to infrastructure assets being revalued upwards on 30 June 2014, more than was anticipated.
- 4 - General expenses - lower than budget because maintenance, consultants and contractor expenses were lower than anticipated, particularly across infrastructure activities.
- 5 - Finance expenses - lower than budget because market interest rates remained lower for a longer period than was anticipated, as well as some larger loan funded capital projects being delayed.
- 6 - Other gains/(losses) - lower than budget because the revaluation of Council's investment property was lower than anticipated. These valuations were provided by independent valuers.

2015 Variance analysis against 2014 Actuals

- 2 - Rental revenue is higher than 2014 due to a large number of rent reviews being updated to market rates during 2014/15. These relate generally to 21 year Glasgow leases that have rent review periods every 7 years.
- 3 - Depreciation and amortisation - higher than 2014 due to infrastructure assets being revalued upwards on 30 June 2014.
- 4 - General expenses - lower than 2014 because maintenance, consultants and contractor expenses were lower than anticipated, particularly across infrastructure activities.
- 5 - Finance expenses - lower than 2014 because of a full year of savings from a \$10 million internally loaned debt repayment made in 2014.
- 6 - Other gains/(losses) - lower than 2014 because the revaluation of Council's investment property was lower than anticipated. These valuations were provided by independent valuers.

The above comments have focused on major variances only.

Statement of Financial Position - Council

		Actual 2015 (\$000)	Budget 2015 (\$000)	Restated 2014 (\$000)	Variance to Budget 2015 (\$000)	Variance to Restated 2014 (\$000)
Current assets						
Cash and cash equivalents	1	4,469	1,435	5,078	3,034	(609)
Receivables		11,310	11,792	9,750	(482)	1,560
Prepayments		178	-	140	178	38
Inventories		669	648	667	21	2
Other financial assets		-	(764)	-	764	-
Non-current assets						
Work in progress	2	6,323	-	4,175	6,323	2,148
Property, plant and equipment	3	641,428	694,254	647,697	(52,826)	(6,269)
Intangible assets		339	273	307	66	32
Forestry assets	4	2,351	1,370	2,005	981	346
Investment property		25,999	26,088	25,539	(89)	460
Investment in associates and joint ventures		-	-	-	-	-
Investment in CCOs and similar entities		36,069	36,546	36,069	(477)	-
Other financial assets - Other investments	5	10,724	15,392	8,430	(4,668)	2,294
Other financial assets - Derivative financial instruments		85	-	238	85	(153)
Current liabilities						
Trade and other payables		10,289	10,539	8,892	(250)	1,397
Provisions		112	112	112	-	-
Employee benefit liabilities		2,296	2,649	1,949	(353)	347
Borrowings		-	2,842	-	(2,842)	-
Derivative financial instruments		6	-	7	6	(1)
Non-current liabilities						
Provisions		816	906	863	(90)	(47)
Employee benefit liabilities		809	860	812	(51)	(3)
Borrowings	6	28,861	58,005	29,716	(29,144)	(855)
Derivative financial instruments		647	-	374	647	273
Equity						
Retained earnings		398,212	404,800	401,939	(6,588)	(3,727)
Other reserves		297,896	306,321	295,431	(8,425)	2,465
Total variance in net assets and equity		696,108	711,121	697,370	(15,013)	(1,262)

2015 Variance analysis against 2015 Budget

- 1 - Cash and cash equivalents - higher than budget because of the deferral of some rate funded capital projects.
- 2 - Work in progress - budget is included as part of property, plant and equipment.
- 3 - Property, plant and equipment - lower than budget due to the deferral of some larger capital projects and the cost of this work remaining in Work in Progress.
- 4 - Forestry assets - higher than budget because the revaluation of Council's biological assets were higher than anticipated in 2014 and 2015. These valuations were provided by independent valuers.
- 5 - Other financial assets - Other investments were lower than budget because in 2014 \$10 million of internally loaned investments were used to reduce debt, and also because reserve contributions being placed on investment for future use were higher than anticipated.
- 6 - Borrowings - lower than budget because a number of loan funded capital projects have been deferred until future years or do not require loan funding at this stage. Also council has reduced external debt via the used of internal loans.

2015 Variance analysis against 2014 Actuals

- 2 - Work in progress - higher than 2014 as numerous infrastructure projects are currently underway but are not complete at 30 June 2015.
- 3 - Property, plant and equipment - lower than 2014 because asset additions were lower then the depreciation expense for the year.
- 4 - Forestry assets - higher than 2014 because the revaluation of Council's biological assets were higher. These valuations were provided by independent valuers.
- 5 - Other financial assets - Other investments were higher than 2014 due to a reserve contribution in 2015 being placed on investment until required.

The above comments have focused on major variances only.

Funding Impact Statement - Council

		Actual 2015 (\$000)	Budget 2015 (\$000)	Restated 2014 (\$000)	Variance to Budget 2015 (\$000)	Variance to Restated 2014 (\$000)
Sources of operational funding						
General rates, uniform annual charges, rates penalties		5,218	7,075	7,585	(11,857)	(2,367)
Targeted rates (other than targeted rate for water supply)		40,804	38,786	38,196	2,018	2,608
Subsidies and grants for operating purposes	1	4,051	3,476	3,805	575	246
Fees, charges and targeted rates for water supply		12,679	12,810	11,988	(131)	691
Interest and dividends from investments		4,687	4,601	4,551	86	136
Local authorities fuel tax, fines, infringement fees, and other receipts		9,236	9,196	9,582	40	(346)
Applications of operational funding						
Payments to staff and suppliers	2	56,924	58,427	56,816	(1,503)	108
Finance costs	3	1,800	2,773	2,154	(973)	(354)
Sources of capital funding						
Subsidies and grants for capital expenditure		3,328	3,782	3,894	(454)	(566)
Increase (decrease) in debt	4	(1,193)	3,481	(10,614)	(4,674)	9,421
Gross proceeds from sale of assets		299	152	-	147	299
Application of capital funding						
Capital expenditure	5	19,381	24,996	16,548	(5,615)	2,833
Increase (decrease) in reserves	6	1,004	(2,836)	3,469	3,840	(2,465)
Increase (decrease) in investments	7	-	-	(10,000)	-	10,000

2015 Variance analysis against 2015 Budget

- 1 - Subsidies and grants for operating purposes - higher than budget because Council received more subsidies from NZTA for its roading activities than anticipated.
- 2 - Payments to staff and suppliers - lower than budget because maintenance, consultants and contractor expenses were lower than anticipated, particularly across the infrastructure activities.
- 3 - Finance costs - lower than budget because market interest rates remained lower for a longer period than was anticipated and from a full year of savings from a \$10 million debt repayment made in 2014.
- 4 - Increase/(Decrease) in debt - lower than budget because a number of loan funded capital projects have been deferred until future years or do not require loan funding at this stage.
- 5 - Capital expenditure - lower than budget because a number of planned capital projects have been deferred to future years.
- 6 - Increase/(Decrease) in reserves - increased more than budget due to higher than anticipated fund contributions to reserves.

2015 Variance analysis against 2014 Actuals

- 2 - Payments to staff and suppliers - was lower than 2014 because maintenance, consultants and contractor expenses (as well as various other cost lines) were less than the prior year, as the Council looked for ways to save on expenses.
- 3 - Finance costs - lower than 2014 because of a full year of savings from a \$10 million internally loaned debt repayment made in 2014.
- 4 - Increase (decrease) in debt - the net repayment of debt is lower than in 2014. This is because Council decided to use \$10 million of invested funds to reduce bank debt in 2014.
- 5 - Capital expenditure - higher than 2014 due to an increase in the number of capital projects being carried out particularly across the infrastructure activities.
- 6 - Increase/(Decrease) in reserves - increased less than in 2014 because of the lower net surplus received in 2015 compared to 2014.
- 7 - Increase/(Decrease) in investments - In 2014 \$10 million (Internally loaned) was transferred from investments to reduce bank debt.

The above comments have focused on major variances only.

33 Impact of change in accounting standards

There has been no change in accounting standards that have had an impact on the preparation of these financial statements.

34 Impact of change in accounting policies

The Council has adopted new Tier 1 PBE Accounting Standards for the period ended 30 June, 2015. There have been no significant changes to accounting policies as a result of applying the new accounting standards in the current year. Council has changed its accounting policy relating to the method of consolidation of its joint ventures. Council has changed from the proportionate method to the equity method of consolidation. Amounts for the 2014 year have been restated to account for this change in policy. The impact of this change is outlined below.

Impact on Statement of Comprehensive Revenue and Expense

	Group 2014 (\$000)
Direct charges revenue	1,781
Interest income	27
Employee expenses	(869)
General expenses	(842)
Depreciation and amortisation	(21)
Share of associate's and joint venture's surplus (deficit)	(76)
Net impact in equity	<u>-</u>

Impact on Statement of Financial Position

Cash and cash equivalents	(1,520)
Trade receivables	(95)
Tax receivables	(3)
Prepayments	(7)
Inventories	(3)
Property, plant & equipment	(89)
Total assets	<u>(1,717)</u>
Trade payables	593
Employee benefits	79
Total liabilities	<u>672</u>
Investment in associates and joint ventures	1,045
Net impact in equity	<u>-</u>
Operating activities	(64)
Investing activities	(73)
Net (decrease) increase in cash, cash equivalents and bank overdrafts	<u>(137)</u>



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 (PBE) for financial reporting purpose.

The financial statements of the Council are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 30 October 2015.

BASIS OF PREPARATION

The financial statements of the Council have been prepared in accordance with the Tier 1 PBE accounting standards.

These financial statements comply with the PBE standards.

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

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 34

The Financial Statements are separate Financial Statements, required to be prepared under the Local Government Act 2002

The financial statements have been prepared on the going concern basis.

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 and Group 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 Revenue and Expenses.

EFFECT OF FIRST-TIME ADOPTION OF PBE STANDARDS ON ACCOUNTING POLICIES AND DISCLOSURES

This is the first set of financial statements of the Council and Group that is presented in accordance with PBE standards. The Council and Group have previously reported in accordance with NZ IFRS (PBE).

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to requirements under NZ IFRS (PBE) as outlined below.

The changes to accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

PBE IPSAS 1: Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

Receivables from exchange and non-exchange transactions:

In the financial statements of the previous year, receivables were presented as a single total in the Statement of Financial Position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the Statement of Financial Position. This requirement affected the presentation of both current and comparative receivables figures.

PBE IPSAS 23: Revenue from Non-exchange Transactions

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange

transactions. There is no equivalent financial reporting standard under NZ IFRS. The disclosure requirements of this standard affected the presentation of both current and comparative revenue figures.

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 account 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 Group has joint control, established by contractual agreement. The consolidated financial statements of the Group use the Equity method of Consolidation. The Council and Group's share of the surplus or deficit of the joint venture is recognised in the Council

and Group's Statement of Comprehensive Revenue and Expenses, from the date joint control commences until the date control ceases.

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from non-exchange transactions:
General and targeted rates

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.

Government grants and funding

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.

Revenues from non-exchange transactions with the Government and government agencies is recognised when the Group obtains control of the transferred asset (cash, goods, services, or property), and:

- it is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably; and
- the transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services, or property) transferred over to the Group at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only when the Group has satisfied these conditions.

New Zealand Units (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 Revenue and Expenses.

Fines

Traffic and parking infringements are recognised when tickets are issued.

Direct charges - subsidised

(i) Rendering of services - subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council or Group is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to

fully recover the cost of providing the service (such as resource consents, building consents, water

connections, dog licensing, etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when the Council or Group issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council or Group has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council or Group for the service) if the service is not completed.

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.

(ii) Sale of goods - subsidised

The sale of goods at a price that is not approximately equal to the value of the goods provided by the Council or Group is considered a non-exchange transaction.

This includes the sale of goods where the price does not allow the Council to fully recover the cost of producing the goods, and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council or Group issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for 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.

Revenue from exchange transactions:

Direct charges - full cost recovery

(i) Rendering of other services - full cost recovery

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.

(ii) Sale of goods - full cost recovery

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.

Interest revenue is recognised using the effective interest method.

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

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 Revenue and Expenses.

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 Revenue and Expenses, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset, or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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 Revenue and Expenses.

FINANCIAL ASSETS

The Council and Group classify their financial assets into the following four categories: loans and receivables, held-to-maturity investments, available for sale investments 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 delegation 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 use a variety of methods and make 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 four 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 Revenue and Expenses. Loans and receivables are classified as "other financial assets" 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 Revenue and Expenses.

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 Revenue and Expenses. 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 Revenue and Expenses 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

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 PBE IPSAS 6 (PS) Consolidated and Separate Financial Statements (Public Sector) and PBE IPSAS 7 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 Revenue and Expenses.

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 Revenue and Expenses 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 Revenue and Expenses. 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:

Buildings - Parent	Depreciation Rate
▪ 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
Buildings - Subsidiaries	Depreciation Rate
Buildings	1% - 15% SL/DV
Furniture and Fittings - Parent and Subsidiaries	Depreciation Rate
Furniture and Fittings	6.7% - 50% DV
Office Equipment - Parent	Depreciation Rate
Office Equipment	14.4% - 60% SL/DV
Office Equipment - Subsidiaries	Depreciation Rate
Office Equipment	5% - 48% SL/DV
EDP Hardware - Subsidiaries	Depreciation Rate
Hardware	9% - 80.4% SL/DV
Infrastructural Assets - Parent	Depreciation Rate
Drainage	2.96% - 7.14% SL
Bridges	1.3% SL
Traffic Services	4.98% - 22.22% SL
Footpaths and Crossings	8.96% - 13.95% SL
Features and Structures	5.75% - 6.28% SL
Roads	
▪ Formation	0%
▪ Shoulder and Pavements	3.17% - 6.74% SL
▪ Top Surface	11.54% SL

Infrastructural Assets - Parent	Depreciation Rate
Drainage and Stormwater	
▪ System	1.7% - 2.65% SL
▪ Plant & Building	5.15% - 5.83% SL
▪ Buildings	2.65% - 5.83% SL
Water	
▪ System	1% - 11.34% SL
▪ Plant & Building	4.21% - 5.63% 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	12.0% - 33.0% SL
Library Collections - Parent	Depreciation Rate
Library Collections	14.28% - 30.68% 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. Unless there is a use or return condition attached to the asset.

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.

Aeronautical assets of Invercargill Airport Limited Runway, taxiway and apron 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 purpose 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 prorated 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 revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses will be recognised first in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses 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 Revenue and Expenses 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 Revenue and Expenses.

The costs to maintain the forestry assets are included in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

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 2015 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 Revenue and Expenses.

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 Revenue and Expenses.

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 Revenue and Expenses.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

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 Revenue and Expenses, a reversal of the impairment loss is also recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expenses.

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 Revenue and Expenses.

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 Revenue and Expenses 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 Revenue and Expenses 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 Tier 1 PBE accounting standards, 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:

Classification of non-financial assets as cash-generating assets or non-cash-generating assets

For the purpose of assessing impairment indicators and impairment testing, the Group classifies non-financial assets as either cash-generating or non-cash-generating assets. The Group classifies a non-financial asset if the primary objective of the asset is to generate a commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment and intangible assets (excluding goodwill) held by Council are classified as non-cash-generating assets, except for rental properties that are earning a market rental. This includes assets that generate fee revenue or other cash flows for Council as these cash flows are generally not sufficient to represent commercial return on the assets.

All property, plant and equipment held by Invercargill City City Holdings Limited are classified as cash-generating assets as it is a for-profit entity and the primary objective of its assets is to generate commercial return.

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

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods on or after 1 July, 2014. The Council has applied these standards in preparing the 30 June, 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April, 2015. The Council will apply these updated standards in preparing its 30 June, 2016 financial statements. The Council expects that there will be minimal or no change in applying these updated accounting standards.

CHANGES IN ACCOUNTING POLICIES

The Council has adopted new Tier 1 PBE Accounting Standards for the period ended 30 June, 2015. There have been no significant changes to accounting policies as a result of applying the new accounting standards in the current year.

Council has changed its accounting policy relating to the method of consolidation of its joint ventures. Council has changed from the proportionate method to the equity method of consolidation. Amounts for the 2014 year have been restated to account for this change in policy. The impact of this change is outlined per note 34.





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).

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.

Maori capacity was enhanced by consultation and discussion on the following matters in 2014/15:

- District Plan Review
- 2015-25 Long-Term Plan
- Monthly meeting with members of the Executive Leadership Team
- Representation Review
- Maori Freehold Land Policy
- Gambling Policy.



Working Together - Shared Services

The four Southland Councils have been working collaboratively through our Shared Services Agreement for many years. A large amount of effort has been put into this program with great value delivered to the ratepayer. Southland is seen as one of the leading regions for shared services, which means individual Council governance priorities are retained while providing economies of scale. Not all shared services involve all councils and each Council has the option to opt in or out depending on local circumstances. Here are some shared services highlights from the 2014/15 year.

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.

Last year the Building Control Shared Services started work on a combined Process and Quality Manual which the four Councils have contributed to. This work is in its end stages and will receive IANZ accreditation soon. They also worked on the standardisation of the 16 types of application forms required by the Building Act 2004. This project is now complete and the same forms are being used across all Councils involved in this shared service. The forms have also received IANZ approval ensuring that they are the highest standard.

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 2014/15 there was continued public education, and the implementation of the EMS app warning system. This simple to use phone application will help alert residents of an emergency and any pertinent information during a crisis.

INFORMATION TECHNOLOGY

The IT Shared Services Operations Sub-Committee has undertaken a number of activities that aim to provide services and activities between the member Councils. The largest project of the 2014/15 year was the implementation of a record keeping and archiving system.

LIBRARY CONSORTIUM

The SouthLib Consortium continued to share a range of services during 2014/15. 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.

SouthLib activities help reduce costs, allow 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 a spirit of collegiality for staff who often work in isolation.

ROAD SAFETY SOUTHLAND

Road Safety Southland runs road safety projects and programmes in response to local road safety issues on behalf of the local authorities in Southland. They work to encourage the best behaviour on the road. There is a strong educational focus which links closely with local police enforcement and engineering work carried out by the councils.

RURAL FIRE

The Southern Rural Fire Authority is a fully integrated shared service. It provides the ratepayer with a seamless, reliable and understandable service covering the rural fire responsibilities of Invercargill City, Gore District and Southland District Councils, the Southern Plantations Rural Fire Authority and Department of Conservation Southland Conservancy.

VENTURE SOUTHLAND

Venture Southland is a joint initiative of the Invercargill City, Southland District and Gore District Councils, and is the agency responsible for the region's economic and community development initiatives. Venture's purpose is to promote Southland, facilitate economic and community development opportunities and add value to the region. More on what Venture Southland has achieved in the last year is provided on pages 147-150 of this Annual Report.

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 and provides education programs throughout the community and to local schools in the region.

Through WasteNet, Council continues to provide kerbside collection of rubbish and recycling as well providing waste transfer stations, and greenwaste sites.



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