



Pūrongo-ā-tau
2015-2016
annual report

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Invercargill Introduced

Kupu Arataki Waihōpai



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

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

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

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

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

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

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

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

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

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

council vision

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



Mayor's Comment



This has been one of the toughest years our city has faced in its recent history. The reforms proposed in the amendments of the Local Government Act could smash

Local Government as we know it. I've experienced the great purge of 1989 and it was a nightmare. The staff are all sacked and you have to re-hire them along with an army of consultants, then you have to realign computer systems, Annual Plans and Long Term Plans, then you have to deal with debts and assets. As a result no new initiatives are launched over the year it takes to achieve these objectives. The other great challenge we face is the distribution of transmission costs for electricity from the national grid. The Tiwai Smelter is an example of local industry that is paying exorbitant transmission costs even though it is right next door to the Manapouri Power Station. The South Island is paying for the entire cost of maintaining the Cook Strait

cable. At the same time there is an intense Local Government election being held and there is a high degree of anxiety about the future. While Councillors are trying to focus on these highly traumatic issues we are continually having to deal with issues such as the Christmas lights from China saga. Looking at the bigger picture this Council can feel proud of its achievements over the last year. We committed ourselves to an upgraded water purification plant at Branxholme, we completed a new Airport Terminal and we saved Rugby Park. The Zero Fee Scheme is still attracting students from all over the country and yet another feature film has been completed. We have attracted several major events to our city such as the World Shearing Championships, tourism is booming, the price of milk is rising and our population increased by 2.7% at the last census.

We can look forward to a positive future.

A handwritten signature in black ink, which appears to read "Tim Shadbolt". The signature is fluid and cursive, with a large initial 'T' and 'S'.

Tim Shadbolt
MAYOR OF INVERCARGILL

Chief Executive's Comment

He karere nā te tūmū whararae



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

I am pleased to present the Invercargill City Council's 2015/16 Annual Report. The Council has been working hard to deliver improved services for all residents, providing greater opportunities for residents to have their say on Council policy and looking to positively influence change in the City through new initiatives and encouraging more activity, especially within the CBD. For the foreseeable future, Invercargill City will have to actively promote the City Centre rejuvenation drive and encourage residents to continue backing local business.

This is a time of opportunity for the City. With local body elections coming up we have seen the highest turnout of candidates since 2001. The high number of candidates is positive with many locals taking an interest in their community, having innovative ideas and continuing to work towards enhancing our City's vision. It is an exciting space to watch as it is our first social media election campaign, with many candidates utilising it to access and engage with their audience on a personable level.

Our successful shared service for solid waste collection and disposal was recognised by Local Government New Zealand. As a result we assisted in Kiribati as part of a New Zealand Foreign Affairs and Trade Aid Programme where we initiated an agreement to establish shared waste services between Betio Town Council and the Teinainano Urban Council. It was a fantastic opportunity to see one of our unique services highlighted as a model to follow. We have also been active with our partnership in the Southland Regional Development Strategy - whilst there are many challenges ahead, these are being noted and a strong workforce has been working toward countering these issues and working forward towards our goal of increasing our population and reinvigorating our city centre.

I am confident that our Council has the strategic direction we need, and are clear about what services we can provide to deliver to our residents. I wish to acknowledge our Councillors, Staff and the community for their contribution to our great City. Their ability to improve performance year by year is a result of their hard work, dedication and the passion that drives them. This report shows what we have achieved together over the last year, and how well we are set up to do more in the year ahead. I look forward to seeing what we can achieve together with our new Council in the upcoming year.

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 2016; the next Election Day will be in October 2019. 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 2015/16 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

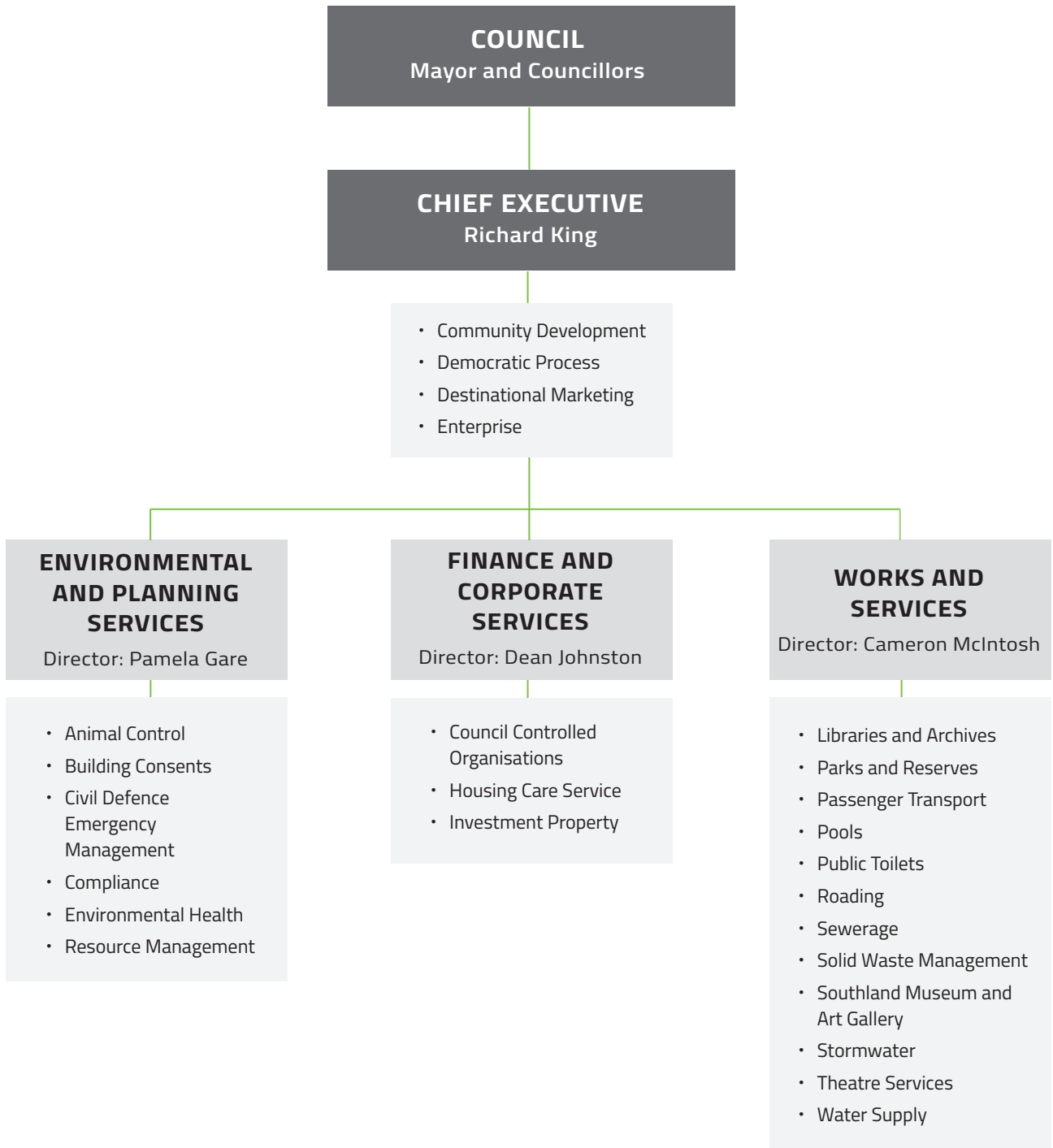


Graham Sycamore
03 213 0727



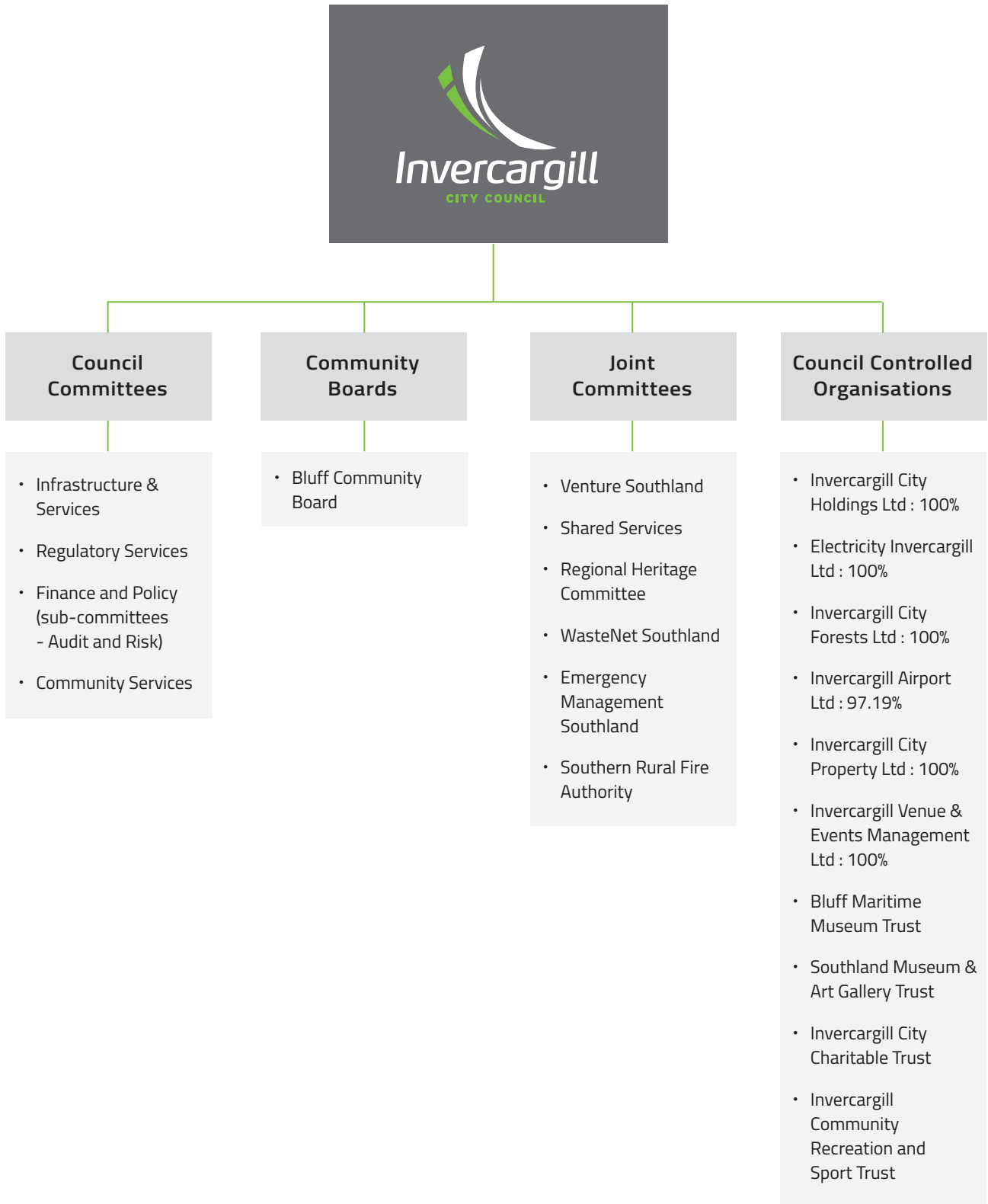
Lindsay Thomas
027 472 4730

Management Structure



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

Council Structure



Financial Overview

Financial Performance Summary	2014/15 \$000	2015/16 \$000
Rates Revenue	46,022	47,883
Other Revenue, Other Gains & Losses and Interest Revenue	31,245	36,614
Operating Expenditure including Interest Expenditure	78,104	83,645
Operating Surplus/(Deficit)	(837)	852
Working Capital (excluding loan facility)	3,923	29,799
Total Assets	739,944	783,386
External Debt	28,861	71,248
Fixed Assets (Net Book value)	670,117	670,691

Financial Statistics Summary	2014/15 \$000	2015/16 \$000
Proportion of rates to Total Operating Revenue	59.05%	56.67%
Average rate revenue per rateable property	\$1,837.28	\$1,914.94
External Term Debt (as a percentage of total assets)	3.90%	9.09%
External Term Debt (per rateable property)	\$1,152.18	\$2,849.35

Ratepayer Data	2014/15	2015/16
Total Rateable Properties*	25,049	25,005

* Please refer to Note 1 in the Notes to the Financial Statements for further information regarding rateable property numbers.

FUNDING IMPACT STATEMENT - INVERCARGILL CITY COUNCIL

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

	Annual Plan	Actual	Long Term Plan 2015 - 2025	Actual
	2014/15	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING				
General rates, uniform annual general charges, rates penalties	7,075	5,218	6,898	7,196
Targeted rates (other than targeted rate for water supply)	38,786	40,804	40,737	40,687
Subsidies and grants for operating purposes	3,476	4,051	3,311	3,908
Fees, charges and targeted rates for water supply	12,810	12,679	13,661	13,628
Interest and dividends from investments	4,601	4,687	4,915	5,776
Local authorities fuel tax, fines, infringement fees, and other receipts	9,196	9,236	8,757	10,161
Total operating funding	75,944	76,675	78,279	81,356
Applications of operational funding				
Payments to staff and suppliers	58,427	56,924	60,168	61,591
Finance costs	2,773	1,800	2,182	2,253
Other operating funding applications	-	-	-	-
Total applications of operational funding	61,200	58,724	62,350	63,844
Surplus (deficit) of operational funding	14,744	17,951	15,929	17,512
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	3,782	3,328	3,651	3,955
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	3,481	(1,193)	14,854	(2,562)
Gross proceeds from sale of assets	152	299	202	443
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	7,415	2,434	18,707	1,836
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	271	359	1,156	1,623
- to improve the level of service	7,806	2,742	9,303	3,958
- to replace existing assets	16,918	16,280	27,330	13,787
Increase (decrease) in reserves	(2,836)	1,004	(4,153)	(20)
Increase (decrease) in investments	-	-	1,000	-
Total application of capital funding	22,159	20,385	34,636	19,348
Surplus (deficit) of capital funding	(14,744)	(17,951)	(15,929)	(17,512)
FUNDING BALANCE				
Depreciation expense (not included in the above FIS)	19,675	21,301	22,229	21,890

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. The current year figures come from the 2015-2025 Long-Term Plan.

KEY



Benchmark Met



Benchmark Not Met



Benchmark

RATES (INCOME) AFFORDABILITY BENCHMARK

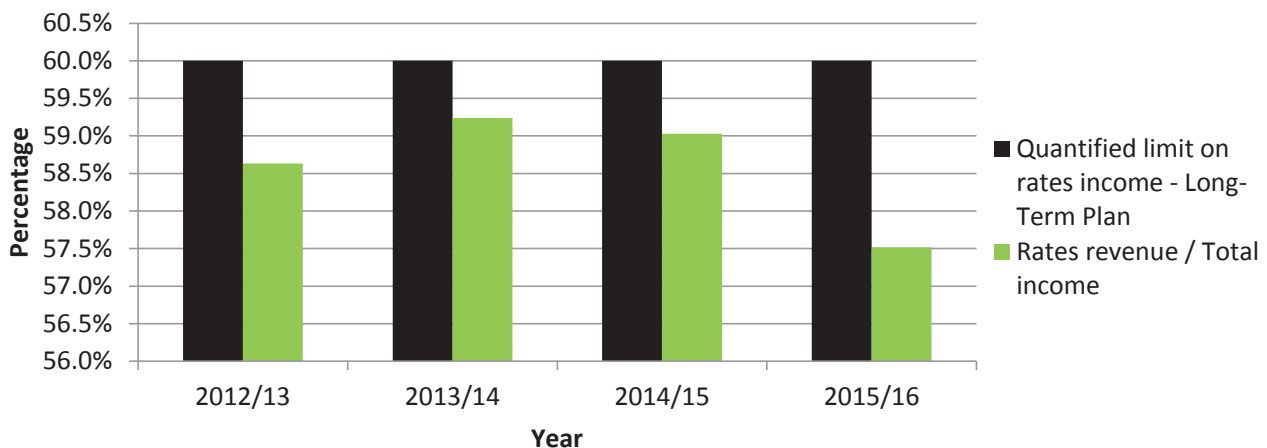
	2012/13	2013/14	2014/15	Year of Annual Report 2015/16
	\$'000	\$'000	\$'000	\$'000
Total Rates Revenue - Annual Report	45,206	45,781	46,022	47,883
Other income - Annual Report	31,894	31,504	31,940	35,369
Total Income - Annual Report	77,100	77,285	77,962	83,252

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 Long-Term Plan being *"Rates revenue as a source will not exceed 60% of its total revenues"*.

Limit On Rates



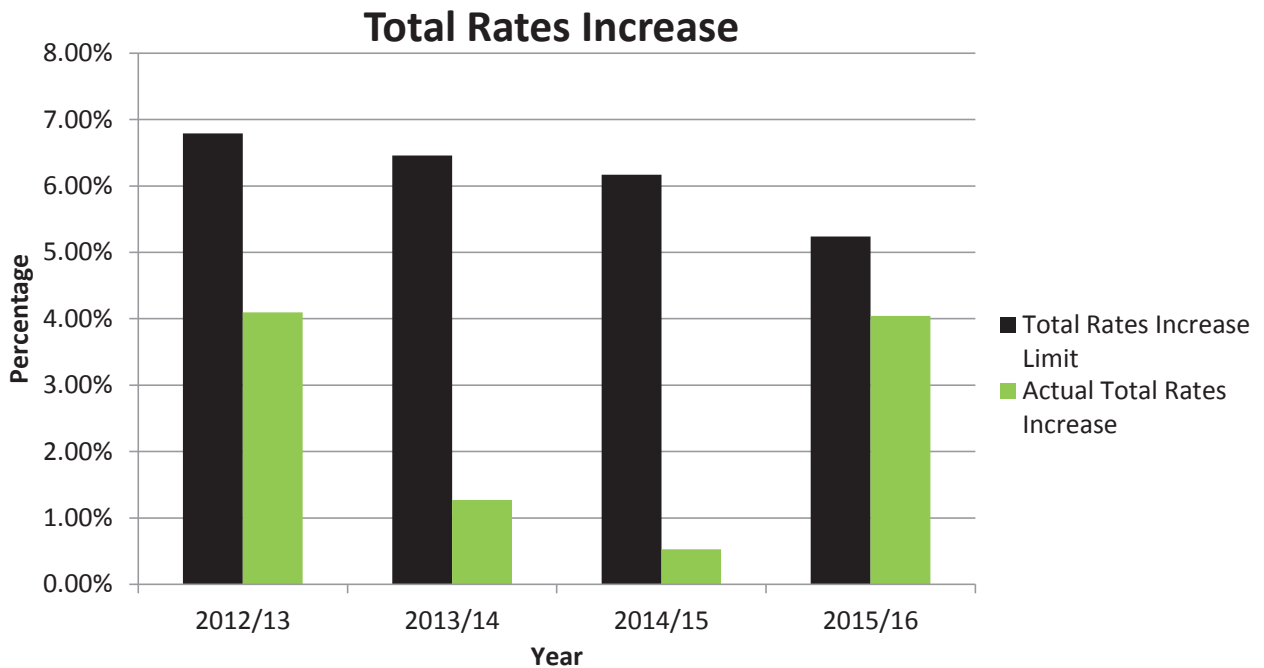
Council aims to maintain the rates collected at a maximum of 60% of the total Council revenue. Council has achieved this over the past four years.

TOTAL RATES INCREASE

	2012/13	2013/14	2014/15	Year of Annual Report 2015/16
	\$'000	\$'000	\$'000	\$'000
Total Rates Revenue - Annual Report	45,206	45,781	46,022	47,883
LGCI (Local Government Cost Index)	3.79%	3.46%	3.17%	2.24%
Additional Limit	3.00%	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 income with the limit imposed in the Long-Term Plan being *"Total rates increases will be limited to forecast LGCI + 3.0%"*.



Council's financial strategy aims to limit rates increase to forecast LGCI + 3.0%. As shown above Council has achieved this goal for the last four financial years.

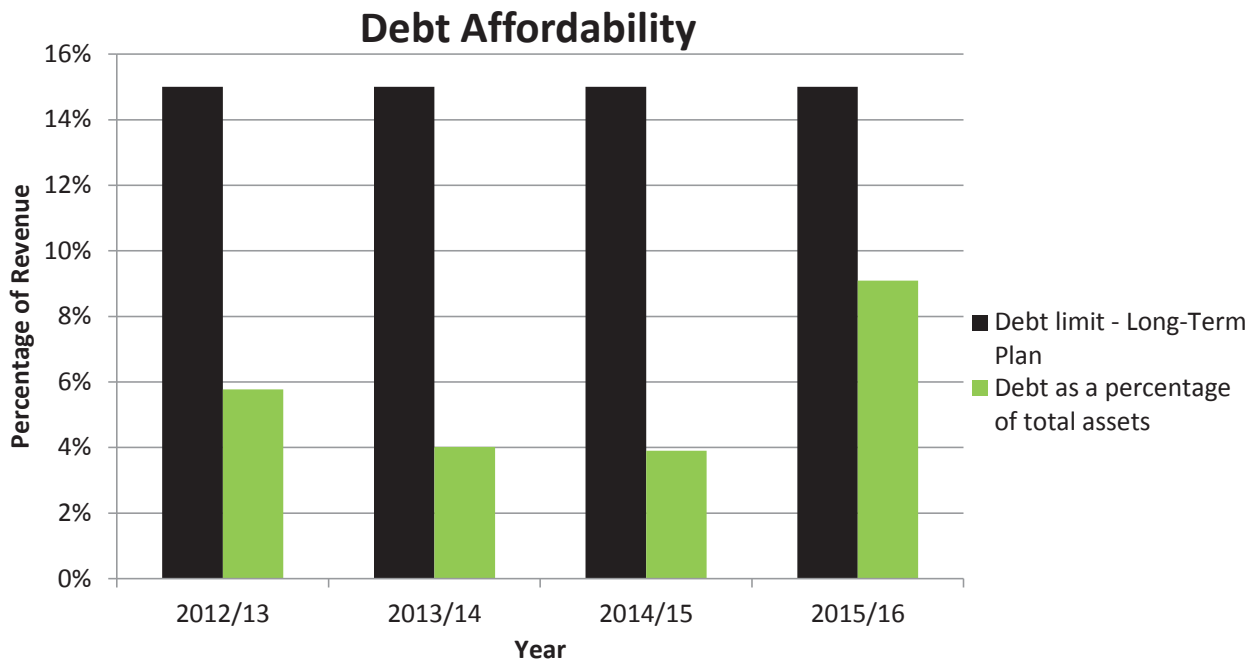
DEBT AFFORDABILITY BENCHMARK

	2012/13	2013/14	2014/15	Year of Annual Report 2015/16
	\$'000	\$'000	\$'000	\$'000
Total Assets - Annual Report	698,889	740,095	739,944	783,386
External Borrowing	40,331	29,716	28,861	71,248

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

Council's current and historical limit per the Long-Term Plan is that borrowing of external funds is limited to 15% of total assets.

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



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

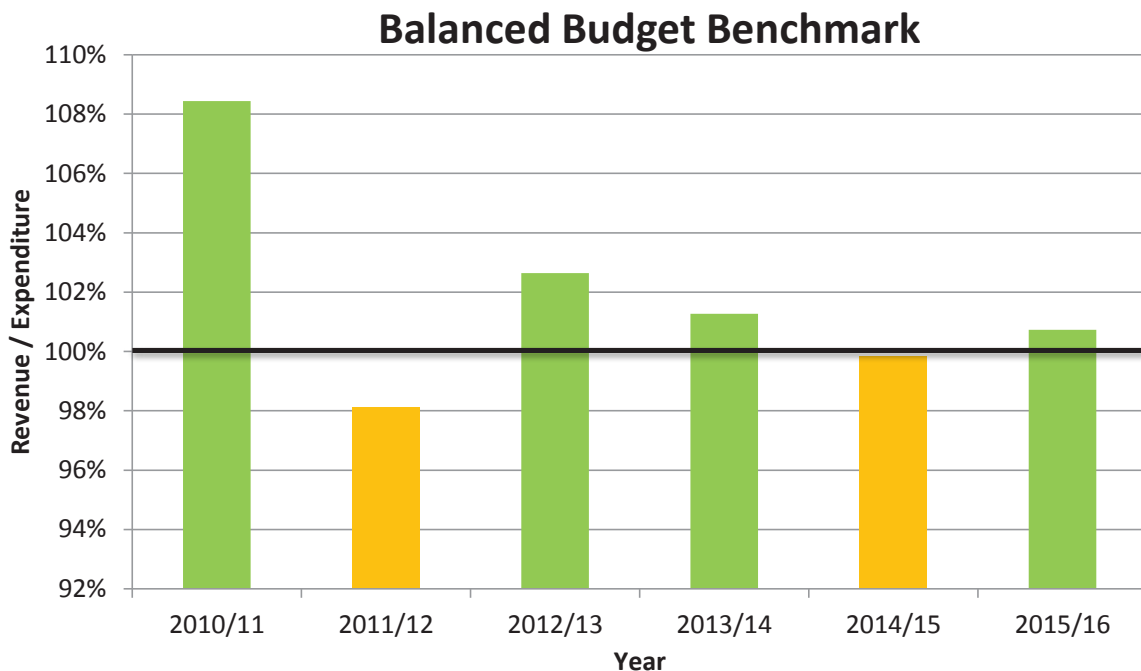
In 2015/16 Council refinanced its internal debt (\$14 million) with external debt, and issued a \$30 million bond that was then lent to its subsidiary Invercargill City Holdings Limited. This has increased this measure from 4% last year to 9% this year, which is still less than 15% limit that Council has set.

BALANCED BUDGET BENCHMARK

	2010/11	2011/12	2012/13	2013/14	2014/15	Year of Annual Report 2015/16
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Revenue (Excluding *)	74,614	69,815	76,776	77,285	77,962	84,474
Total Expenditure (Excluding ^)	68,805	71,153	74,797	76,314	78,104	83,860

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 and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and 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 financial instruments and revaluation gains.

^ Excludes - Losses on derivative financial instruments and revaluations of property, plant and equipment.

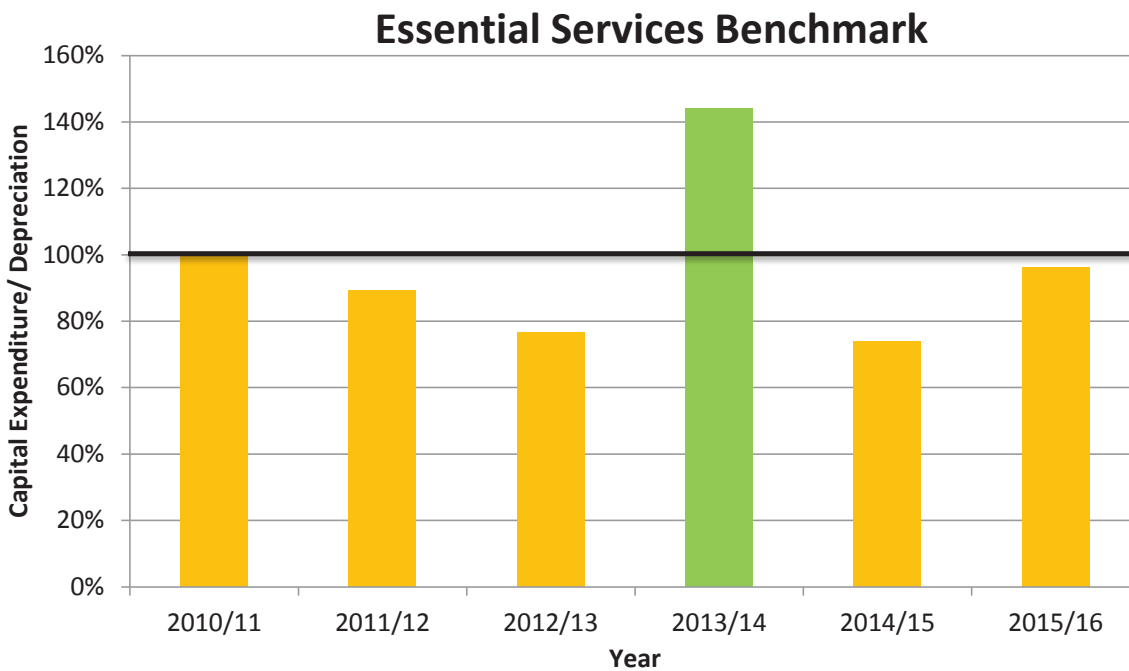
Note: Only revaluations of property, plant and equipment are excluded. Revaluation gains and losses on forestry, investments, investment property and carbon credits are included.

Council is aware of the issue of affordability and financial sustainability. Council revenue has been greater than its operating expenses for four of the past six years. Council continues to investigate efficiencies to reduce expenditure and increase other revenue, and by doing so reduce the revenue needed from rates.

ESSENTIAL SERVICES BENCHMARK

	2011/12	2012/13	2013/14	2014/15	Year of Annual Report 2015/16
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital Expenditure (Additions) *	12,918	11,047	21,468	12,455	16,684
Depreciation ^	14,472	14,412	14,895	16,839	17,373

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



* Capital expenditure on network assets has been deemed to be additions to Infrastructural Assets as per Note 11: Property, plant and equipment.

^ Depreciation on network assets has been deemed to be depreciation of Infrastructural Assets as per Note 11: Property, plant and equipment.

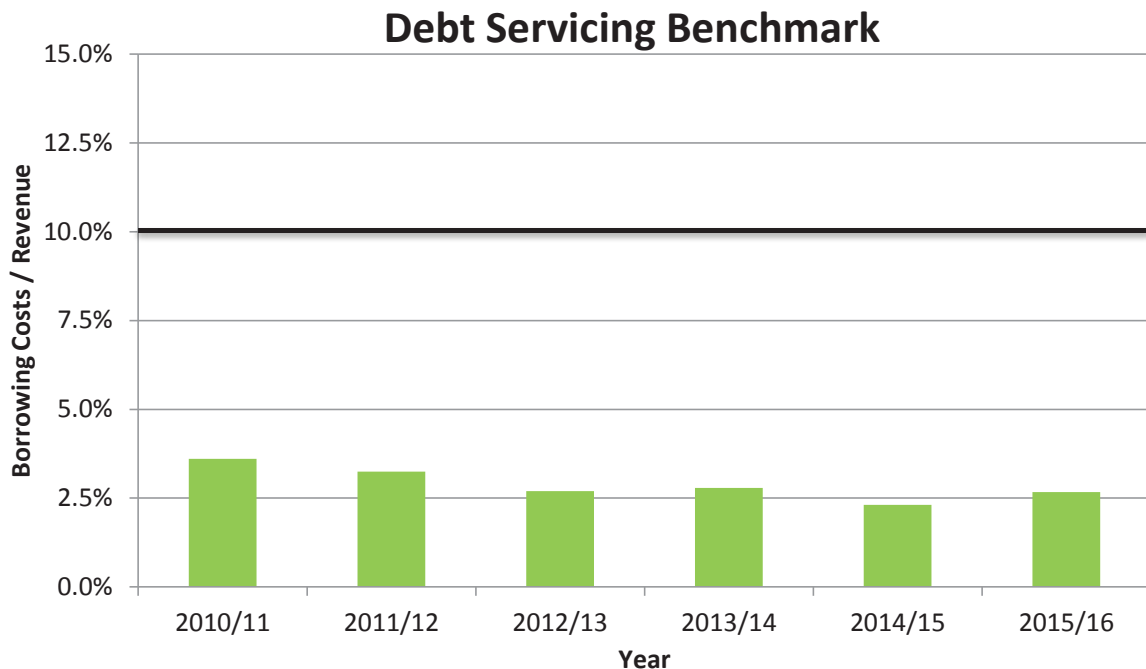
Over time Council's capital expenditure should equal its depreciation, which will mean that Council is replacing its assets as they deteriorate. However, due to some projects being large, it is hard to assess this on a year-by-year basis. During the 2015/16 year Council spent less on capital expenditure than depreciation. This expenditure gap is expected to be closed in the 2016/17 year as larger capital projects are completed. An example of this is the upgrade of the large water treatment plant at Branxholme which was started in the 2015/16 year and is due for completion in the 2016/17 year.

DEBT SERVICING BENCHMARK

	2011/12	2012/13	2013/14	2014/15	Year of Annual Report 2015/16
	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowing Costs *	2,268	2,070	2,154	1,801	2,253
Revenue (Balanced Budget)	69,815	76,776	77,285	77,962	84,474

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 and equipment).

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



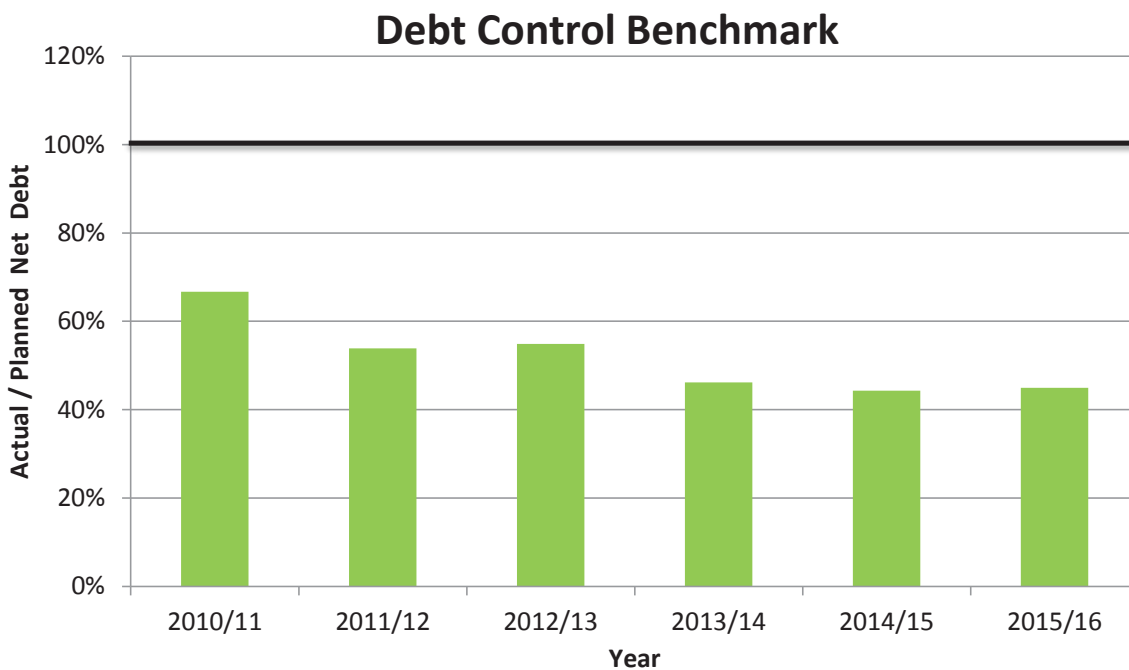
* Deemed to be Finance Expenses from the Statement of Comprehensive Revenue and Expense.

Council's cost of debt is well under the legislative threshold of 10% of revenue. Borrowing costs have increased from 2014/15 due to the refinancing of internal debt with external debt.

DEBT CONTROL BENCHMARK

	2011/12	2012/13	2013/14	2014/15	Year of Annual Report 2015/16
	\$'000	\$'000	\$'000	\$'000	\$'000
Actuals					
Financial Assets - Annual Report *	18,061	21,843	13,746	15,278	59,529
Financial Liabilities - Annual Report ^	44,103	50,958	38,989	39,803	81,978
Actual Net Debt	26,042	29,115	25,243	24,525	22,449
Planned					
Financial Assets *	12,532	10,855	12,699	16,063	7,833
Financial Liabilities ^	60,868	63,918	67,368	71,436	57,791
Planned Net Debt	48,336	53,063	54,669	55,373	49,958

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).



* 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.

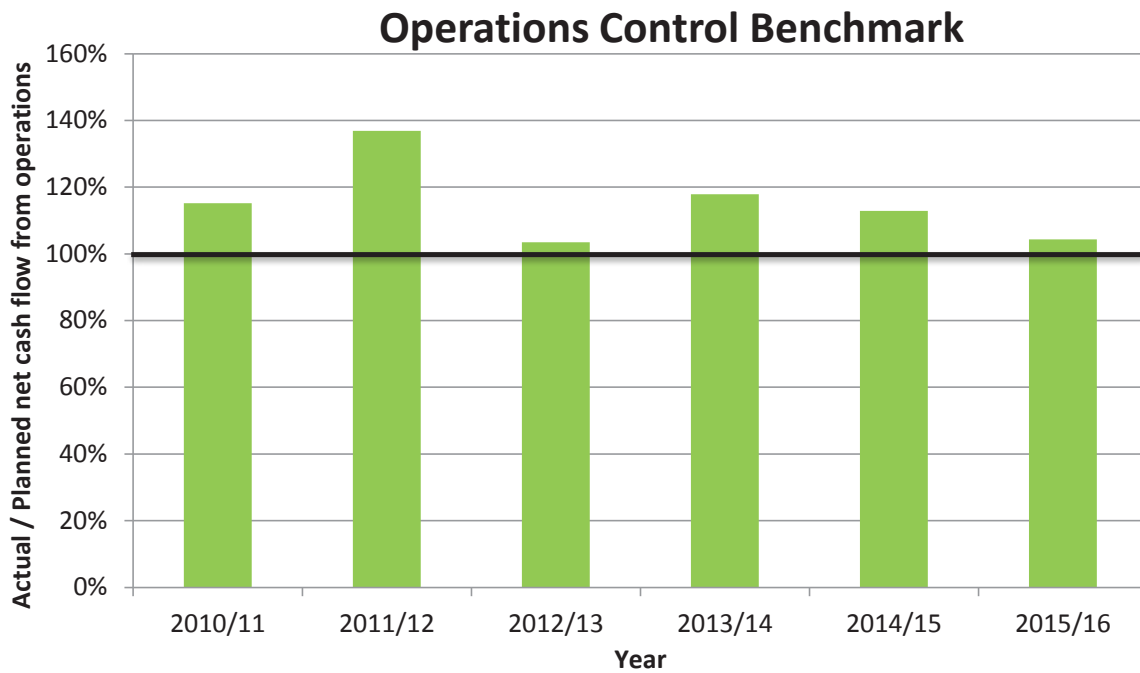
Council's actual net debt position has consistently been below its planned net debt position for the past six years. Council's net debt has remained lower than planned net debt due to the deferral of large debt funded capital projects.

OPERATIONS CONTROL BENCHMARK

	2011/12	2012/13	2013/14	2014/15	Year of Annual Report 2015/16
	\$'000	\$'000	\$'000	\$'000	\$'000
Actual Net Cash flows from Operations *	20,404	18,530	20,248	20,906	20,370
Planned Net Cash flows from Operations ^	14,909	17,907	17,183	18,526	19,530

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

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



* Taken from the Statement of Cash Flows in the relevant year's Annual Report.

^ Taken from the Statement of Cash Flows in the relevant year's Long-term Plan.

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

UNCOMPLETED PROJECTS

Not all projects planned and funded in 2015/16 were completed. Projects valued over \$100,000 which will now be completed or undertaken in 2016/17 are:

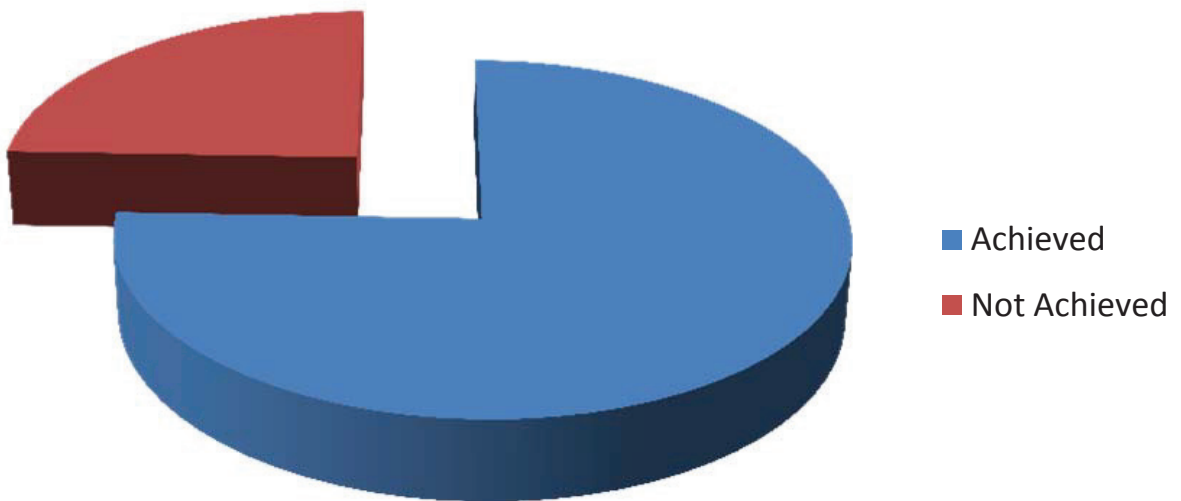
Community Services	
▪ Passenger Transport - National Regional Ticketing Project	\$174,000 (funded from Rates)
Infrastructure and Services	
▪ Services Administration - Asset Management System	\$350,000 (funded from Rates)
▪ Drainage - Sewerage - Clifton - Waste Water Treatment Plant	\$2,158,960 (funded from Rates and Special Funds)
▪ Drainage - Sewerage - Beatrice Street Treatment Pond	\$100,000 (funded from Loan)
▪ Drainage - Sewerage - Mersey Street foul sewer	\$197,982 (funded from Rates)
▪ Drainage - Sewerage - Mersey Street raising main	\$226,742 (funded from Rates)
▪ Drainage - Sewerage - Kennington sewerage scheme	\$978,993 (funded from Loan and User Levies)
▪ Drainage - Stormwater Renewals - Prestonville pump installation	\$183,654 (funded from Loan)
▪ Drainage - Stormwater Renewals - Ythan/Jed Street pipe network	\$997,027 (funded from Rates)
▪ Parks and Reserves - Operational plant	\$177,000 (funded from Rates)
▪ Parks and Reserves - Anderson Park building	\$100,000 (funded from Rates)
▪ Property - Bluff Service Centre	\$109,000 (funded from Special Funds)
▪ Property - Library	\$995,000 (funded from Loan and Special Funds)
▪ Property - Administration Building	\$3,526,000 (funded from Loan)
▪ Property - Splash Palace	\$1,400,000 (funded from Loan)
▪ Roding - Surveillance Cameras	\$116,500 (funded from Rates)
▪ Roding - Footpaths and Frontages - Maintenance and Capital	\$435,000 (funded from Rates)
▪ Roding - Parking Facilities - Car parking changes	\$250,000 (funded from Loan)
▪ Water - Branxholme duplicate pipeline	\$280,000 (funded from Rates)
▪ Water - Asbestos cement mains renewals	\$822,074 (funded from Rates)
▪ Water - Bluff pipeline replacement	\$485,551 (funded from Loan)
▪ Water - Supply to Awarua Industrial Estate	\$100,000 (funded from Loan)
▪ Water - Branxholme plant upgrade	\$11,033,455 (funded from Loan and Rates)
▪ Water - Emergency water supply	\$202,000 (funded from Loan)
▪ Water - Waikiwi Pump Station pump and equipment	\$290,000 (funded from Loan and Rates)
▪ Water - City Pump station and equipment	\$250,000 (funded from Rates)
Finance and Policy	
▪ Corporate Service - Phone System	\$105,174 (funded from Special Funds)
▪ CBD Redevelopment - Inner City Upgrade capital works	\$2,804,995 (funded from Loan and Special Funds)
▪ Grants - Walkway to Bluff (with Southland Regional Council)	\$150,000 (funded from Rates)

Summary of Service

SUMMARY OF ACTIVITIES AND LEVELS OF PERFORMANCE

The 2015/16 Annual Plan identified 91 levels of service against which its performance would be measured for its activities. 18 of these were Department of Internal Affairs measures. 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 69 of its 91 measures.



In the graph above, "Achieved" means that the 2015/16 performance measure was met or exceeded. "Not Achieved" means the 2015/16 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 contribute towards Council's four Community Outcomes is detailed below.

Community Outcome	Activity and Performance Measure	2015/16 Target	2015/16 Actual
Healthy lifestyle in a healthy environment.	Civil Defence - Percentage of surveyed households prepared for an emergency including self-sufficiency for three days.	50% by 2016	Achieved - 51% (New Measure)
	Libraries and Archives - Membership as a percentage of the total population.	65% - 75%	Achieved - 70.52% (2014/15: Achieved - 71%)
	Passenger Transport - Homes in the Invercargill urban area are within 400 metres of a serviced bus route.	90%	Achieved - 90% (2014/15: Achieved - 90%)
	Pools - Number of visits to Splash Palace per head of Invercargill population.	At least 6	Achieved - 7.6 visits (2014/15: Achieved - 7.7 visits)
	Public Toilets - Automated toilets are available 24 hours a day.	95%	Achieved - 99% (2014/15: Achieved - 97%)
	Water Supply - Ministry of Health Grade.	Invercargill - Aa Bluff - Aa	Not Achieved. (2014/15: Not Achieved)

Community Outcome	Activity and Performance Measure	2015/16 Target	2015/16 Actual
A diverse and growing economy.	Compliance - Parking patrols of Council managed parking spaces.	Average 80 hours patrolling per week.	Achieved - average of 108 patrolling hours. (2014/15: Achieved - 94 hours)
	Destinational Marketing - Number of tourism businesses using Venture Southland services.	>25	Achieved - 105 businesses* (2014/15: Achieved - 98)
	Enterprise - Business Mentor Programme.	50 mentor/client matches.	Not Achieved - 36 (New Measure)
	Investment Property - Rate of return is at least equal to the current market interest rate.	Achieve current market interest rate.	Achieved - 5.08% (2014/15: Achieved)
	Solid Waste Management - Maintain a regional materials discarded rate of 605kg disposed per person.	Maintain.	Not Achieved - 653kg disposed per person. (New Measure)
	Pools - Percentage of Swim School customers who rater their experience as good or very good when surveyed.	80%	Achieved - 85% (2014/15: Achieved - 95.6%)

* NB. The results are for the Southland Region, not just Invercargill.

Community Outcome	Activity and Performance Measure	2015/16 Target	2015/16 Actual
A city that is a great place to live and visit.	Building Control - Accreditation as a Building Consent Authority is retained.	Accreditation is retained.	Achieved - Assessment report included three Corrective Action Requests which were addressed and approved by IANZ (Auditors) in August 2016. (2014/15: Achieved - Audit undertaken in June 2014. Accreditation was retained).
	Democratic Process - Percentage of residents survey respondents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decision making.	50%	Not Achieved - 34% (New Measure)
	Destinational Marketing - Number of media and famil* opportunities facilitated.	8 per year	Achieved - 40 familis (28 media, 12 trade) (2014/15: Achieved - 23)
	Housing - Rental does not exceed 30% of the gross superannuation benefit	<30%	Achieved - All rents are below 30% (2014/15: Achieved)
	Parks and Reserves - Percentage of urban residents within 500 metres of a park or reserve.	100%	Not Achieved - 96% (2014/15: Achieved - 96%)
	Passenger Transport - All members of the community have the opportunity to use the public transport.	Total Mobility Scheme is administered.	Achieved. (2014/15: Achieved - Total mobility administered and delivered to the community).

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

Community Outcome	Activity and Performance Measure	2015/16 Target	2015/16 Actual
Strong, innovative leadership.	Animal Services - Trained staff are available 24 hours per day, seven days a week.	Achieved.	Achieved. (2014/15: Achieved)
	Compliance - Educational material is distributed at schools.	Distributed to eight schools per year.	Achieved. (2014/15: Achieved)
	Roading - Council's cycling network is fully marked.	Increasing percentage.	Achieved - additional cycle-way added. (2014/15: Not Achieved - 83%)
	Sewerage - Service disruptions for individual properties are less than 12 hours.	100%	Not Achieved - 87.5% (2014/15: Not Achieved - 83%)
	Building Control - Statutory time frames for processing consents are met.	100%	Not Achieved - 99.06% (2014/15: Not Achieved - 99.70%)
	Stormwater - Complaints of stormwater blockage responded to within one hour.	90%	Achieved - 91.76% (2014/15: Not Achieved - 71%)

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 2016**

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, on her behalf, to:

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

Opinion on the audited information

In our opinion:

- the financial statements on pages 148 to 252:
 - present fairly, in all material respects:
 - the City Council and group's financial position as at 30 June 2016;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Standards;
- the funding impact statement 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 and group's Long-term plan;
- the statement of service performance of the City Council on pages 31 to 145:
 - presents fairly, in all material respects, the City Council's levels of service for each group of activities for the year ended 30 June 2016, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and

- complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 48 to 138, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council and group's Long-term plan; and
- the funding impact statement for each group of activities on pages 48 to 138, 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 and group's Long-term plan.

Compliance with requirements

The City Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 8 to 168 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council Type and group's audited information.

Our audit was completed on 26 October 2016. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the [Council Type] 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 Type 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 statement of service performance within the City 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 City Council and group complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

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

Responsibilities of the Council

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

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

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

Responsibilities of the Auditor

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

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, we have no relationship with or interests in the 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 2015/16.

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

This report was approved and adopted by a meeting of the Invercargill City Council on 26 October 2016.

It correctly reflects the Council's financial position and operating results for the year ended 30 June 2016 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

Council Activities & Projects

Ā tātou mahi



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.

The first five groups of 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 groups of activities accounts for over 50% of Council's rates draw. These activities are:

- Roding
- 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
- Destinalional Marketing
- Enterprise
- Investment Property

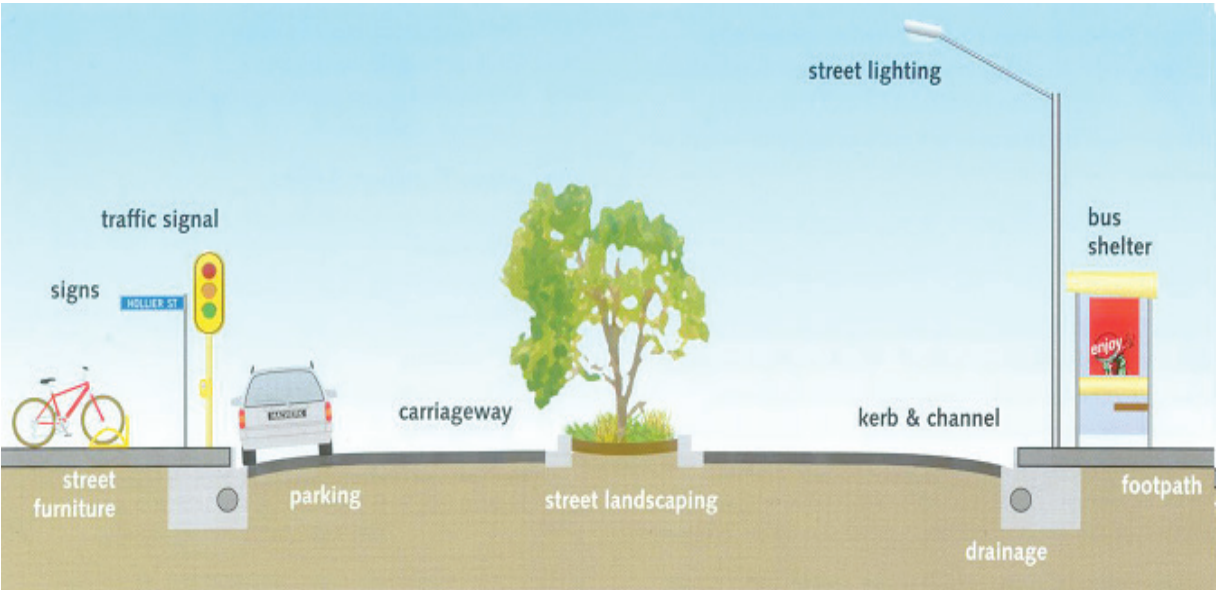
Roading



WHAT WE HAVE DONE

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

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



WHAT WE AGREED WITH THE COMMUNITY

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.	Traffic signs, road name signs and public street maps are well maintained.	Road Safety. Response to Service Requests. Road condition. Road maintenance. 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.	Promotion of Council's cycling network.	Footpaths.
				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	Target 2015/16	Result 2015/16
Compliance with the New Zealand Street Lighting Standard.	Increasing percentage.	Achieved - 87% - Increased the areas now upgraded. ¹ (2014/15: Achieved - 85%)
Vandalised/missing signs and maps are promptly "responded to".	Greater than 90% within 48 hours.	Achieved - 97%. (2014/15: Not Achieved - 81%)
Traffic signals are "responded to" within one hour for emergency works, four hours for serious faults and 12 hours for minor faults.	85%	Achieved - 92% response to emergency request. ² (2014/15: Not achieved - 93%)
Council's cycling network is fully marked.	Increasing percentage.	Achieved - 84% - Additional cycle-way added. (2014/15: Not Achieved - 83%)

National Non Financial – Performance Measure	Target 2015/16	Result 2015/16
Road Safety The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	Reducing number	Not Achieved: ³ 2014: 9 (1 Fatality : 8 Serious Injury) 2015: 16 (2 Fatality : 14 Serious Injury) (New Measure)
Road Condition The average quality of ride on a sealed local road network, measured by smooth travel exposure.	Urban > 81% Rural > 93%	Achieved: - Urban 87% - Rural 96% - Both 89% (New Measure)
Road Maintenance The percentage of the sealed local road network that is resurfaced.	Chipsealing 5.9%	Achieved - 6.1%. ⁵ (New Measure)
Footpaths The percentage of footpaths within a Council's district that fall within the level of service or service standard for the condition of footpaths as set out in the Asset Management Plan.	95% of sealed footpaths have a condition of good or better.	Achieved - Very poor condition 1.36%. ⁴ (2014/15: Not Achieved - 3% Very Poor)
Response to Service Requests The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the Long Term Plan.	75% within five days.	Achieved - 77.1% (New Measure)

THE DETAILS

1 - Street Lighting Compliance

The street lighting compliance has been achieved as the upgrading project continues and the percentage complete has increased.

2 - Traffic Signals

Traffic signals are reported on the emergency response category to demonstrate how well the team has attended faults when they have been called to an important repair.

3 - Road Safety

Road safety has not been achieved due to the number of crashes causing serious or fatal injuries having increased this year, this is a disappointing result. No one particular element is a cause but the general trend over a number of years does show a decreasing result across the province.

4 - Footpaths

Historically this measure has recorded the percentage of footpaths which have a condition rating of very poor. The target has been amended to reflect this in the 2016/17 Annual Plan. The result shows that our footpaths are in good condition.

5 - Chip-sealing

The chip-sealing measure has utilised a carriageway centre line distance as a calculation measure.

WHAT ELSE HAVE WE DONE?

This year the roads have had a new classification approach (One Network Road Classification - ONRC) applied to the network so that future consideration of the network can be viewed from a nationally consistent classification system.

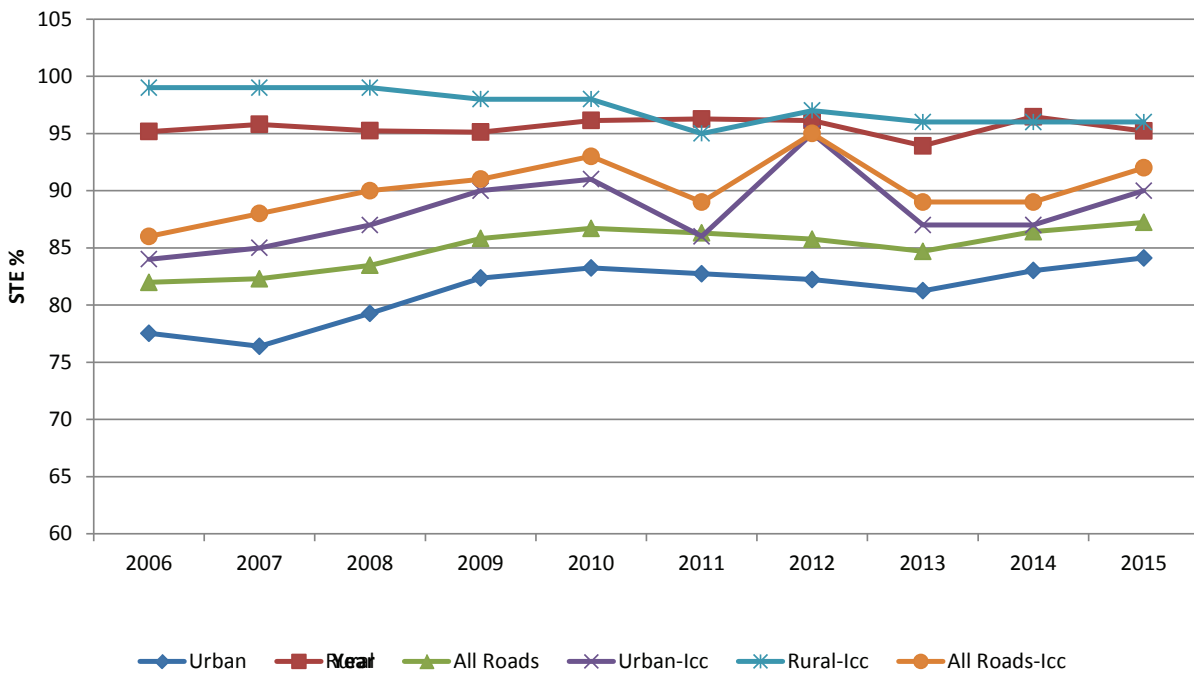
This year the maintenance contract was reviewed and

tendered to the market. The contract is in a different form and is now a corridor style contract.

Footpath renewals have not been completed as was expected but some substantial progress was made. During the year contractual issues were needed to be resolved.

*The graph below contains 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.

Smooth travel exposure for all sealed roads in Invercargill City

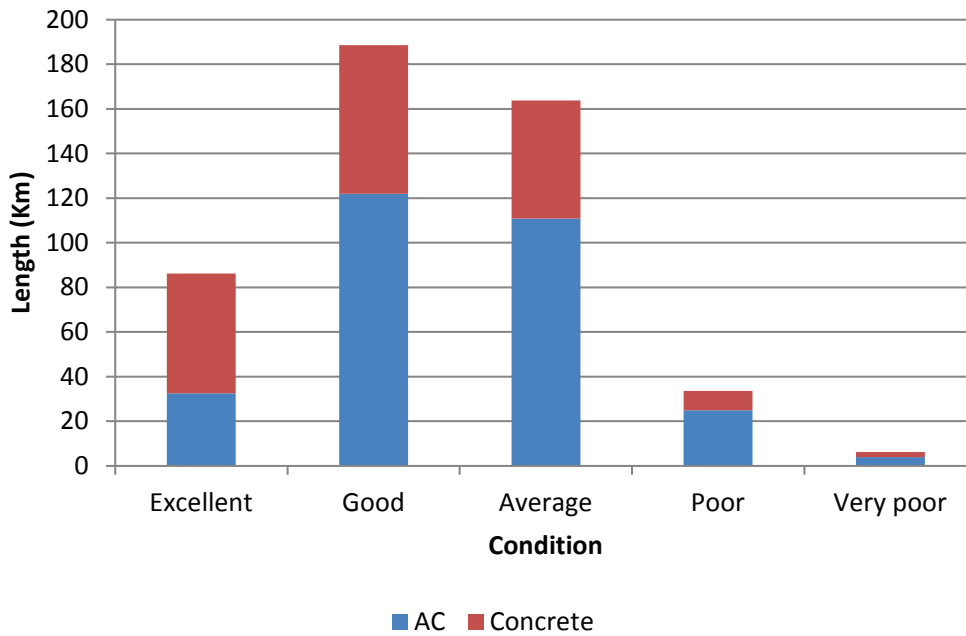


1 - Footpaths and Cycleways

4.2 kilometres of concrete footpaths and 2.2 kilometres of asphalt footpaths were resurfaced in 2014/15.

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

Condition ratings for Concrete/Asphalt footpaths



The percentage of very poor footpaths was 2.8% in 2014/15 and improved to 1.3% in 2015/16. 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 2016 there were 39.96 kilometres of cycleways marked on the roads within the district. During the year there were 0.8km of cycleways marked. Cycleways provide safer opportunities for cycling in the district.

2 - Kerb and Channel

4.0 kilometres of kerb and channel were replaced under the Maintenance Contract.

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. 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.

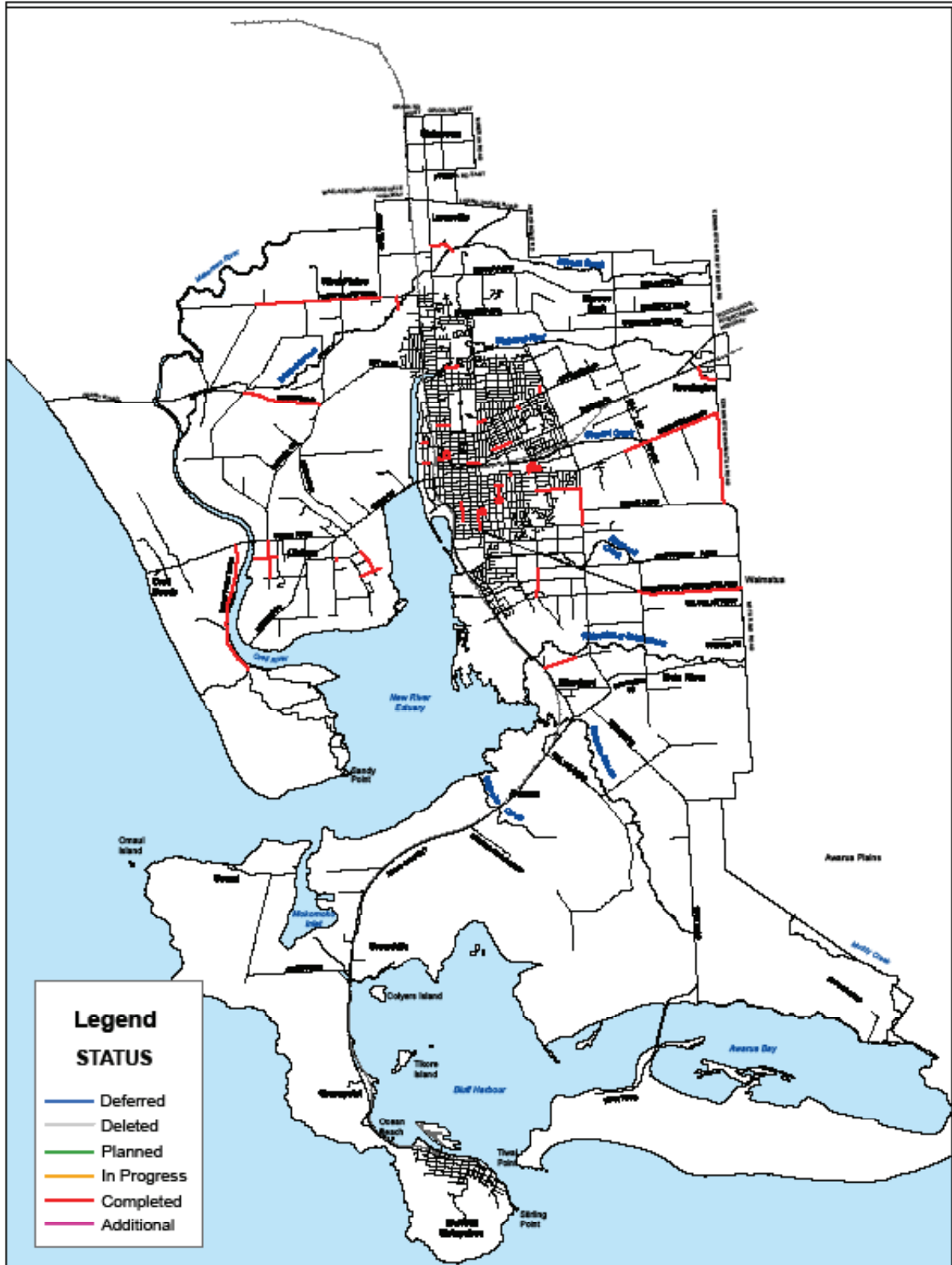
PROGRAMME OF WORKS - ROADING 2015/16

Street	Start	Finish	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Ariki Avenue	Matua Road	Rakiura Road	Chipseal	Planned	Completed
Ariki Avenue	Rakiura Road	Dunns Road	Chipseal	Planned	Completed
Ariki Avenue	Rakiura Road	Dunns Road	Chipseal	Planned	Completed
Bayview Road	SH 1	End Of Seal	Chipseal	Planned	Completed
Beaconsfield Road	SH 6	No Exit	Chipseal	Planned	Completed
Beaconsfield Road Extension	Beaconsfield Road	Road Bend At House 29	Chipseal	Planned	Completed
Bond Place	Bond Street	Mersey Street	Chipseal	Planned	Completed
Bond Row North	Bond Street	Mersey Street	Chipseal	Planned	Completed
Boundary Road	Avon Road	Scott Street	Asphalt	Planned	Completed
Bryson Road	Grant Road	Seal Ends	Chipseal	Planned	Completed
Carron Street	No Exit	Herbert Street	Asphalt	Planned	Completed
Carron Street	No Exit	Herbert Street	Chipseal	Planned	Completed
Centre Street	Lime Street	Rockdale Road	Chipseal	Planned	Completed
Chesney Street	Avon Road	Stirrat Street	Chipseal	Planned	Completed
Chesney Street	Stirrat Street	Maher Street	Chipseal	Planned	Completed
Chesney Street	Stirrat Street	Maher Street	Chipseal	Planned	Completed
Collingwood Street	Nelson Street	Pomona Street	Chipseal	Planned	Completed
Conon Street	Scandrett Street	Balmoral Drive	Chipseal	Planned	Completed
Crescent	Leven Street	Clyde Street	Asphalt	Planned	Completed

Street	Start	Finish	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Earnslaw Street	Liffey Street	Dee Street	Chipseal	Planned	Completed
Earnslaw Street	Dee Street	Kelvin Street	Chipseal	Planned	Completed
Ferry Road	Otatara Road	Staunton Road	Chipseal	Planned	Completed
Forth Street	Ness Street	Roundabout	Asphalt	Planned	Completed
Forth Street	Ythan Street	Ness Street	Chipseal	Planned	Completed
Forth Street	Ness Street	Elles Road	Chipseal	Planned	Completed
Gladstone Terrace	Russel Street	Sycamore Place	Asphalt	Planned	Completed
Gorge Road- Invercargill Road	Evans Road	Kennington- Waimatua Road	Reconstruction	Planned	Completed
Hardy Street	Nelson Street	Pomona Street	Chipseal	Planned	Completed
Herriot Court	Herriot Street	No Exit	Chipseal	Planned	Completed
Herriot Court	Herriot Street	No Exit	Asphalt	Planned	Completed
Herriot Street	Ritchie Street	Lindisfarne Street	Chipseal	Planned	Completed
Herriot Street	Lindisfarne Street	Bamborough Street	Chipseal	Planned	Completed
Highfield Terrace	No Exit	Highfield Terrace South	Asphalt	Planned	Completed
Highfield Terrace	No Exit	Inglewood Road	Chipseal	Planned	Completed
Highfield Terrace South	Tweed Street	Highfield Terrace	Chipseal	Planned	Completed
Kennington Waimatua Road	Mason Road	Oteramika Road	Chipseal	Planned	Completed
Marama Avenue South	Taiepa Road	Bryson Road	Chipseal	Planned	Completed
McQuarrie Street	Elles Road	Brown Street	Chipseal	Planned	Removed

Street	Start	Finish	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Ness Street	Manse Street	Grace Street	Chipseal	Planned	Completed
Orwell Crescent	Highfield Terrace	Prospect Terrace	Chipseal	Planned	Completed
Oteramika Road	McKellar Road	Kennington-Waimatua Road	Chipseal	Planned	Completed
Prospect Terrace	Start At Kerb	Inglewood Road	Asphalt	Planned	Completed
Prospect Terrace	Start At Kerb	Inglewood Road	Chipseal	Planned	Completed
Rakiura Parade	Ruru Avenue	No Exit	Chipseal	Planned	Completed
Rimu Road	Kennington Road	Kennington Waimatua Road	Chipseal	Planned	Completed
Rockdale Road	Tramway Road	Centre Street	Reconstruction	Planned	Completed
Rodney Street	Nelson Street	Pomona Street	Chipseal	Planned	Completed
Sandy Point Road	Dunns Road	Seal Ends	Chipseal	Planned	Completed
St Andrew Street	Queens Drive	Sydney Street	Asphalt	Planned	Completed
Sussex Street	West Plains Road	End Of Seal	Asphalt	Planned	Completed
Sussex Street	West Plains Road	End Of Seal	Chipseal	Planned	Completed
Tui Place	Taiepa Road	No Exit	Chipseal	Planned	Completed
Tweed Street South	Morton Street	Roundabout	Asphalt	Planned	Completed
Waverly Street	Crawford Street	St Andrew Street	Chipseal	Planned	Completed
Wellington Street	Hardy Street	Rodney Street	Chipseal	Planned	Completed
West Plains Road	Hughes Road	Steele Road	Chipseal	Planned	Completed





Legend
STATUS

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



Annual Plan 2015 - 2016 Monthly Report
Roading - June 2016

Information shown is the currently approved programme and may change without notice. It is subject to the approval of the Council.

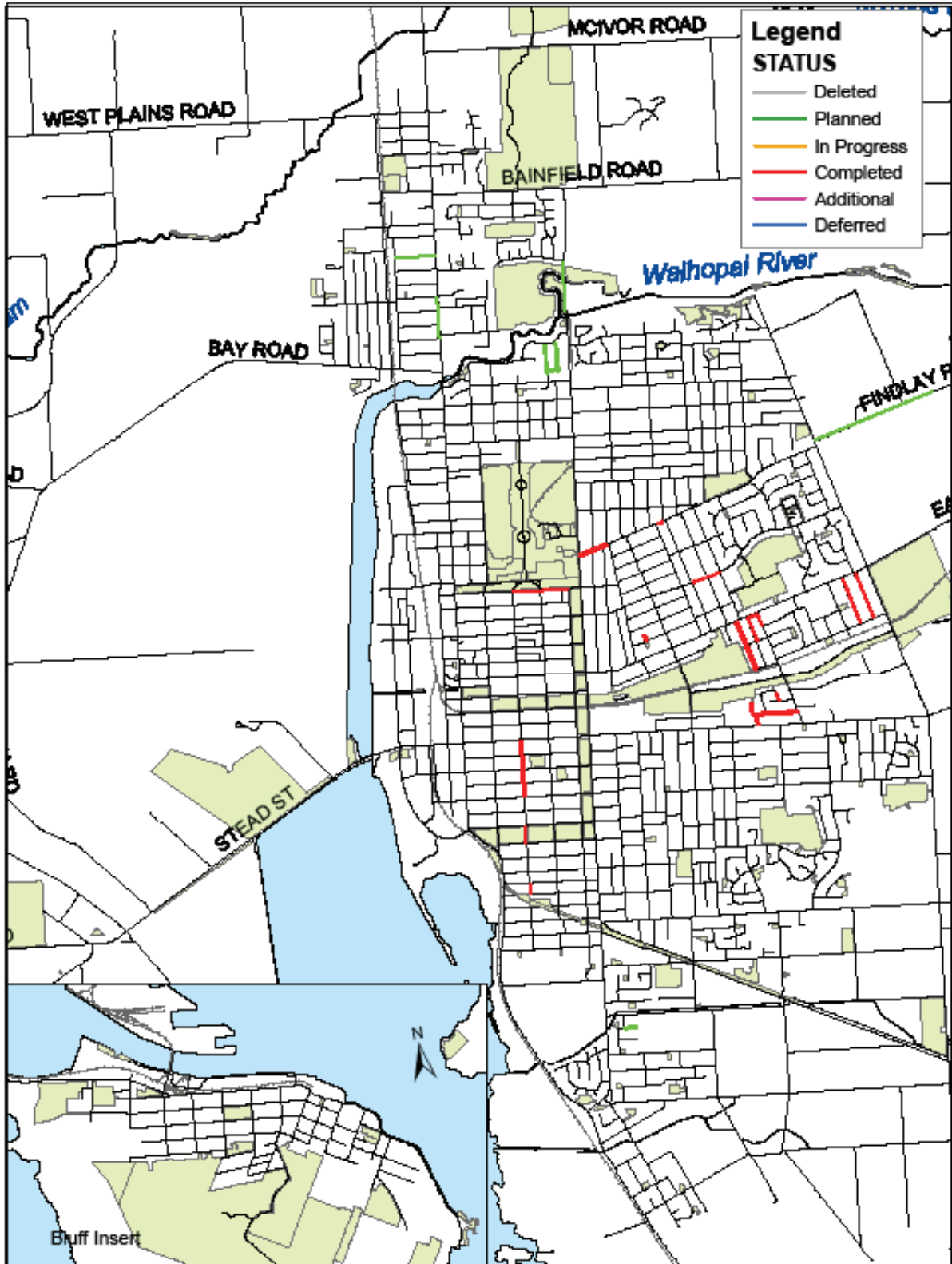
PROGRAMME OF WORKS - FOOTPATHS 2015/16

Street	Start	Finish	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Anglem Street	Dart Street	Tay Street	Asphalt	Planned	Completed
Carlyle Street	West Street	Tay Street	Concrete	Carry Forward	Completed
Conon Street	Scandrett Street	Selwyn Street	Concrete	Planned	Completed
Conon Street	Dalrymple Street	Balmoral Drive	Concrete	Planned	Completed
Conon Street	Dalrymple Street	Balmoral Drive	Concrete	Planned	Completed
Conon Street	Crinan Street	Tweed Street	Concrete	Planned	Completed
Conon Street	Crinan Street	Tweed Street	Concrete	Planned	Completed
David Street	Eldon Street	Dart Street	Concrete	Planned	Completed
David Street	Eldon Street	Dart Street	Concrete	Carry Forward	Completed
Duncan Street	West Street	Tay Street	Concrete	Carry Forward	Completed
Elm Crescent	Montrose Street	No 7	Concrete	Planned	Planned
Elm Crescent	Montrose Street	Gladstone Tce	Concrete	Planned	Planned
Findlay Road	End Kerb and channel	Bethunes Lane	Resurfacing	Planned	Planned
Gala Street	Deveron Street	Jed Street	Asphalt	Planned	Completed
Gala Street	Jed Street	Doon Street	Asphalt	Planned	Completed
Herriot Court	Herriot Street	End	Concrete	Planned	Completed
Herriot Court	Herriot Street	End	Concrete	Planned	Completed
Herriot Court	Herriot Street	End	Asphalt	Planned	Completed
Herriot Court	Herriot Street	End	Asphalt	Planned	Completed
Highfield Terrace	No Exit	Inglewood Road	Concrete	Planned	Completed
Highfield Terrace	No Exit	Inglewood Road	Concrete	Planned	Completed
Highfield Terrace South	Tweed Street	Highfield Terrace	Concrete	Planned	Completed

Street	Start	Finish	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Highfield Terrace South	Tweed Street	Highfield Terrace	Concrete	Planned	Completed
Inglewood Road	Duncraig Street	Tay Street	Asphalt	Planned	Completed
Medway Street	Ascot Terrace	End	Concrete	Planned	Planned
Medway Street	No 1	End	Concrete	Planned	Planned
Montrose Street	No 12	Gladstone Terrace	Concrete	Planned	Planned
Montrose Street	No 3	Gladstone Terrace	Concrete	Planned	Planned
North Road	Dudley Street	Galway Street	Asphalt	Planned	Planned
Orwell Crescent	No 50	Prospect Terrace	Concrete	Planned	Completed
Price Street	Ross Street	North Road	Concrete	Carry Forward	Planned
Price Street	Ross Street	North Road	Concrete	Planned	Planned
Queens Drive West	Bridge	Gimblett Street	Resurfacing	Planned	Planned
St Andrew Street	Queens Drive	Sydney Street	Asphalt	Planned	Completed
St Andrew Street	Queens Drive	Sydney Street	Asphalt	Planned	Completed
St Andrew Street	Bambrough Street	Lorn Street	Asphalt	Planned	Completed
Tay Street	Anglem Street	Inglewood Road	Asphalt	Planned	Completed
Yarrow Street	Lorn Street	Isabella Street	Asphalt	Planned	Completed

A number of footpaths planned for the 2015/16 year will not be completed this financial year.

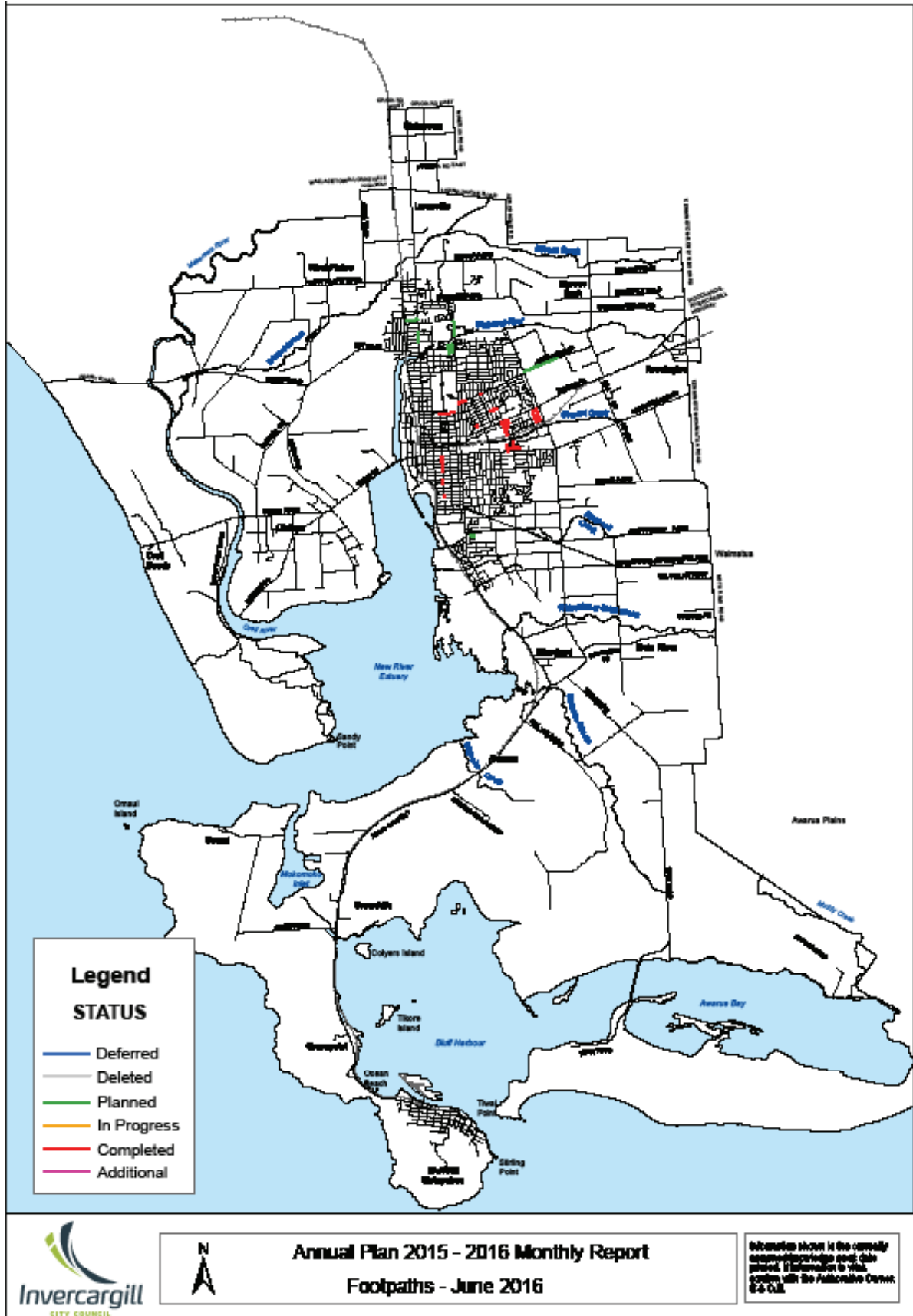
This result has been signalled earlier in the year and is a result of contractual issues during the year causing delays.



Invercargill CITY COUNCIL

Annual Plan 2015 - 2016 Monthly Report
Footpaths - June 2016

Information shown is to be verified against the current status of the project. Information is that of the date of the report with the Invercargill Council. B.C.C.



CAPITAL WORKS PROJECTS

Capital works having a value exceeding \$400,000 in 2015/16 were:

Project	2015/16 Proposed \$000	2015/16 Actual \$000
Road surface renewals and rehabilitation.	3,785	3,183
Footpath renewals and rehabilitation.	1,280	1,013
Kerb and channel and culvert replacement.	786	1,754
Street lighting.	720	472

Expenditure between the Road surface renewals and rehabilitation and the Kerb and channel and culvert replacement budgets have been managed together. This is permitted by the NZTA funding arrangements. Work has been prioritised in projects during the year, which has changed the planned mix of works and the corresponding expenditure.

FUNDING IMPACT STATEMENT - ROADING

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	441	372	372
Targeted rates (other than targeted rate for water supply)	7,419	7,794	7,794
Subsidies and grants for operating purposes	1,864	2,051	2,496
Fees, charges and targeted rates for water supply	323	260	340
Internal charges and overheads recovered	280	258	258
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	864	897	908
Total operating funding	11,191	11,632	12,168
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	5,907	6,375	6,973
Finance costs	339	283	232
Internal charges and overheads applied	280	258	258
Other operating funding applications	-	-	-
Total applications of operational funding	6,526	6,916	7,463
Surplus (deficit) of operational funding	4,665	4,716	4,705
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	5,539	3,651	3,955
Development and financial contributions	-	-	-
Increase (decrease) in debt	(597)	(337)	(703)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	4,942	3,314	3,252
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	44	156	38
- to improve the level of service	-	890	996
- to replace existing assets	9,448	6,931	6,879
Increase (decrease) in reserves	115	53	44
Increase (decrease) in investments	-	-	-
Total application of capital funding	9,607	8,030	7,957
Surplus (deficit) of capital funding	(4,665)	(4,716)	(4,705)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	7,240	10,161	9,848

FUNDING IMPACT STATEMENT ANALYSIS

Subsidies and grants for operating purposes is higher than budget as more NZTA funding was required to cover additional contractors to complete current roading projects.

Payments to staff and suppliers is higher than anticipated as there was a need for additional contractors to complete current roading projects. Increase (decrease) in debt is lower than budget due to some loan funded projects being delayed.

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.

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.	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.		
				System adequacy.		
		Sewage is treated and discharged in a manner that minimises health risks.	Receiving waters are not adversely affected by effluent discharges.	Customer satisfaction.		
				Fault response times.		
Comply with effluent quality standards as defined in current discharge consents for Clifton and Bluff facilities.	Discharge compliance.	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

Measure	Target 2015/16	Result 2015/16
Service disruptions for individual properties are less than 12 hours.	100%	Not Achieved - 87.5% ¹ (2014/15: Not Achieved - 83%)
Compliance with effluent quality standards are defined in current discharge consents for Clifton and Bluff facilities.	100%	Achieved - 100% (2014/15: Achieved - 100%)
Trade waste consent applications are responded to in ten working days.	80%	Achieved - 100% (2014/15: Achieved - 100%)
National Non Financial – Performance Measure	Target 2015/16	Result 2015/16
<p>System and Adequacy The number of dry weather sewerage overflows from the Invercargill City Council's sewerage system, expressed per 1,000 sewerage connections to that sewerage system.</p>	< 4 blockages per 1,000 properties annually.	Achieved - 0.40 blockages per 1,000 properties. (New Measure)
<p>Discharge Compliance Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of:</p> <ul style="list-style-type: none"> • Abatement notices • Infringement notices • Enforcement orders • Convictions received by Council in relation to those resource consents. 	100% compliance. No abatement notices, enforcement orders or convictions are recorded against Council in relation to its resource consents in any one year.	Achieved - Zero abatement notices, enforcement orders or convictions. (New Measure)
<p>Customer Satisfaction The total number of complaints received by Council about any of the following:</p> <ul style="list-style-type: none"> • Sewage odour • Sewerage system faults • Sewerage system blockages <p>The Council's response to issues with its sewerage system, expressed per 1,000 connections to Council's sewerage system.</p>	<p>Sewerage odour - zero complaints per year.</p> <p>Sewerage system faults and blockages - < 4 blockages per 1,000 connections per year.</p>	<p>Not achieved² - 1 complaint - 0.05 per 1,000 connections.</p> <p>Achieved - 1.02 blockages per 1,000 connections. (New Measure)</p>

National Non Financial – Performance Measure	Target 2015/16	Result 2015/16
<p>Fault Response Times Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times measured:</p> <ul style="list-style-type: none"> • Attendance time - from the time that Council receives notification to the time that service personnel reach the site; and • Resolution time - from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault. 	<p>Service personnel reach site within one hour for emergency work and four hours for urgent events (90% compliance).</p> <p>Temporary repair completed within six hours for emergency events and 24 hours for urgent events (90% compliance).</p>	<p>Median emergency attendance time - 26 minutes. Median urgent attendance time - 1 hour 10 minutes.</p> <p>Emergency: 88% within one hour - Not achieved³ Urgent: 93% within four hours - Achieved.</p> <p>Median emergency repair time - 1 hour 57 minutes. Median urgent repair time - 3 hours 10 minutes.</p> <p>Emergency: 92% within six hours - Achieved. Urgent: 94% within 24 hours - Achieved.</p> <p>(New Measure)</p>

THE DETAILS

1 - Service Disruptions

Of 48 tasks issued during the year, service disruption to individual properties exceeded 12 hours for seven tasks.

2 - Sewage Odour

One odour complaint was received. This was due to a tanker load of high strength waste being discharged

to a digester. The digester was taken off line and sealed, with contents discharged to sludge lagoons over a period of weeks.

3 - Emergency Attendance Time

Of the 64 emergency tasks issued during the year, attendance time exceeded one hour for eight tasks.

PROGRAMME OF PIPEWORKS - SEWERAGE 2015/16

Street	Start	Finish	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Conon Street	Ettrick Street	Balmoral Drive	Renewal	Carry forward	Completed
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	Completed
Mersey Street	Otepuni Stream	Spey Street	Renewal	Planned	In progress

PUMP STATIONS - 2015/16

Location	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Foreshore Road	Electrical Cabinet and Control Renewal	Planned	Completed

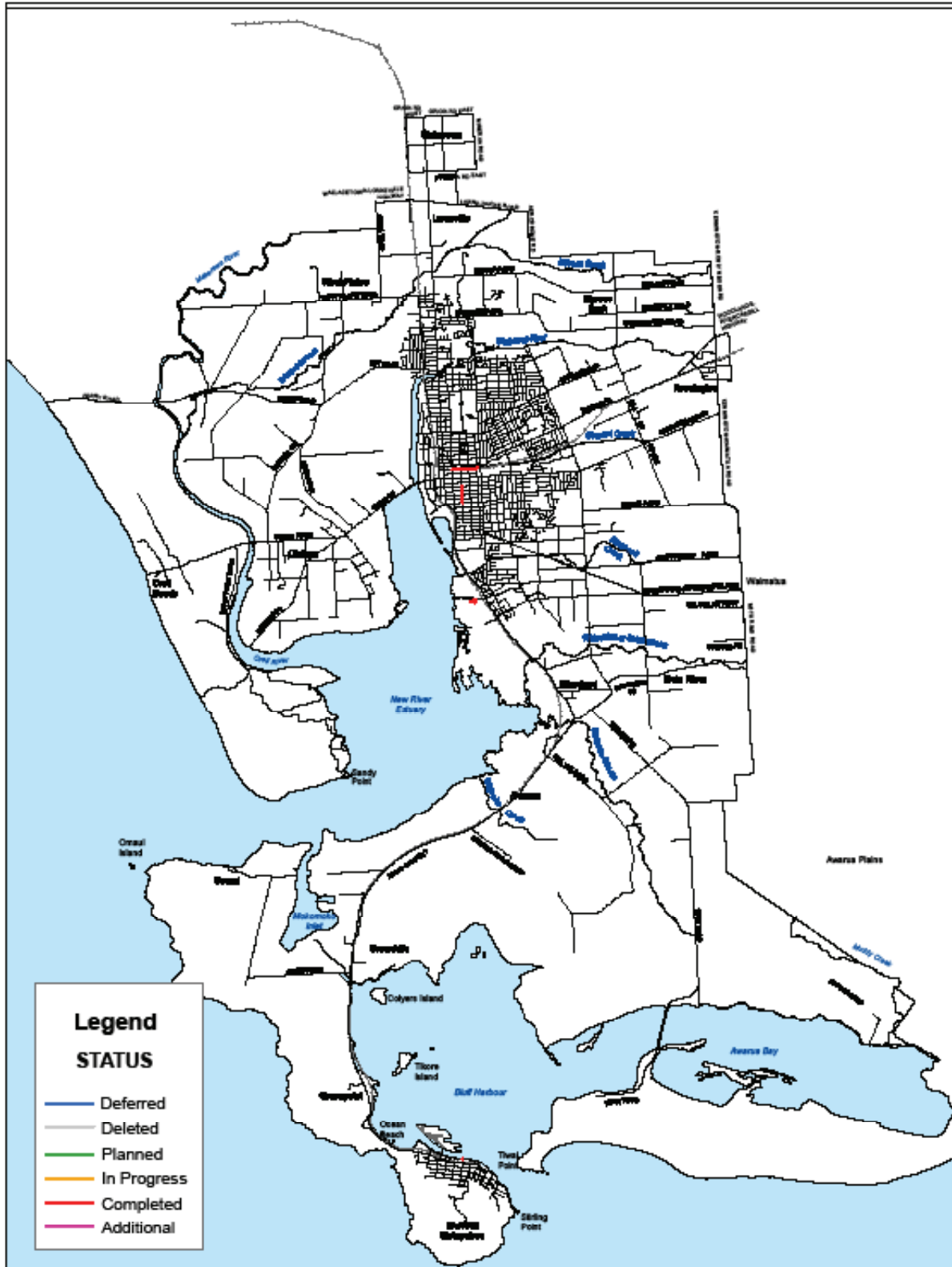
WASTE WATER TREATMENT PLANT - 2015/16

Location	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Clifton WWTP	PLC Controller	Carry forward	Completed
Clifton WWTP	Computer monitoring system	Carry forward	Completed
Clifton WWTP	Replace Diesel Motor	Planned	Completed
Clifton WWTP	Control Upgrade	Planned	Completed
Clifton WWTP	New Biogas Genset	Planned	Completed
Clifton WWTP	Digester Stairs Renewal	Planned	Completed
Clifton WWTP	Secondary Wet Well Pump Renewal	Planned	Completed



Annual Plan 2015 - 2016 Monthly Report
Foulsewer - June 2016

Information shown is to be verified against the current status of the project. For more information, contact the Infrastructure Officer, 8408



CAPITAL WORKS PROJECTS

Capital works having a value exceeding \$200,000 in 2015/16 were:

Project	2015/16 Proposed \$000	2015/16 Actual \$000
Pipe Asset Renewals.	1,238	1,267
Treatment Plant Asset Renewals.	1,563	465
Kennington Sewerage Scheme.	1,000	21

PROJECT UPDATES

1 - Treatment Plant Asset Renewals

Equipment has been selected and is on order. Electrical, mechanical and structural enabling contracts are being negotiated, and construction and installation will proceed in 2016/17.

2 - Kennington Sewerage Scheme

A contractor has been selected, but the work programme was delayed due to contractor's commitments. Work will be completed in 2016/17.

FUNDING IMPACT STATEMENT - SEWERAGE

	Long Term Plan 2012 - 2022 2014/15 \$'000	Long Term Plan 2015 - 2025 2015/16 \$'000	Actual 2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	69	-	-
Targeted rates (other than targeted rate for water supply)	5,070	5,039	5,039
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	603	970	773
Total operating funding	5,742	6,009	5,812
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,220	2,978	2,994
Finance costs	444	363	302
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	3,664	3,341	3,296
Surplus (deficit) of operational funding	2,078	2,668	2,516
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(605)	1,688	(470)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(605)	1,688	(470)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	1,000	21
- to improve the level of service	-	594	294
- to replace existing assets	1,473	2,762	1,604
Increase (decrease) in reserves	-	-	127
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,473	4,356	2,046
Surplus (deficit) of capital funding	(2,078)	(2,668)	(2,516)
FUNDING BALANCE			
Depreciation expense (not included in the above FIS)	1,529	2,305	2,264

FUNDING IMPACT STATEMENT ANALYSIS

The Kennington sewerage scheme capital project has been delayed in 2015/16 and therefore associated debt and income has not occurred. Delays of other capital renewal projects have lowered actual capital expenditure from what was expected.

Solid Waste Management



WHAT WE HAVE DONE

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

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

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
Healthy lifestyle in a healthy environment.	Provide or ensure provision of services that include a quality water supply and reliable, effective sanitation.	Provision of solid waste facilities for the collection and disposal of recycling and rubbish.	Ensure regular kerbside collection services.	Comparing trends in recycling and rubbish tonnages. <ul style="list-style-type: none"> ▪ Kerbside recycling. ▪ Kerbside rubbish ▪ Solid waste to landfill. ▪ Recycling to material recovery facility.
			Appropriate operating hours for facilities.	
			Encourage waste minimisation.	
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

Measure	2015/16 Target	2015/16 Result
Increasing trend in kerbside recycling.	Increasing trend.	Not Achieved: 3,483.37 tonnes - 3% decrease. (2014/15: Not Achieved - 3,584 tonnes - 3% decrease)
Decreasing trend in kerbside rubbish.	Decreasing trend.	Not achieved: 10,667.17 tonnes - 4% increase. (2014/15: Not Achieved - 10,299 - 1% increase)
Decreasing trend in solid waste to landfill.	Decreasing trend.	Achieved: 21,329.55 tonnes - 6% decrease. (2014/15: Achieved - 22,805 - 10% decrease)
Increasing trend in diverted material.	Increasing trend.	Baseline Figure: 8,941 tonnes. (New Measure)
Maintain a regional materials discarded rate of 650 kg disposed per person.	Maintain this level.	Not Achieved: 653 kg disposed per person. (New Measure)

THE DETAILS

Council introduced a new Operational Policy (three strikes) in May 2015 to mitigate the issues with landfill-rubbish being placed in the kerbside recycling bins. This has resulted in a 3% decrease in kerbside recycling and a 4% increase in kerbside rubbish.

The decreasing trend in solid waste to landfill overall has occurred due to several large waste companies disposing of solid waste directly at the Southland Regional Landfill.

WHAT ELSE HAVE WE DONE

WasteNet Southland has completed the following campaigns:

- Waste Awareness Week (March 2016)
- Love Food Hate Waste Week (June 2016)

FUNDING IMPACT STATEMENT - SOLID WASTE MANAGEMENT

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15 \$'000	2015/16 \$'000	2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	27	-	-
Targeted rates (other than targeted rate for water supply)	3,889	3,839	3,839
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	2,811	2,630	2,163
Internal charges and overheads recovered	1,461	1,518	1,520
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	170	80	85
Total operating funding	8,358	8,067	7,607
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	7,126	6,449	5,995
Finance costs	-	-	-
Internal charges and overheads applied	1,461	1,518	1,520
Other operating funding applications	-	-	-
Total applications of operational funding	8,587	7,967	7,515
Surplus (deficit) of operational funding	(229)	100	92
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	-	100	3
Increase (decrease) in reserves	(229)	-	89
Increase (decrease) in investments	-	-	-
Total application of capital funding	(229)	100	92
Surplus (deficit) of capital funding	229	(100)	(92)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	85	328	375

FUNDING IMPACT STATEMENT ANALYSIS

Fees, charges are lower than anticipated due to a lower volume of refuse collection from commercial users being received at the transfer station. Payment to staff and suppliers is lower than anticipated as a flow on effect from lower volume of refuse collected.

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

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.	The stormwater network reduces the impact of flooding on the building environment.	Low levels of stormwater ponding on roads during rainfall events.	Complaints of stormwater blockage are responded to within one hour.
				Response times.
		Provide a quick and effective response to potential environmental hazards or nuisance.	Reliable removal of stormwater where there are Council managed networks.	Customer satisfaction.
				No flooding in living areas of houses during a five year return period storm.
System adequacy.				
Discharge compliance.				

HOW DID WE MEASURE UP

Measure	2015/16 Target	2015/16 Result
Complaints of stormwater blockage responded to within 1 hour.	90%	Achieved - 91.76% (2014/15: Not Achieved - 71%)
No flooding in living areas of houses during a five year return period storm*.	No houses flooded.	Achieved - 0 (2014/15: Achieved)
National Non Financial – Performance Measure	2015/16 Target	2015/16 Result
<p>System Adequacy The number of flooding events that occur in the Invercargill City district.</p> <p>For each flooding event, the number of habitable floors affected (expressed per 1,000 properties) connected to Council's stormwater system.</p>	Zero habitable floors affected per 1,000 properties during any five year return storm.	Achieved - There were 16 five year return period storms and zero habitable floors affected. (New Measure)
<p>Discharge Compliance Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of:</p> <ul style="list-style-type: none"> • Abatement notices • Infringement notices • Enforcement orders • Convictions received by Council in relation to those resource consents. 	100% compliance. No abatement notices, enforcement orders or convictions are recorded against Council in relation to its resource consents in any one year.	Achieved - Zero abatement notices, enforcement orders or convictions. (New Measure)
<p>Response Times The median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the site.</p>	Median response time to emergency events - one hour. Median response time to urgent events - four hours.	Achieved - Median response time to emergency events - 26 minutes. Median response time to urgent events - one hour 4 minutes. (New Measure)
<p>Customer Satisfaction The number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the Council's stormwater system.</p>	< 4 complaints per 1,000 properties per annum.	Achieved - 1.72 complaints per 1,000 properties. (New Measure)

PROGRAMME OF PIPEWORKS - STORMWATER 2013/14

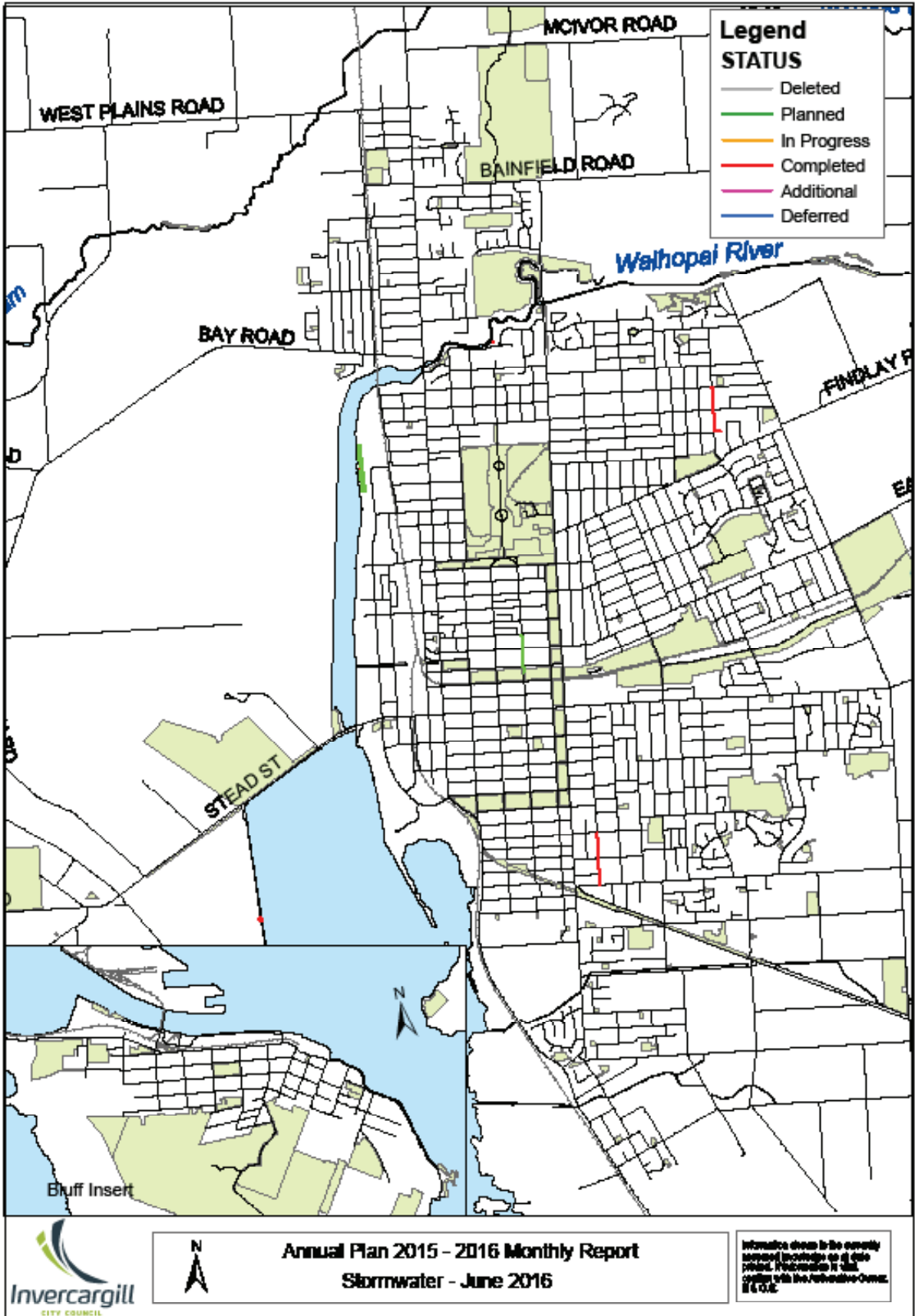
The renewal/upgrading programme continued in 2015/16, including capacity upgrades to current design standards.

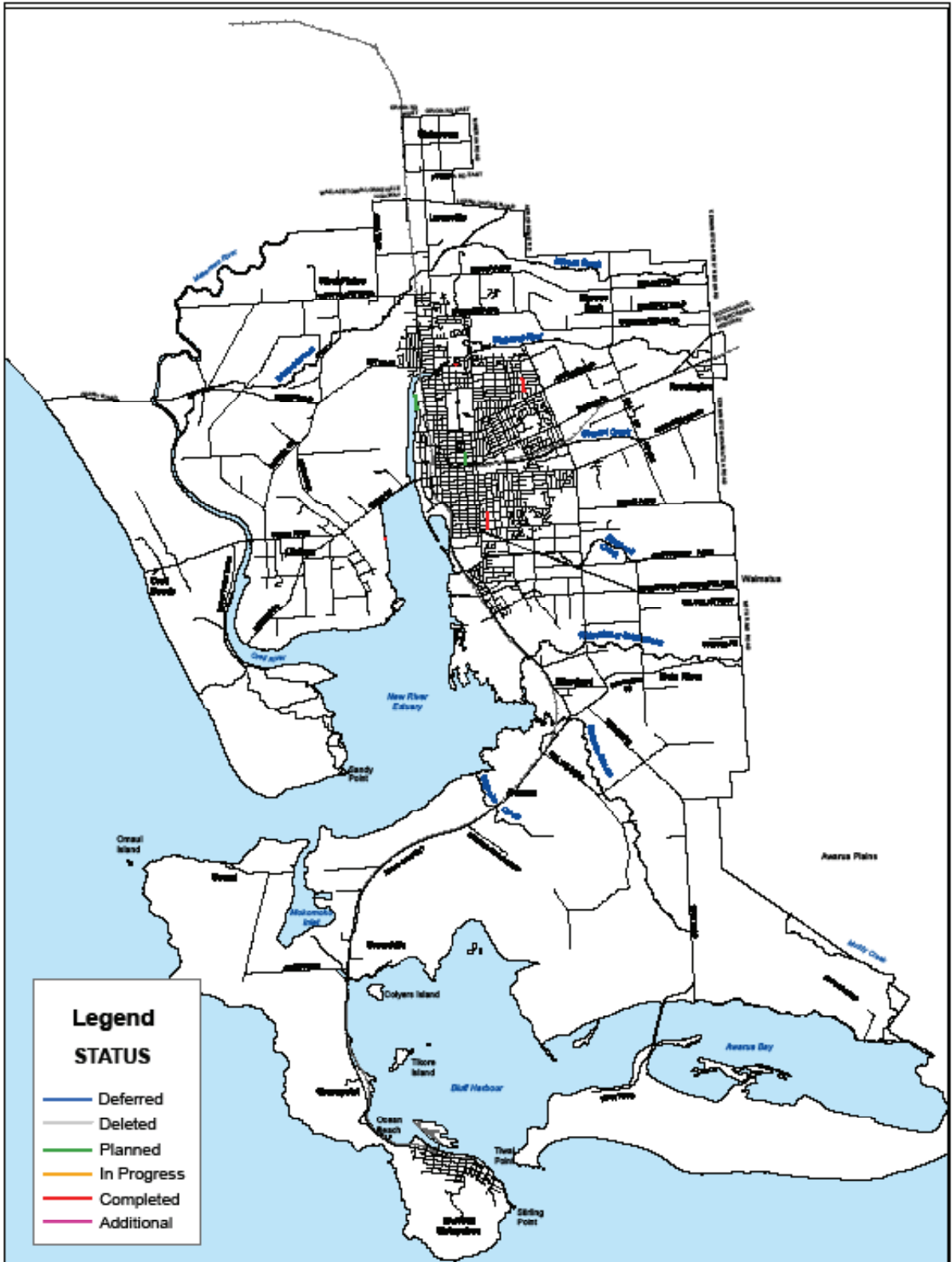
PIPEWORKS

Street	Start	Finish	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Karuhiruhi Walkway	Ward Street	Middle of Walkway	Renewal	Carry forward	Completed
Ward Street	Chelmsford Street	George Street	Renewal	Carry forward	Completed
Jed Street	Esk Street	Tay Street	Upgrade	Planned	Planned
Ythan Street (900)	Tay Street	Otepun Stream	Upgrade	Planned	Planned
Ythan Street (300)	Tay Street	Otepun Stream	Upgrade	Planned	Planned
Nelson Street	Martin Street	Tramway Road	Upgrade	Planned	Completed
Dee Street	Esk Street	Otepun Stream	Upgrade	Planned	Removed

PUMP STATIONS

Location	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Beatrice Street	Stormwater 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





CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$200,000 in 2015/16 were:

Project	2015/16 Proposed \$000	2015/16 Actual \$000
Stormwater Pipe Asset Renewal/Upgrade.	1,420	671
Stormwater Pump Renewal.	200	326

THE DETAILS

1 - Stormwater Pipe Asset Renewals Upgrade

The renewal programme was not completed due to a major contract needing to be retendered. This project is now under contract, with completion expected in the 2016/17 year.

2 - Stormwater Pump Renewal

The Prestonville Pump Station pumps have been purchased. Installation is expected in 2016/17.

FUNDING IMPACT STATEMENT - STORMWATER

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15 \$'000	2015/16 \$'000	2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	2,751	3,101	3,101
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	7	-	3
Internal charges and overheads recovered	1	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	2	-	21
Total operating funding	2,761	3,101	3,125
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,322	1,217	1,447
Finance costs	25	31	28
Internal charges and overheads applied	1	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	1,348	1,248	1,475
Surplus (deficit) of operational funding	1,413	1,853	1,650
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(14)	(15)	159
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(14)	(15)	159
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	(1)
- to improve the level of service	108	118	360
- to replace existing assets	1,289	1,720	655
Increase (decrease) in reserves	2	-	795
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,399	1,838	1,809
Surplus (deficit) of capital funding	(1,413)	(1,853)	(1,650)
FUNDING BALANCE	-	-	-
Depreciation expense (not included in the above FIS)	2,253	2,183	2,162

FUNDING IMPACT STATEMENT ANALYSIS

Payment to staff and suppliers is higher than anticipated due to an increase in maintenance programme activity and in costs associated with stormwater consent applications and submissions to the new Regional Water Plan.

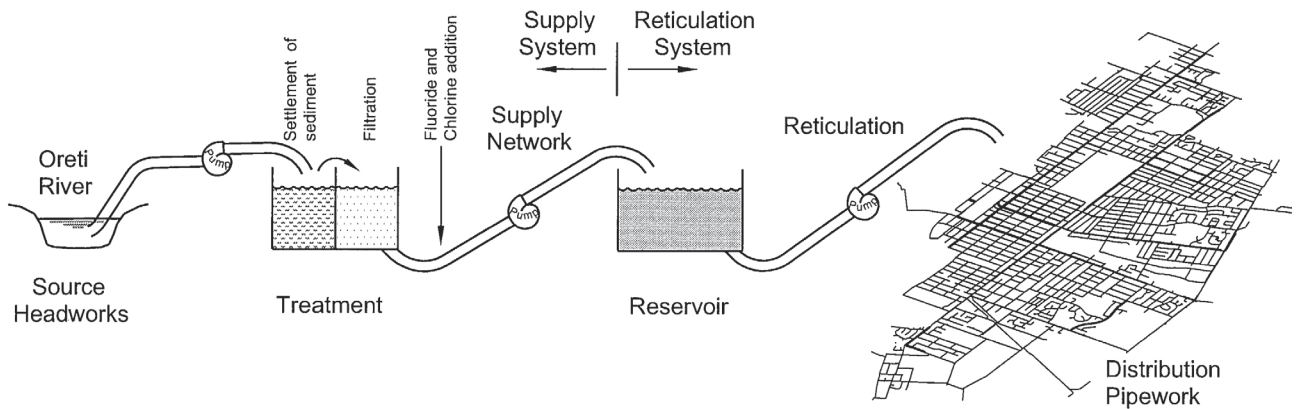
Increase (decrease) in debt is higher than budget due to the previously delayed Prestonville stormwater pump station project being progressed and this capital expenditure has been loan funded. Capital expenditure is lower than anticipated due to delays in the stormwater pipe asset renewal / upgrade programme.

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

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.	Council provides a safe supply of water.	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.
				Safety of Drinking Water.
Customer Satisfaction.				
Demand management.				
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place, including energy, water, communications and work force.	Council provides a reliable water network with sufficient pressure for firefighting purposes.	There is sufficient water flow and pressure for fire-fighting purposes.	Hydrants meet fire-fighting standards.
				Maintenance of the Reticulation Network.
				Fault response times.

HOW DID WE MEASURE UP

Measure	2015/16 Target	2015/16 Result
Ministry of Health Grade.	Invercargill - Aa Bluff - Aa	Not Achieved ¹ (2014/15: Not Achieved)
Number of complaints of taste and smell.	No more than ten per month.	Achieved ² (2014/15: Achieved)
Notification of planned shutdowns.	At least 24 hours by letter drop.	Not Achieved ³ (2014/15: Achieved)
Duration of break.	No more than 8 hours.	Not Achieved ⁴ (2014/15: Not 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 ⁵ (2014/15: Achieved)
National Non Financial – Performance Measure	2015/16 Target	2015/16 Result
Safety of Drinking Water The extent to which the local authority's drinking water complies with: (a) Part 4 of the drinking water standards (bacteria compliance criteria). (b) Part 5 of the drinking water standards (protozoal compliance criteria).	(a) 100% (b) 100%	Achieved Not Achieved ⁶ (New Measure)
Maintenance of the Reticulation Network The percentage of real water loss from the networked reticulation system (calculated according to the methodology outlined in Water NZ Water Loss Guidelines publication February 2010).	Less than 30%	Achieved ⁷ (New Measure)

National Non Financial – Performance Measure	2015/16 Target	2015/16 Result
<p>Fault Response Times (Median Response) (a) Attendance for urgent call outs: from the time that Council receives notification to the time that service personnel reach the site.</p>	(a) Four hours	Achieved ⁸
<p>(b) Resolution of urgent call outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.</p>	(b) 24 hours	Achieved
<p>(c) Attendance for non urgent call outs: from the time that Council receives notification to the time that service personnel reach the site.</p>	(c) Five working days	Achieved
<p>(d) Resolution of non urgent call outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.</p>	(d) Ten working days	Achieved (New Measure)
<p>Customer Satisfaction The total number of complaints received by Council about any of the following:</p>	(a) No more than 0.45 per month	Achieved ⁹
<p>(a) Drinking water clarity</p>		
<p>(b) Drinking water taste</p>	(b) No more than 0.43 per month	Achieved
<p>(c) Drinking water odour</p>	(c) No more than 0.45 per month	Achieved
<p>(d) Drinking water pressure or flow</p>	(d) No more than 0.45 per month	Achieved
<p>(e) Continuity of supply</p>	(e) No more than 0.45 per month	Achieved
<p>(f) Council response to any of these issues Expressed per 1,000 connections to the Council's networked reticulation system.</p>	(f) No more than 0.45 per month Per 1,000 connections	Achieved (New Measure)
<p>Demand Management The average consumption of drinking water per day per resident within the Invercargill City Council territorial district.</p>	Less than 700 litres/day.	Achieved ¹⁰ (New Measure)

THE DETAILS

1 - Ministry of Health Grade

The gradings remain as Invercargill Aa and Bluff Ab. The target for Aa for Bluff was not reached as the full commissioning of the upgrade works was not completed until towards the end of the year. Consequently a request for a regrade was not made to the Ministry of Health. The completion of the upgrade works addressed the long standing issue of low and fluctuating pressure in Bluff.

2 - Number of Complaints of Taste and Smell

The maximum number of complaints regarding taste and smell in any one month was three, which occurred in the months of November and January.

3 - Notification of Planned Shutdowns

There were 244 planned shutdowns of which 227 were notified in writing at least 24 hours beforehand, a success rate of 93%.

4 - Duration of Break

The mean duration of break was three hours. There were 448 shutdowns in supply of which 447 were within the target. The one instance of non-compliance was inconsequential in that it involved the isolation of the Tay Street, 250 mm diameter fire main between Kelvin and Dee Streets which has no direct connections for consumption. The main was shutdown for 11 days and four hours to allow for the renewal of the Kelvin Street water main.

5 - Hydrants Meet Fire-Fighting Standards

As in previous years the New Zealand Fire Service did not carry out hydrant flow testing citing difficulty in arranging the Health and Safety requirement to obtain approved Traffic Management Plans. Council staff tested 23 hydrants, all of which exceeded the target. The range of flow rates from Council tests varied from 30 to 32 litres/second.

6 - Safety of Drinking Water - Part 5 of the Drinking Water Standard (Protozoal Compliance Criteria)

The months of February and June were non-compliant. The February incident was due to one filter breaching the standard. This filter has since been refurbished with a new type "coal" media as part of the overall treatment plant upgrade scheduled for completion in 2017. The June incident occurred as a result of damage to underground control cables during excavation by a contractor engaged in the treatment plant upgrade. Both instances were reported to the Drinking Water Assessor.

7 - Maintenance of the Reticulation Network (% of Real Water Loss)

This year's result of 22.9% compares closely to the five year median of 22%. The range over five years has been 15.9% to 29%.

8 - Fault Response Times

(a) Attendance for Urgent Callouts

The median attendance time was 31 minutes. There were 255 urgent callouts of which 241, (94.5%) were less than the maximum allowable of four hours.

(b) Resolution of Urgent Callouts

The median resolution time was two hours and 52 minutes. Of the 255 urgent callouts 213, (83.5%) were less than the maximum allowable of 24 hours.

(c) Attendance for Non Urgent Callouts

The median attendance time was three days, 22 hours and 53 minutes. There were 441 non urgent callouts of which 376, (85.3%) were less than the maximum allowable of five working days.

(d) Resolution of Non Urgent Callouts

The median resolution time was five days, six hours and 43 minutes. Of the 441 non urgent callouts 398, (90.2%) were less than the maximum allowable of ten working days.

9 - Customer Satisfaction

(a) Drinking Water Clarity

The maximum number of complaints in any one month was January during which three complaints were received yielding a ratio of 0.14.

(b) Drinking Water Taste

The maximum number of complaints in any one month occurred in the months of November, January and February when two for each month were recorded yielding a ratio of 0.09.

(c) Drinking Water Odour

The maximum number of complaints in any one month occurred in the months of October, November, January and May when one for each month were recorded yielding a ratio of 0.05.

(d) Drinking Water Pressure or Flow

The maximum number of complaints in any one month was December during which two complaints were received yielding a ratio of 0.09.

(e) Continuity of Supply

The maximum number of complaints in any one month was two complaints. This occurred in July, September, December, February, March and June. This yields a ratio of 0.09 in each of those months.

(f) Council Response to any of these Issues

There were no complaints for any month recorded.

10 - Demand Management.

The maximum month was February which recorded an average of 695 litres per day per resident. The lowest monthly average was in June at 497 litres per day.

WHAT ELSE WE HAVE DONE

Water Treatment Plant Performance

As previously stated, the plant did not meet the New Zealand Drinking Water Standard protozoal criteria, which has been the case for some years. After the culmination of two years research and technical design, contract 741 was let in December to construct various improvements to the water treatment process. This is a significant project which will lift the level of treatment performance to consistently meet the Drinking Water Standard plus address the long standing summertime taste and odour issue. The upgrade is programmed for completion in March 2017

Water Demand

The total demand for water was 8,626,969 cubic metres with a maximum daily demand of 33,190 cubic metres. The total was slightly down on the previous year but was almost identical to the median for the previous five years. The maximum was practically the same as the previous year and 1.3% up on the five year median. In all, demand for water was very similar to that experienced over the five preceding years.

Branxholme Duplicate Pipeline

This main completed in 2013, was brought into service.

Bluff Reticulation Improvements

This upgrade project has now been completed with the successful commissioning of the Shannon Street Reservoir and Pump Station, and repair of the leaking hill reservoir. The project has reconfigured the Bluff reticulation into two separate pressure zones rather than the historic one pressure zone so as to reduce pressures and leakage rates. The project was undertaken over many years and included the installation of larger capacity reticulation pipework to offset the effect of reduced operating pressure.

Asbestos Cement Pipe Replacements

As reported in the previous year, the 65 year life historically assigned to asbestos cement is too long for some of the asbestos cement pipe stock. Sampling of asbestos cement water pipes continued with 54 more samples being taken to determine their remaining life. The analysis of that sampling round has yet to be received.

This year saw the first year of programmed asbestos cement pipe renewals. Pipes renewed were those which had instances of failure plus condition assessment in terms of remaining life by physical testing method.



PROGRAMME OF WORKS - WATER 2015/16

PIPEWORKS

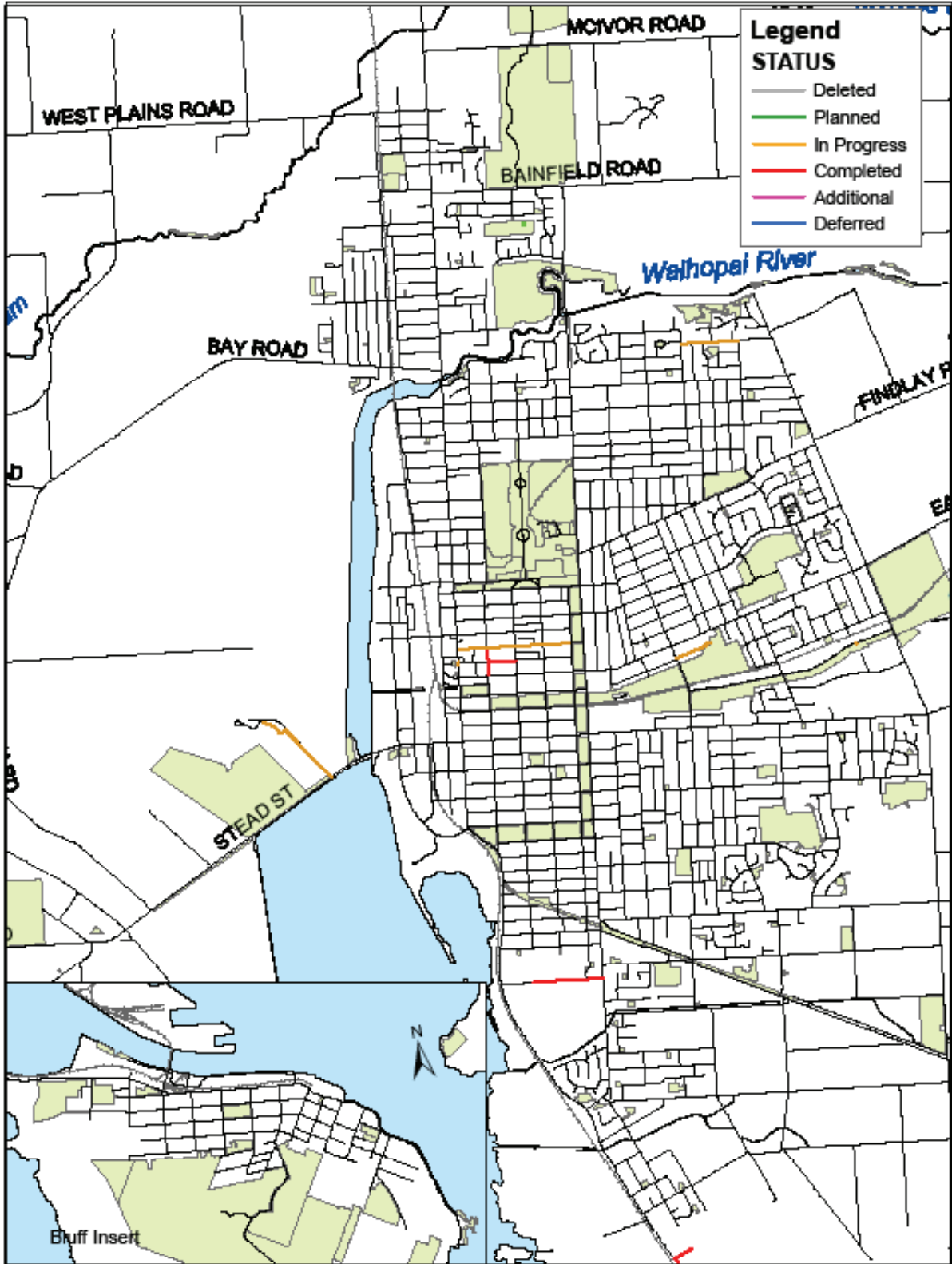
Street	Start	Finish	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Bluff Road	Bluff Township	Clifton Booster Station	Renewal	Carry forward	Completed
Kew Road	56 Kew Road	Elles Road	Renewal	Planned	Completed
Kelvin Street	Tay Street	Don Street	Renewal	Planned	Completed
Esk Street	Kelvin Street	Deveron Street	Renewal	Planned	Completed
Airport Avenue	Bond Street	Airport	Renewal	Planned	In progress
Otepunu Avenue	122 Otepunu Ave	Reserve	Renewal	Planned	In progress
Islington Street	Lindisfarne Street	Turnbull Thompson Reserve	Renewal	Planned	In progress
Lamond Street East	Ward Street	Salford Street	Renewal	Planned	In progress
Don Street	Dee Street	Doon Street	Renewal	Planned	In progress
Esk Street	Dee Street Intersection		Renewal	Planned	In progress

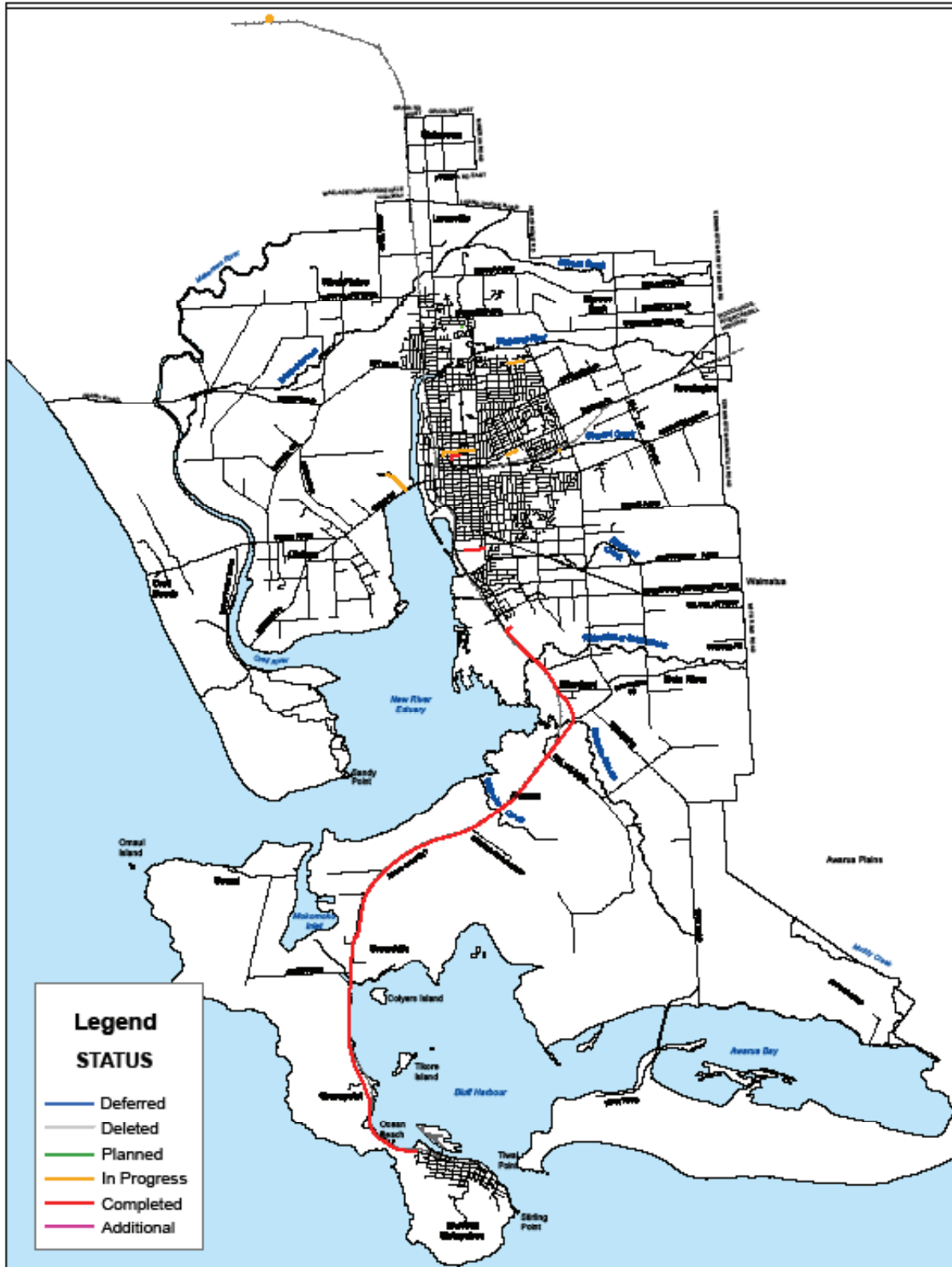
PUMP STATIONS

Location	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Waikiwi Reservoir	Pump Replacement - No.3	Carry forward	Planned

WATER TREATMENT PLANTS

Location	Activity	Status 2015/16 Annual Plan	Progress to 30 June 2016
Branxholme Treatment Plant	Pump Replacement - B Pump	Carry forward	Planned
Branxholme Treatment Plant	Treatment upgrade	Planned	In progress





CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$500,000 in 2015/16 were:

Project	2015/16 Proposed \$000	2015/16 Actual \$000
Asbestos Cement Watermain Renewals.	1,992	1,250
Branxholme Water Treatment Plant Upgrade.	5,263	1,221

THE DETAILS

1 - Asbestos Cement Water Main Renewals

Although under spent the full budget is committed. The original programme of works included renewal of the Stead Street and part of the Tweed Street water mains all as part of the renewal of the supply to the Airport. Upon inspection of these mains it was found that they were in good order with many years life remaining. Consequently the extent of works was scaled back and a new item, the renewal of the Don Street water main, was included in the programme. Works for Don Street did not commence until the end of the financial year and so very little expenditure was incurred. Additionally the contracts for the Airport Avenue and city suburbs water main renewals were not completed by year end, hence the under expenditure.

2 - Branxholme Water Treatment Plant Upgrade

Although under spent the full budget is committed. As reported elsewhere the construction project was let in December. Works commenced in May and are scheduled for completion in March 2017.

FUNDING IMPACT STATEMENT - WATER SUPPLY

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	77	-	-
Targeted rates (other than targeted rate for water supply)	6,634	6,461	6,461
Subsidies and grants for operating purposes	1	-	-
Fees, charges and targeted rates for water supply	1,225	1,147	1,304
Internal charges and overheads recovered	4	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	88	-	29
Total operating funding	8,029	7,608	7,794
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	4,936	4,089	4,422
Finance costs	1,072	622	459
Internal charges and overheads applied	4	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	6,012	4,711	4,881
Surplus (deficit) of operational funding	2,017	2,897	2,913
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,951	4,816	(676)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,951	4,816	(676)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	844	5,263	1,243
- to replace existing assets	3,543	2,235	1,451
Increase (decrease) in reserves	581	215	(457)
Increase (decrease) in investments	-	-	-
Total application of capital funding	4,968	7,713	2,237
Surplus (deficit) of capital funding	(2,017)	(2,897)	(2,913)
FUNDING BALANCE	-	-	-
Depreciation expense (not included in the above FIS)	3,154	3,333	3,103

FUNDING IMPACT STATEMENT ANALYSIS

Capital expenditure is lower than anticipated due to delays in a number of projects including the Branxholme Water Treatment Plant upgrade and the Asbestos Cement Watermain renewals programme.

Increase (decrease) in debt is lower than anticipated due to delays in a number of capital projects and therefore additional debt was not required to be drawn down this year.

Animal Services

WHAT WE HAVE DONE

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

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

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A city that is a great place to live and visit.	Promote Invercargill actively as a great place to live, work, play and visit.	The Animal Services Activity minimises the effects of dogs on Invercargill residents' and visitors' quality of life.	The Animal Services activity encourages responsible dog ownership.	Education is undertaken relating to good animal control and care.
		Animal Services promotes good animal control and care through education and registration as well as enforcement.		
Healthy lifestyles in a healthy environment.	Provide a quick and effective response to potential environmental hazards or nuisance.	The Animal Services Activity provides 24-hour animal control services to ensure that animal related nuisances are minimised and handled in a humane manner.	The Animal Services Activity is professional and prompt, especially in instances of community safety.	Trained staff are available to respond to requests for service. All complaints are investigated and resolved within an acceptable resolution timeframe.

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Education is undertaken relating to good animal control and care	At least one animal education campaign is undertaken annually.	Achieved - A total of 10 animal education presentations were successfully completed among schools, early childcare centres and work places. (New Measure)
Trained staff are available to respond to requests for service.	Trained staff are available 24 hours per day, seven days per week.	Achieved. (2014/15: Achieved)

THE DETAILS

During the 2015/16 year, Animal Services changed their focus from an enforcement approach to an educational approach. Education sessions, based on the Department of Internal Affairs model, have been presented.

WHAT ELSE HAVE WE DONE

Other successful activities this period included:

- Street walking to locate unregistered dogs. This has resulted in a large number of unregistered dogs being identified.
- Unregistered dog amnesty with free micro-chipping at the Dog Park.
- Mobile micro-chipping service.
- Work safe dog education presentations to local businesses.
- Web page developed promoting the rehoming of unclaimed dogs from our Animal Care Facility.

FUNDING IMPACT STATEMENT - ANIMAL SERVICES

	Long Term Plan	Long Term Plan	Actual
	2012 - 2022	2015 - 2025	2015/16
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	123	248	248
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	504	651	685
Internal charges and overheads recovered	6	58	58
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	17	147	48
Total operating funding	650	1,104	1,039
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	608	953	1,000
Finance costs	18	10	8
Internal charges and overheads applied	6	58	58
Other operating funding applications	-	-	-
Total applications of operational funding	632	1,021	1,066
Surplus (deficit) of operational funding	18	83	(27)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(9)	(5)	(5)
Gross proceeds from sale of assets	-	18	13
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(9)	13	8
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	87	34
Increase (decrease) in reserves	9	9	(53)
Increase (decrease) in investments	-	-	-
Total application of capital funding	9	96	(19)
Surplus (deficit) of capital funding	(18)	(83)	27
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	2	43	31

FUNDING IMPACT STATEMENT ANALYSIS

Local authorities fuel tax, fines, infringements fees and other receipts are lower than budgeted due to less fines being issued than anticipated, as Council focussed on an education approach to animal control. This was offset by additional dog registration fees and debt recovery income.

Capital expenditure to replace existing assets was lower than budget due to vehicle purchases being deferred until the 2016/17 year.

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, holding records and providing information and advice.	Statutory timeframes for processing consents are met.
		The Building Control Activity promotes best practice in the building industry through education and advice.		Council's 'Building Sector News' is regularly published.
		The Building Consenting system is a quality control process covering building work.		The Building Consenting system is a quality control process covering processing of building work.

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Statutory timeframes for processing consents are met.	100%	Not Achieved - 99.06% ¹ (2014/15: Not Achieved - 99.70%)
Council's 'Building Sector News' is regularly published at least 12 times per year.	Published 12 times per year.	Not Achieved - 9 publications (2014/15: Achieved - 12 publications)
Accreditation as a Building Consent Authority is retained.	Accreditation is retained.	Achieved - Assessment report included three Corrective Action Requests which were addressed and approved by IANZ (Auditors) in August 2016. (2014/15: Achieved - Audit undertaken in June 2014. Accreditation was retained).

THE DETAILS

1,273 consents out of a total of 1,285 were processed within the statutory timeframe.

FUNDING IMPACT STATEMENT - BUILDING CONTROL

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	573	619	619
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	2,135	2,300	2,173
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	14	110	112
Total operating funding	2,722	3,029	2,904
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,621	2,986	2,693
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	2,621	2,986	2,693
Surplus (deficit) of operational funding	101	43	211
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	30	18
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	30	18
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	51	81	90
Increase (decrease) in reserves	50	(8)	139
Increase (decrease) in investments	-	-	-
Total application of capital funding	101	73	229
Surplus (deficit) of capital funding	(101)	(43)	(211)
FUNDING BALANCE	-	-	-
Depreciation expense (not included in the above FIS)	109	43	28

FUNDING IMPACT STATEMENT ANALYSIS

Fees and charges are lower than budget due to less income from Building Consent fees than was anticipated.

Payment to staff and suppliers is lower than budget due to the cost for delivery of the Building Consent activity not being incurred, particularly in relation to the lower cost of wages as Council looked for replacement staff.

Civil Defence Emergency Management

WHAT WE HAVE DONE

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

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

WHAT WE AGREED WITH THE COMMUNITY

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 co-ordinate 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.	Overall score from the Ministry of Civil Defence Emergency Management assessment of the Southland Civil Defence Emergency Management Group's capability (five yearly assessment).
			Increasing Community awareness, understanding and preparedness and participation in Civil Defence Emergency Management.	Percentage of surveyed households prepared for an emergency including self sufficiency for three days.
Strong, innovative leadership.	Actively seek efficiencies through innovation, shared services and streamlining processes.	The Activity has led to the four Southland Councils working together to create efficiencies such as the establishment of a standalone Emergency Operations Centre and more focused attention on emergency planning.	Reducing the risk from hazards to acceptable levels.	Advocacy by EMS to appropriate councils on appropriate resources and policy to mitigate effects of natural disasters.
				Facilitation and funding of the Engineering Lifelines Group.

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Overall score from the Ministry of Civil Defence Emergency Management assessment of the Southland Civil Defence Emergency Management Group's capability (five yearly assessment).	75%-80% in 2016 assessment.	Not achieved - 74.2% in the 2015 assessment. ¹ (2011 - 76.3%)
Percentage of surveyed households prepared for an emergency including self-sufficiency for three days.	50% by 2016.	Achieved - 51% ² (New Measure)

THE DETAILS

1 - Assessment

A slightly different methodology was used compared to the previous assessment. The Ministry of Civil Defence and Emergency Management assessment is only carried out usually every three years, however this was delayed until 2015 due to the Christchurch earthquakes.

2 - Preparation

The lowest score from two questions in the July 2016 survey was 51%. The results were:

- Do you have a family or household emergency plan? (51%)
- Would you be self-sufficient for three days? (81%)

WHAT ELSE HAVE WE DONE

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

The 2015/16 year had a strong focus on refreshing training and capabilities for staffing the Emergency Coordination Centre (ECC) using Council staff. Several exercises have taken place, including a full

ECC exercise using a scenario of a large fire in Bluff. We will also take part in the national tsunami exercise, Tangaroa, later in 2016.

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

Work has commenced on renewing our five year Group Plan which will have statutory consultation with the public and will decide our work programme for the next five years.

FUNDING IMPACT STATEMENT - CIVIL DEFENCE EMERGENCY MANAGEMENT

	Long Term Plan 2012 - 2022 2014/15 \$'000	Long Term Plan 2015 - 2025 2015/16 \$'000	Actual 2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	246	257	257
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	147	211
Total operating funding	417	404	468
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	417	404	458
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	417	404	458
Surplus (deficit) of operational funding	-	-	10
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	-	-	-
Other dedicated capital funding	-	-	-
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	-	-	10
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	10
Surplus (deficit) of capital funding	-	-	(10)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

Compliance including Parking Services

WHAT WE HAVE DONE

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

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

WHAT WE AGREED WITH THE COMMUNITY

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

Measure	Target 2015/16	Result 2015/16
Parking patrols of Council managed parking spaces.	Average 80 hours patrolling per week.	Achieved - Average of 108 patrolling hours. (2014/15: Achieved - Average of 94 hours per week).
Educational material is distributed at schools.	Distributed to eight schools per year.	Achieved. (2014/15: Achieved. Education material was emailed to all schools in Invercargill (28 schools) in relation to parking outside the school gates).

THE DETAILS

The Compliance Team was fully staffed during 2015/16 and undertook patrols on Saturdays. This accounts for the increase in patrolling hours.

WHAT ELSE HAVE WE DONE

The "Over 80" parking exemptions were reviewed in 2015/16. The exemption allows for free parking at metered parking spaces to drivers over 80 years old who reside in the City.

FUNDING IMPACT STATEMENT - COMPLIANCE

	Long Term Plan 2012 - 2022 2014/15 \$'000	Long Term Plan 2015 - 2025 2015/16 \$'000	Actual 2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	(91)	(118)	(118)
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	6	85	112
Internal charges and overheads recovered	54	53	22
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	843	715	819
Total operating funding	812	735	835
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	732	668	676
Finance costs	-	-	-
Internal charges and overheads applied	54	53	22
Other operating funding applications	-	-	-
Total applications of operational funding	786	721	698
Surplus (deficit) of operational funding	26	14	137
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	11	13
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	11	13
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	33	52	34
Increase (decrease) in reserves	(7)	(27)	116
Increase (decrease) in investments	-	-	-
Total application of capital funding	26	25	150
Surplus (deficit) of capital funding	(26)	(14)	(137)
FUNDING BALANCE	-	-	-
Depreciation expense (not included in the above FIS)	27	14	13

FUNDING IMPACT STATEMENT ANALYSIS

Local Authorities fuel tax, fines, infringements fees and other receipts were higher than budget due to additional parking wardens patrolling the Central Business District during the year. There were also more infringement notices issued for unregistered and unwarranted vehicles during the year than expected.

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

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.	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.	All food premises operating under a Food Control Plan or National Programme are inspected in accordance with statutory requirements.	Food premises are safe and healthy for the public.	<p>All premises operating under Food Control Plans or National Programmes will be audited at least annually.</p> <p>All food premises operating under the Food Hygiene Regulations are inspected annually.</p>

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Excessive noise complaints are investigated and responded to within one hour.	95%	Achieved - 96.50% ¹ (2014/15: Not Achieved - 93%)
All premises operating under Food Control Plans or National Programmes will be audited at least annually.	85%	Not Achieved - 41% ² (New Measure)
All food premises operating under the Food Hygiene Regulations inspected annually.	100%	Not Achieved - 81.5% ² (2014/15: Achieved - 80%)

THE DETAILS

1 - Excessive Noise Complaints

Performance in this area has improved since the last period. Overall complaints have reduced and this can be attributed to strict enforcement of the Noise Policy.

2 - Food Control Plans, National Programmes and Food Hygiene Regulations

This period saw the introduction of new food legislation. The performance targets in these areas were not achieved as an emphasis was placed on educating food businesses about the changes being implemented and setting up new systems to cater for this.

WHAT ELSE HAVE WE DONE

Memorandum of Understanding - Oreti Beach

In partnership with the Waihopai Runaka, neighbouring Local Authorities and Government agencies a revised Memorandum of Understanding that recognises the significance of Oreti Beach and our partnership with Maori has been completed.

Much of the work, under the Chairmanship of Councillor Alan Dennis and Michael Skerrett, Manager, Kaiwhaka Haere Waihopai Runaka was coordinated and undertaken by the Environmental Health Team.

FUNDING IMPACT STATEMENT - ENVIRONMENTAL HEALTH

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual 2015/16
	2014/15 \$'000	2015/16 \$'000	2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	903	842	842
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	197	303	277
Internal charges and overheads recovered	-	88	65
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	20	40	114
Total operating funding	1,120	1,273	1,298
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,103	1,155	1,033
Finance costs	-	-	-
Internal charges and overheads applied	-	88	65
Other operating funding applications	-	-	-
Total applications of operational funding	1,103	1,243	1,098
Surplus (deficit) of operational funding	17	30	200
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	15
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	18	15
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	16	83	21
Increase (decrease) in reserves	1	(35)	194
Increase (decrease) in investments	-	-	-
Total application of capital funding	17	48	215
Surplus (deficit) of capital funding	(17)	(30)	(200)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	20	30	28

FUNDING IMPACT STATEMENT ANALYSIS

Local authorities fuel tax, fines, infringements fees and other receipts were higher than budget due to a greater number of inspections for the Central Otago District occurring during the year.

Capital expenditure to replace existing assets was lower than budget due to vehicle purchases being deferred until the 2016/17 year.

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

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
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.	Resource consent applications are processed in accordance with the Resource Management Act.

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Resource consent applications are processed in accordance with the Resource Management Act.	100%	Achieved - 100% (New Measure)

THE DETAILS

All consents were processed within the timeframes set out in the Resource Management Act.

WHAT ELSE HAVE WE DONE

During 2015/16 the hearing of submissions on the Proposed District Plan and eight Variations were completed.

FUNDING IMPACT STATEMENT - RESOURCE MANAGEMENT

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	20	-	-
Targeted rates (other than targeted rate for water supply)	1,094	1,239	1,239
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	214	191	108
Internal charges and overheads recovered	-	24	9
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	33	19	16
Total operating funding	1,361	1,473	1,372
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,345	1,442	1,369
Finance costs	-	-	-
Internal charges and overheads applied	-	24	9
Other operating funding applications	-	-	-
Total applications of operational funding	1,345	1,466	1,378
Surplus (deficit) of operational funding	16	7	(6)
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	-	-	-
Other dedicated capital funding	-	-	-
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	29	2	-
Increase (decrease) in reserves	(13)	5	(6)
Increase (decrease) in investments	-	-	-
Total application of capital funding	16	7	(6)
Surplus (deficit) of capital funding	(16)	(7)	6
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	16	7	8

FUNDING IMPACT STATEMENT ANALYSIS

Fees and charges income was lower than budget because there were fewer complex resource consent applications lodged.

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 interests. 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 2015/16 (\$)	Actual Level of Financial Support Per Annum 2015/16(\$)
Service Contracts			
Anderson Park Art Gallery Trust Board	Operation and promotion of the Anderson Park Art Gallery and care of the extensive collection.	176,565	173,103
Invercargill Venue and Events Management	Managing operation of the Civic Theatre.	112,750	112,750
Southland Indoor Leisure Centre Charitable Trust	Operation and maintenance of Stadium Southland.	400,000	400,000
Southland Museum and Art Gallery Trust Board	Operation of the Southland Museum and Art Gallery.	619,236	619,236
Southland Regional Heritage Committee	Preserving the Regional Heritage of Southland.	721,105	719,413
Grants			
Bluff Hill Motupohue Environment Trust	Support 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	139,964
Child, Youth and Family Friendly Sub-committee	Enhancing the 'Friendly' brand within Invercargill.	10,000	10,000
Citizens Advice Bureau	Operation of Citizens Advice Bureau	24,000	24,000

Entity	Contribution towards the Specialised Service Provided	Proposed Level of Financial Support Per Annum 2015/16 (\$)	Actual Level of Financial Support Per Annum 2015/16 (\$)
Environment Southland	Contribution towards the completion of the Invercargill-Bluff Walkway/ Cycleway.	50,000	-
Events Fund*	Contribution towards event creation/ promotion.	100,000	103,261
Facilities Maintenance Fund	Contribution to the ongoing maintenance of Council owned facilities utilised by Community Groups and Sports Clubs.	250,000	250,000
Football for all Weathers	Loan interest and principle repayments.	12,382	12,382
Iconic Events Fund*	Contribution towards the holding of iconic events or performances in Invercargill.	100,000	106,522
Santa Parade Charitable Trust	Storage of floats for parade.	10,000	10,000
Southland Indoor Leisure Centre Charitable Trust	Loan interest for 2015/16 year resulting from the contribution to Stadium Southland rebuild.	106,955	87,050
Southland Multicultural Council	Operation of the Southland Multicultural Council.	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
SPCA	Operation of the Southland SPCA.	11,000	11,000
Sport Southland	Contribution towards a South City Kiwisport programme and contribution to Sport Southland.	20,000	20,000
Winter and Christmas Lights	Maintenance and upgrade of Christmas lights.	20,000	35,448

*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

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	2,327	2,119	2,369
Targeted rates (other than targeted rate for water supply)	131	250	250
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	3	-	66
Interest and dividends from investments	22	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	171
Total operating funding	2,483	2,369	2,856
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	4,034	2,241	2,811
Finance costs	-	115	93
Internal charges and overheads applied	3	-	66
Other operating funding applications	-	-	-
Total applications of operational funding	4,037	2,356	2,970
Surplus (deficit) of operational funding	(1,554)	13	(114)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,579	(62)	(83)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,579	(62)	(83)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	3
- to replace existing assets	-	-	68
Increase (decrease) in reserves	25	(49)	(268)
Increase (decrease) in investments	-	-	-
Total application of capital funding	25	(49)	(197)
Surplus (deficit) of capital funding	1,554	(13)	114
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	-	9	26

FUNDING IMPACT STATEMENT ANALYSIS

Payment to staff and suppliers was above budget due to additional expenses relating to the purchase of Rugby Park, and Iconic and Event funds. The additional expenditure was funded from council held reserves, therefore reserves have decreased in the 2015/16 year more than budget.

FUNDING IMPACT STATEMENT - SOUTHLAND REGIONAL HERITAGE COMMITTEE

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15 \$'000	2015/16 \$'000	2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	971	721	721
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	476	321	408
Total operating funding	1,447	1,042	1,144
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	1,266	1,042	1,224
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	1,266	1,042	1,224
Surplus (deficit) of operational funding	181	-	(80)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(181)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(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	-	-	(80)
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	(80)
Surplus (deficit) of capital funding	(181)	-	80
FUNDING BALANCE			
Depreciation expense (not included in the above FIS)	-	-	-

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

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.	Provide and promote a range of events that create vibrancy and build community.	The Community Development Activity manages and implements the use of the 'friendly' brand.	Council continues to grow the use of the 'friendly' brand.	Number of events, agencies and businesses achieving the use of the 'friendly' brand.
Strong, innovative leadership.	Invercargill residents across the board are active and engaged citizens.	The Community Development Activity supports the Invercargill Youth Council and its initiatives.	Youth Council are enthused to plan and undertake initiatives.	Number of young person's taking part in initiatives.
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.	The Community Development Activity administers and promotes funding programmes	Invercargill Active Communities and Creative Communities Invercargill funding programmes increase participation in sport, physical recreation, arts and cultural activities.	Number of residents participating in programmes funded by the two funding programmes.

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Number of events, agencies and businesses achieving the use of the 'friendly' brand.	Increasing Number	13 (New Measure)
Number of young people taking part in initiatives.	Increasing Number	611 (New Measure)
Number of residents participating in programmes funded by the two funding programmes.	Increasing Number	29,652 (New Measure)

THE DETAILS

The number of residents participating includes attendance at major events such as 11,000 attending Kidzone, 2,500 attending Polyfest and 6,047 attending the Buskers' Festival. The Creative Communities Invercargill Funding Scheme provided small amounts of funding to these events.

WHAT ELSE HAVE WE DONE

The Youth Council held a successful Youth Leadership week in July 2015. Two young people gained National Youth Week Awards and the Youth Council was nominated for a national award.

The facilitation of two Youth Councils determined by their year at school has been interesting and challenging, and will be evaluated prior to the appointment of members to the 2017 Youth Council.

FUNDING IMPACT STATEMENT - COMMUNITY DEVELOPMENT

	Long Term Plan	Long Term Plan	Actual
	2012 - 2022	2015 - 2025	2015/16
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	248	292	292
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	2	-	50
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	-	2	8
Total operating funding	250	294	350
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	241	284	247
Finance costs	6	7	5
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	247	291	252
Surplus (deficit) of operational funding	3	3	98
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(3)	(3)	(4)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(3)	(3)	(4)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	94
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	94
Surplus (deficit) of capital funding	(3)	(3)	(98)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	-	-	1

FUNDING IMPACT STATEMENT ANALYSIS

Subsidies and grants for operating purposes are higher than budget due to a number of unbudgeted grants being received during the year for community development projects.

Payments to staff and suppliers was lower than budget due operational cost savings during the year as well as some expenditure being deferred until the 2016/17 year.

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.	Rental does not exceed 30% of the gross superannuation benefit.

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Rental does not exceed 30% of the gross superannuation benefit.	<30%	Achieved - All rents are below 30% (2014/15: Achieved - All rents are below 30%)

WHAT ELSE HAVE WE DONE

Improvements at Housing Care Facilities

- One flat at Conon Street complex had a conservatory addition for a mobility scooter.
- During a routine external paint renewal at Murphy Street complex, any window which was no longer economical to service due to age related damage was replaced with double glazing, which increased the current service level.
- Stirrat Street complex had the waterproof membrane completed on Flats 9-14.

FUNDING IMPACT STATEMENT - HOUSING CARE SERVICES

	Long Term Plan 2012 - 2022 2014/15 \$'000	Long Term Plan 2015 - 2025 2015/16 \$'000	Actual 2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	1,033	1,000	1,047
Internal charges and overheads recovered	840	775	775
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	17	-	-
Total operating funding	1,890	1,775	1,822
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	704	659	776
Finance costs	36	23	5
Internal charges and overheads applied	840	775	775
Other operating funding applications	-	-	-
Total applications of operational funding	1,580	1,457	1,556
Surplus (deficit) of operational funding	310	318	266
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(63)	194	(294)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(63)	194	(294)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	28	15
- to replace existing assets	271	458	9
Increase (decrease) in reserves	(24)	26	(52)
Increase (decrease) in investments	-	-	-
Total application of capital funding	247	512	(28)
Surplus (deficit) of capital funding	(310)	(318)	(266)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	418	292	296

FUNDING IMPACT STATEMENT ANALYSIS

Payment to staff and suppliers was higher than budget due to additional expenditure being incurred for maintenance on the properties.

Increase (decrease) in debt is lower than budget due to a loan funded capital expenditure project (as per below) being discontinued. Also an additional loan principal repayment was made during the year to complete the term of the loan.

Capital expenditure to replace existing assets is lower than budget due to the Stirrat Street upgrade not proceeding.

Libraries & Archives

WHAT WE HAVE DONE

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

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

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A diverse and growing economy.	Ensure that the building blocks for sustainable business are in place, including energy, water, communications and workforce.	The Libraries and Archives Activity supports lifelong learning, digital literacy and reading across all ages and abilities. This ensures that we have an informed community and workforce.	Library stock is of good quality, quantity and variety.	Number of issues per year. Level of reference enquiries.
Healthy lifestyles in a healthy environment.	Provide or promote the provision of a diverse range of excellent quality and safe, indoor and outdoor recreational facilities, both natural and man-made.	The Libraries and Archives Activity provides two libraries, the Central Library and the branch library in Bluff. These libraries provide safe public space for the Community to use.	Services offer a good experience for all users.	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	Target 2015/16	Result 2015/16
Number of issues per year.	665,000	Not Achieved - 611,607 (2014/15: Not Achieved - 602,380)
Level of reference enquiries.	85,000	Achieved - 141,127 (2014/15: Achieved - 128,520)
Increasing number of visits per year.	530,000	Not Achieved - 514,555 (2014/15: Not Achieved - 512,168)
Membership as a percentage of total population.	65-75%	Achieved - 70.52% (2014/15: Achieved - 71%)

THE DETAILS

The levels of service results continue to reflect the changing use of Invercargill City Libraries and Archives. The number of issues per year did not achieve the target of 665,000 but has shown a 1.5% increase from last year to 611,607. The numbers visiting the library have increased to 514,555 and

increasing use of online resources is reflected in the growing number of reference enquiries especially online searches. The library subscribes to a number of online resources such as Press Reader and Ancestry.com which continue to be very popular with library users.

WHAT ELSE HAVE WE DONE?

Major projects completed this year include a complete upgrade of the library website with a soft launch in February 2016. As part of the website upgrade the library completed a rebranding exercise which allowed us to use new colours to highlight the changes. The other major project has been proposed changes to the layout. This proposal has required further consultation.

Events and programmes provided for all ages remain popular. New programmes trialled this year include a games club, a colouring club, a scrapbooking club and curriculum vitae workshops. Storytime and holiday programmes remain core business as usual

with outreach visits to preschools and early childhood centres. A visit by members of the Highlanders was one of our most popular sessions.

The Archives Service began a map digitisation project for online access to the small collection of Invercargill and Southland maps held by Archives. There has also been work done on transcribing a collection of World War 1 letters which we aim to make available via the library website in the new year. As part of Heritage Week Archives worked with the Southland Museum and Art Gallery and opened a pop-up museum in Dee Street highlighting items held by the Museum, Archives and members of the public. Work is also

being done on the production of a CD celebrating 10 years since the start of the Southland Oral History Project.

The Library and Archives continues to collaborate with a number of organisations such as the Genealogical Society, Heritage South, the Dan Davin Literary Foundation, Southland Festival of the Arts and the Southland Museum and Art Gallery. We are also providing a meeting space for the Invercargill Public Art Gallery while the Anderson Park building is closed. This year a major project included collaboration with National Library on the digitisation of the Southern Cross newspaper. The Southern Cross was published weekly from 1893 to 1946. It contained classified advertisements, general news, social notes and news from areas such as Bluff, Colac Bay, Woodlands and Thornbury. The project involves

microfilming our copies up to 1920 and then digitising them. We are extremely grateful to the generosity of The Community Trust of Southland and the ILT Foundation who have approved grants of \$10,000 each for this project. It will take three years and when completed the Southern Cross will appear on Papers Past, which already gives researcher's access to the Southland Times. Further collaboration with Southlib libraries allowed us to extend our range of eBooks using the Bolinda Borrowbox application.

Future plans include further collaboration with the Southland District Libraries, initially looking at the option to return items to any library within Southland. Ideally we would like to make the process of interacting with your local library seamless while still retaining local identity.

CAPITAL WORKS PROJECTS

Project	2015/16 Proposed \$000	2015/16 Actual \$000
Library External Repaint.	100	0

THE DETAILS

Library external repaint has been carried forward to coincide with the completion of the internal refurbishment project.

FUNDING IMPACT STATEMENT - LIBRARIES AND ARCHIVES

	Long Term Plan 2012 - 2022 2014/15 \$'000	Long Term Plan 2015 - 2025 2015/16 \$'000	Actual 2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	62	-	-
Targeted rates (other than targeted rate for water supply)	3,692	3,913	3,913
Subsidies and grants for operating purposes	8	5	20
Fees, charges and targeted rates for water supply	204	148	131
Internal charges and overheads recovered	637	711	711
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	79	29	18
Total operating funding	4,682	4,806	4,793
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,227	3,288	3,292
Finance costs	115	171	94
Internal charges and overheads applied	637	711	711
Other operating funding applications	-	-	-
Total applications of operational funding	3,979	4,170	4,097
Surplus (deficit) of operational funding	703	636	696
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(89)	(122)	(136)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(89)	(122)	(136)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	50	4
- to replace existing assets	938	562	464
Increase (decrease) in reserves	(324)	(98)	92
Increase (decrease) in investments	-	-	-
Total application of capital funding	614	514	560
Surplus (deficit) of capital funding	(703)	(636)	(696)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	958	1,162	1,146

FUNDING IMPACT STATEMENT ANALYSIS

Finance costs are lower than budget due to a loan funded capital project being delayed while further public consultation is completed regarding the library upgrade.

Capital expenditure is lower than budget due to less expenditure being incurred for the purchase of library books than was anticipated.

Parks & Reserves

including Cemeteries & 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 environment, history and heritage.	Burial records are available to the general public.	Burial records, photos and inscriptions 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.	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	Target 2015/16	Result 2015/16
Queens Park is accredited as a "Garden of National Significance".	Accreditation retained.	Achieved - Accreditation received in March 2016 (2014/15: Achieved - Accreditation retained).
Percentage of urban residents within 500 metres of a park or reserve.	100%	Not Achieved - 96% (2014/15: Achieved - 96%).
Burial records are available on Council's website.	100%	Achieved - 100%. (2014/15: Achieved - 100%).

CAPITAL WORKS PROJECTS

The capital works having a value exceeding \$75,000 in 2015/16 were:

Project	Proposed \$000	Actual \$000
CBD New Play Equipment.	300	0
New Play Equipment.	141	137
Plant and Equipment	101	108
Queens Park Specialist Displays.	90	96
Anderson Park House.	100	0

THE DETAILS

CBD Play Equipment

The CBD upgrade stage requiring the play equipment has not yet started, therefore no expenditure has been carried out.

Anderson Park House

Funding was for the maintenance of the exterior of the house, this has not yet started but funds have been requested to be carried forward.

FUNDING IMPACT STATEMENT - PARKS AND RESERVES

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	72	-	-
Targeted rates (other than targeted rate for water supply)	5,945	5,575	5,575
Subsidies and grants for operating purposes	37	10	40
Fees, charges and targeted rates for water supply	932	1,008	1,051
Internal charges and overheads recovered	7,677	7,630	8,147
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,158	829	909
Total operating funding	15,821	15,052	15,722
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	6,707	6,639	6,432
Finance costs	40	41	34
Internal charges and overheads applied	7,677	7,630	8,147
Other operating funding applications	-	-	-
Total applications of operational funding	14,424	14,310	14,613
Surplus (deficit) of operational funding	1,397	742	1,109
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(65)	(74)	(82)
Gross proceeds from sale of assets	-	50	22
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(65)	(24)	(60)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	1
- to replace existing assets	1,359	1,447	1,185
Increase (decrease) in reserves	(27)	(729)	(137)
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,332	718	1,049
Surplus (deficit) of capital funding	(1,397)	(742)	(1,109)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	708	735	801

FUNDING IMPACT STATEMENT ANALYSIS

Capital expenditure is lower than anticipated due to delays in the commencement of the CBD playground as this stage of the CBD upgrade project has not yet started.

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

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.	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

Measure	Target 2015/16	Result 2015/16
Homes in the Invercargill urban area are within 400 metres of a serviced bus route.	90%	Achieved - 90% ¹ (2014/15: Achieved - 90%)
Farebox recovery percentage.	35%	Not achieved - 32% ² (2014/15: Not Achieved - 34%)
All members of the community have the opportunity to use public transport.	Total Mobility Scheme is administered.	Achieved. (2014/15: Achieved - Total mobility administered and delivered to the community)

THE DETAILS

1 - Bus Routes

The bus routes have not changed over the year so the target of having homes within 400 metres was still achieved.

signalled early in the financial year and the passenger numbers have not grown over the year. This result is, however, relatively close to target.

2 - Farebox Recovery

The Farebox Recovery has not been achieved this year due to a decrease in patronage. This was

WHAT ELSE HAVE WE DONE?

During the year we have introduced the TrackABus service so that customers are able to see in real time the location of the bus. This is a very helpful service.

The National Regional Ticketing project has not developed as quickly as was planned and this project continues into the 2016/17 year.

FUNDING IMPACT STATEMENT - PASSENGER TRANSPORT

	Long Term Plan	Long Term Plan	Actual
	2012 - 2022	2015 - 2025	
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	141	186	186
Targeted rates (other than targeted rate for water supply)	938	572	572
Subsidies and grants for operating purposes	1,222	1,079	1,015
Fees, charges and targeted rates for water supply	13	308	274
Internal charges and overheads recovered	1	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	48	55
Total operating funding	2,315	2,193	2,102
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,234	2,169	1,860
Finance costs	-	-	-
Internal charges and overheads applied	1	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	2,235	2,169	1,860
Surplus (deficit) of operational funding	80	24	242
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	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	36
- to replace existing assets	79	24	-
Increase (decrease) in reserves	1	-	206
Increase (decrease) in investments	-	-	-
Total application of capital funding	80	24	242
Surplus (deficit) of capital funding	(80)	(24)	(242)
FUNDING BALANCE	-	-	-
Depreciation expense (not included in the above FIS)	-	33	28

FUNDING IMPACT STATEMENT ANALYSIS

Payments to staff and suppliers are lower than budget due to the expenditure relating to the regional ticketing project being deferred until the 2016/17 year. Other general operating expenditure savings were also made in various expenditure areas. These savings are reflected in the increase in reserves.

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

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
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 normal limits.
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 Pools Activity offers a range of learn-to-swim, fitness and other water-based learning activities that cater for all members of the Community.	Splash Palace is affordable and well utilised.	Number of visits to Splash Palace per head of Invercargill population.
	Promote Invercargill actively as a great place to live, work, play and visit.	The Pools Activity provides the only 50 metre swimming pool in the Southland Region.		
	Promote and provide a range of events that create vibrancy and build Community.	The Pools Activity offers a high quality facility in which tournaments and championships are hosted.		
Strong, innovative leadership.	Develop and nurture partnerships with key stakeholders.	The Pools Activity works together with the Invercargill Licensing Trust and the ILT Foundation in providing free Learn to Swim programmes.	Splash Palace provides accessible, quality learning opportunities.	Percentage of Swim School customers who rate their experience as good or very good when surveyed.

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
All water quality standards are within limits set in NZS 5876:2010.	100%	Achieved - 100% (2014/15: Achieved - 97%)
Number of visits to Splash Palace per head of Invercargill population.	At least 6	Achieved - 7.6 visits (2014/15: Achieved - 7.7 visits)
Percentage of Swim School customers who rate their experience as good or very good when surveyed.	80%	Achieved - 85% (2014/15: Achieved - 95.6%)

CAPITAL WORKS PROJECTS

Project	2015/16 Proposed \$000	2015/16 Actual \$000
Family Changing Room	2,140	0

THE DETAILS

In May 2016, Council made the decision to cancel the Splash Palace Dry Gym/Changing Rooms project.

FUNDING IMPACT STATEMENT - POOLS

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	20	-	-
Targeted rates (other than targeted rate for water supply)	1,643	1,974	1,974
Subsidies and grants for operating purposes	146	126	134
Fees, charges and targeted rates for water supply	883	789	821
Internal charges and overheads recovered	1,388	1,636	1,646
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	604	784	766
Total operating funding	4,684	5,309	5,341
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	2,905	3,262	3,371
Finance costs	134	187	91
Internal charges and overheads applied	1,388	1,636	1,646
Other operating funding applications	-	-	-
Total applications of operational funding	4,427	5,085	5,108
Surplus (deficit) of operational funding	257	224	233
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(38)	1,843	(39)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(38)	1,843	(39)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	(12)
- to improve the level of service	-	2,140	382
- to replace existing assets	299	20	33
Increase (decrease) in reserves	(80)	(93)	(208)
Increase (decrease) in investments	-	-	-
Total application of capital funding	219	2,067	195
Surplus (deficit) of capital funding	(257)	(224)	(234)
FUNDING BALANCE	-	-	(1)
Depreciation expense (not included in the above FIS)	632	482	485

FUNDING IMPACT STATEMENT ANALYSIS

Finance costs are lower than budget due to loan interest payments for capital expenditure for the Dry Gym and Changing Room Upgrade being discontinued or deferred.

Increase (decrease) in debt is lower than budget due to the loan for the dry gym not being required and the change room, office and foyer loan being carried forward to 2016/17.

The capital expenditure to improve level of service is lower than budget due to Council resolving to discontinue the Dry Gym and defer the Changing Room Upgrade.

Public Toilets

WHAT WE HAVE DONE

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

WHAT WE AGREED WITH THE COMMUNITY

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

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Automated toilets are available 24 hours a day.	95%	Achieved - 99% (2014/15: Achieved - 97%)

WHAT ELSE HAVE WE DONE

There has been an accessible automated toilet installed in the space between the Invercargill Public Library and the Leven Street car park.

CAPITAL WORKS PROJECTS

Project	2015/16 Proposed \$000	2015/16 Actual \$000
Accessible Automated Toilet.	81	86

FUNDING IMPACT STATEMENT - PUBLIC TOILETS

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	387	355	355
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	-	-	1
Total operating funding	387	355	356
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	299	286	257
Finance costs	27	24	16
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	326	310	273
Surplus (deficit) of operational funding	61	45	83
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(17)	(19)	59
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(17)	(19)	59
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	86
- to replace existing assets	-	-	-
Increase (decrease) in reserves	44	26	56
Increase (decrease) in investments	-	-	-
Total application of capital funding	44	26	142
Surplus (deficit) of capital funding	(61)	(45)	(83)
FUNDING BALANCE	-	-	-
Depreciation expense (not included in the above FIS)	53	28	25

FUNDING IMPACT STATEMENT ANALYSIS

Increase (decrease) in debt is higher than budget due to a loan for the capital expenditure being raised in the 2015/16 year. This was carried forward from the 2014/15 year as the capital work was not completed until the 2015/16 year.

Capital expenditure is higher than budget due to the installation of the Leven Street toilets that was planned for the 2014/15 year. This expenditure was carried forward and completed in the 2015/16 year.

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 143.

FUNDING IMPACT STATEMENT - THEATRE SERVICES

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	989	924	924
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	5
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	764	880	880
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	(85)	-	-
Total operating funding	1,668	1,804	1,809
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	681	329	364
Finance costs	52	-	157
Internal charges and overheads applied	764	880	880
Other operating funding applications	-	-	-
Total applications of operational funding	1,497	1,209	1,401
Surplus (deficit) of operational funding	171	595	408
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(88)	(145)	(186)
Gross proceeds from sale of assets	-	-	10
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(88)	(145)	(176)
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	30	-
- to replace existing assets	270	170	140
Increase (decrease) in reserves	(187)	250	92
Increase (decrease) in investments	-	-	-
Total application of capital funding	83	450	232
Surplus (deficit) of capital funding	(171)	(595)	(408)
FUNDING BALANCE	-	-	-
Depreciation expense (not included in the above FIS)	494	372	404

FUNDING IMPACT STATEMENT ANALYSIS

Finance costs are higher than budget due to a restructure of the Council's internal debt into bond debt. Theatre Services was budgeted to be funded by internal debt which is eliminated in the Funding Impact Statements. External bond debt is not eliminated and therefore is shown in the actuals for the year.

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.	Council's decision making processes meet community expectations for opportunities to participate.	Percentage of residents survey respondents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decision making.
Strong innovative leadership.	Communicate effectively with ratepayers, be accessible and respond to community need.	The Democratic Process Activity provides opportunities for the community to share its views with Council. Elections and Representation Reviews also provide the community with opportunities to contribute towards democracy.	The community is well informed about and contribute to Council's plans and progress.	Number of public meetings held during Long Term Plan and / or Annual Plan development. Alternative methods of communicating information are utilised.

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Percentage of residents survey respondents who provide a rating of satisfied or greater with the opportunities Council provides for community involvement in decision making.	50%	Not achieved - 34% ¹ (New Measure)
Alternative methods of communicating information are utilised.	Consultation documents available on Council's website and use of social media.	Achieved ² (New Measure)

THE DETAILS

1 - Residents' Survey

Almost half of residents surveyed gave a neutral rating (42%). These are the people that will be focused on for improvement in the coming year.

2 - Communication

Consultation documents have been made available on Council's website and on the Consult South website. Notice is also given through the use of Facebook, Twitter and Radio advertising. Council has utilised the Consultation Caravan for consultation and education purposes throughout the 2015/16 year.

WHAT ELSE HAVE WE DONE

The Representation Review process has been undertaken and Council has determined that for the 2016 Local Body Elections there will be a Mayor and 12 Councillors all to be voted for at-large. We are not introducing a ward system. Council is retaining the five member Bluff Community Board.

FUNDING IMPACT STATEMENT - DEMOCRATIC PROCESS

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15	2015/16	2015/16
	\$'000	\$'000	\$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	2,876	2,903	2,903
Targeted rates (other than targeted rate for water supply)	76	73	73
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	315	365	675
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	13	5	17
Total operating funding	3,280	3,346	3,668
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,076	2,978	2,822
Finance costs	-	-	-
Internal charges and overheads applied	315	365	675
Other operating funding applications	-	-	-
Total applications of operational funding	3,391	3,343	3,497
Surplus (deficit) of operational funding	(111)	3	171
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	40	55
Lump sum contributions	20	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	20	40	55
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	72	155	135
Increase (decrease) in reserves	(163)	(112)	91
Increase (decrease) in investments	-	-	-
Total application of capital funding	(91)	43	226
Surplus (deficit) of capital funding	111	(3)	(171)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	43	48	116

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

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 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.	Number of media and famil opportunities facilitated. Visitor nights. Number of tourism businesses using Venture Southland services.

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Number of Media and Famil opportunities facilitated.	Eight per year	Achieved - 40 famils (28 media, 12 trade) ¹ (2014/15: Achieved - 23)
Visitor nights.	Increasing number	Achieved - Increase of 10.9% to 444,316 (New Measure)
Number of tourism businesses using Venture Southland services.	>25	Achieved - 105 businesses ² (2014/15: Achieved - 98)

Please Note: The above results are for the Southland Region, not just Invercargill.

THE DETAILS

1 - Media Opportunities

Media activity was increased with market development initiatives (eg employment of a Chinese speaking staff member), event related activity (subsequent interest following Prince Harry's visit), new digital channels (social influencers being targeted when they were in neighbouring regions) and campaign activity, which included an integrated campaign with online, print and sales promotions, so media partners sent an array of media to famil in the region.

2 - Tourism Businesses

Tourism businesses using Venture Southland services were up due to a number of factors. Firstly, the buoyancy of the sector has resulted in businesses wishing to investigate development opportunities, including trade and digital channels, so enquiries, client assessments and projects were up. Similarly new products have been developed, such as Transport World, Welcome Rock Trails, Lands' End, Beaks and Feathers, and have also engaged Venture Southland tourism. This year also initiated the official partner programme of the ATMCT, which resulted in 25 operators from Northern Southland actively engaging with services. The increase in media and trade has also encouraged more active engagement from the sector.

WHAT ELSE HAVE WE DONE

Emerging Market - China

Venture Southland has built the profile of Southland through the appointment of a Mandarin speaking staff member (Elly Chang). This has resulted in new profile via translated social media, websites, media famils/ results, iSITE information provision and through travel trade channels.

Major Campaigns Undertaken

- **On your doorstep** - digital campaign targeting locals with tourism opportunities in shoulder season.
 - **Secrets of South** - digital, print and radio campaign focusing on the food, history and recreation opportunities of Invercargill and Southland to Auckland, Wellington and Christchurch markets.
 - **South Island Road Trips** - partnership with Tourism New Zealand targeting self drive visitors from Australia. Of the five routes in the South Island, the Southern Scenic Route scored top with online users as preferred driving route.
 - **Bluff Oyster Grabaseat** - partnership with Air New Zealand, Bluff Oyster and Food Festival and Venture Southland to bring an A320 with 169 customers for the day to visit festival and local attractions in Invercargill.
 - **Our New Zealand Escape** - partnership with Destination Fiordland for reality TV show featuring Stewart Island, Invercargill and Fiordland, for international broadcast and Air New Zealand inflight broadcast.
-

Enterprise

WHAT WE HAVE DONE

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

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

WHAT WE AGREED WITH THE COMMUNITY

Community Outcome	Council's Role	How the Activity Contributes	Customer Level of Service	Measure of Service
A diverse and growing economy.	Attract a diverse range of business and industry to locate in Invercargill, targeting especially business that offer high skilled job opportunities.	The Enterprise Activity proactively identifies and promotes opportunities for diversification, employment and business growth in Invercargill and Southland.	Council, through Venture Southland works with regional industry sectors, business and key stakeholder groups to support economic and industry development across the Southland region.	Number of strategic projects facilitated.
				Number of investment opportunities facilitated.
				Business Mentor Programme.
				New Zealand Trade and Enterprise Programme delivered.

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Number of strategic projects facilitated.	Six.	Achieved - 10 ¹ (2014/15: 10 strategic projects were facilitated/completed).
Number of investment opportunities facilitated.	Two.	Achieved - 12 ² (2014/15: Achieved - 14).
Business Mentor Programme.	50 mentor/client matches.	Not Achieved - 36 ³ (New Measure).
New Zealand Trade and Enterprise Programme delivered.	To achieve.	Achieved. (2014/15: 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), Regional Research Institute (facilitated), Regional Tax intake (Completed), Southland Economic Profile (Completed), Business Efficiency - Lean (completed), Regional Broadband extension (facilitated).

2 - Investment Opportunities

Number of Investment opportunities facilitated - 12 (Southland Oat Initiative, Kingston Flyer, Aquaculture Development, Mining Investment, Silica, Radio Science and Earth Observation x 6, Biotech). These investment opportunities are across the wider Southland region. Interest in investment opportunities in Southland has broadened across

a wide range of industries. The growth in the radio science activity has resulted in a significant number, more than initially predicated, of investment proposals being facilitated. Some of the investment opportunities are ongoing proposals being promoted and have spanned multiple years. They are part of ongoing opportunities to broaden the economic base.

3 - Business Mentor

Business mentor matches were down for 2015/16. This was largely offset by an increased number of businesses taking up other business support service programmes that offer longer and deeper support, such as one-to-one business training and coaching through the NZTE Business Capability programme. This trend has been noticed around the country and Venture Southland is working with Business Mentors New Zealand to expand their offering into specific sectors, such as agriculture.

FUNDING IMPACT STATEMENT - ENTERPRISE

Council provides Destinalional Marketing and Enterprise activities via Venture Southland, a joint venture funded by contributions from Invercargill City, Southland District and Gore District Councils and the Community Trust of Southland. The Destinalional Marketing activity is incorporated in the Funding Impact Statement below.

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15 \$'000	2015/16 \$'000	2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	1,770	1,670	1,670
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	-	-	18
Local authorities fuel tax, fines, infringement fees, and other receipts	1,548	1,327	1,408
Total operating funding	3,318	2,997	3,096
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	3,318	2,997	3,058
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	3,318	2,997	3,058
Surplus (deficit) of operational funding	-	-	38
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	-	-	-
Other dedicated capital funding	-	-	-
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	-	-	38
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	38
Surplus (deficit) of capital funding	-	-	(38)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

Investment Property

WHAT WE HAVE DONE

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

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

WHAT WE AGREED WITH THE COMMUNITY

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

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

HOW DID WE MEASURE UP

Measure	Target 2015/16	Result 2015/16
Rate of return is at least equal to the current market interest rate.	Achieve current market interest rate.	Achieved - 5.08% (2014/15: Achieved - 5.66%)

THE DETAILS

The return from Endowment and Trading properties was 5.08%. This is greater than the current market interest rate of 3.5%. This equates to an additional 45% return on investment, above current market interest rate.

The return on investment was down compared with the 2014/15 year due to the purchase of land and buildings in Don Street that are to be re-developed for future commercial lease.

FUNDING IMPACT STATEMENT - INVESTMENT PROPERTY

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15 \$'000	2015/16 \$'000	2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	(343)	(214)	(214)
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	349	528	511
Internal charges and overheads recovered	60	10	30
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,119	883	558
Total operating funding	1,185	1,207	885
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	943	1,132	1,167
Finance costs	477	-	391
Internal charges and overheads applied	60	10	30
Other operating funding applications	-	-	-
Total applications of operational funding	1,480	1,142	1,588
Surplus (deficit) of operational funding	(295)	65	(703)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	2,395	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	2,395	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	1,178
- to improve the level of service	-	-	-
- to replace existing assets	-	4,695	-
Increase (decrease) in reserves	(295)	(2,235)	(1,881)
Increase (decrease) in investments	-	-	-
Total application of capital funding	(295)	2,460	(703)
Surplus (deficit) of capital funding	295	(65)	703
FUNDING BALANCE	-	-	-
Depreciation expense (not included in the above FIS)	-	24	20

FUNDING IMPACT STATEMENT ANALYSIS

Local authorities fuel tax, fines, infringements fees and other receipts are lower than budget because milk dairy income is down due to the slump in global dairy prices.

Finance costs are higher than budget due to a restructure of the Council's internal debt into bond debt. Investment Property was budgeted to be funded by internal debt which is eliminated in the Funding Impact Statements. External bond debt is not eliminated and is therefore shown in the actuals for the year.

Increase (decrease) in debt is lower than budget due to the delay in starting the Don Street Business House Development, which is partly funded from debt.

Capital Expenditure is lower than budget due to the delay in starting the Don Street Business House Development.

Urban Rejuvenation



WHAT WE HAVE ACHIEVED

The Urban Rejuvenation project has seen Council taking a supporting role in identifying areas of need, bringing together residents who want to make things happen in their Community, assisting with project planning and assisting with proposal development and access to funding.

The Community continues to be responsible for identifying, prioritising, managing and implementing the projects with the support of Council.

The Urban Rejuvenation project encourages community-led revitalisation projects in these areas. The projects are chosen by the Community and in the 2015/16 financial year, assistance was provided to the following groups:

Bluff 2024 Rejuvenation Trust

The Trust has progressed to the next stage of landscaping the entrance to Bluff. Earlier plantings are thriving and an area of red tussocks has been planted behind the new Bluff entrance sign.

Glengarry Community Action Group

Funding has been provided to help the Group with preparations for the Glengarry Community Reunion (50 years, to be celebrated over Labour Weekend 2016).

South Invercargill Urban Rejuvenation Trust

South Alive undertook a number of events during 2015/16, including a Trolley Derby and Family Fun Day, Youth Soft Skill Business Training, development of an Arts Strategy for South City and publication of their monthly newsletter in the Eye.

Windsor Business Group

The Group has identified possible locations for new seating and rubbish bins in Windsor Village. Installation will occur in 2016/17 once an agreement has been reached.

The project contributes to the "A City that is a great place to live and visit" Community Outcome by supporting community-led revitalisation. By working alongside community groups who have identified changes the community want to achieve, projects further contribute to the "Strong, Innovative leadership" Community Outcome.

Council has budgeted \$212,000 for consultants and contestable funding for the Urban Rejuvenation project.



FUNDING IMPACT STATEMENT - URBAN REJUVENATION

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15 \$'000	2015/16 \$'000	2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	149	266	266
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	80
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
Total operating funding	149	266	349
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	149	212	303
Finance costs	-	24	25
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	149	236	328
Surplus (deficit) of operational funding	-	30	21
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	(30)	75
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	(30)	75
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	125
- to improve the level of service	-	-	110
- to replace existing assets	-	-	16
Increase (decrease) in reserves	-	-	(155)
Increase (decrease) in investments	-	-	-
Total application of capital funding	-	-	96
Surplus (deficit) of capital funding	-	(30)	(21)
FUNDING BALANCE			
	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

Subsidies and grants for operating purposes was higher than budget due to an unbudgeted grant from the Department of Internal Affairs being received during the year on behalf of South Invercargill Urban Rejuvenation Trust (South Alive).

Payments to staff and suppliers is higher than budget due to additional grants being allocated. This reflects the forwarding on of the Department of Internal Affairs grant to South Invercargill Urban Rejuvenation Trust (South Alive).

City Centre Revitalisation



WHAT WE HAVE ACHIEVED

The City Centre Revitalisation project contributes to the “A City that is a great place to live and visit” Community Outcome by designing spaces, buildings and roads with community safety and interest in mind, and encouraging others to do the same, by ensuring that the project considers how best it can cater for people with disabilities, the elderly, youth and families and also supporting community-led revitalisation of the CBD.

It also contributes to the “A diverse and growing economy” Community Outcome by providing an environment that is business friendly and nurtures strong business. The project also contributes to the “Healthy lifestyles in a healthy environment” Community Outcome by implementing and protecting distinct development zones across the District.

At present Council is working through Inner City development considerations. Works on future stages of the planned revitalisation are yet to progress but the initial concept areas and plans have been scoped with preliminary ideas being considered.

Council have created vibrant shop fronts to install in vacant shops in the CBD, alongside stickers to be placed in the CBD reminding residents to “shop local”. Council has recently hired a City Centre Coordinator who has been assisting and connecting with the CBD retailers and shoppers, and has created events to inspire and uplift the CBD community, such as the Food Truck Friday in Wachner Place.

FUNDING IMPACT STATEMENT - CITY CENTRE REVITALISATION

	Long Term Plan 2012 - 2022	Long Term Plan 2015 - 2025	Actual
	2014/15 \$'000	2015/16 \$'000	2015/16 \$'000
SOURCES OF OPERATIONAL FUNDING			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than targeted rate for water supply)	1,121	136	136
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	1,121	136	136
APPLICATIONS OF OPERATIONAL FUNDING			
Payments to staff and suppliers	32	12	41
Finance costs	241	87	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operational funding	273	99	41
Surplus (deficit) of operational funding	848	37	95
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	561	617	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	561	617	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	273
- to improve the level of service	1,409	-	308
- to replace existing assets	-	1,649	37
Increase (decrease) in reserves	-	(995)	(523)
Increase (decrease) in investments	-	-	-
Total application of capital funding	1,409	654	95
Surplus (deficit) of capital funding	(848)	(37)	(95)
FUNDING BALANCE	-	-	-
Depreciation expense (not included in the above FIS)	-	-	-

FUNDING IMPACT STATEMENT ANALYSIS

The CBD redevelopment project is progressing at a slower pace than anticipated and as a result, capital expenditure is lower than budget. Current capital spend has been funded by existing reserves so no increase in debt has been needed and therefore no finance costs incurred.

Council Controlled Organisations

Ngā rōpū whakahaere a Kaunihera



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 2015/16.

Invercargill City Holdings Limited provide input into the Statement of Intent of each of its subsidiaries to ensure that they reflect the objectives and policies of Invercargill City Council in such manner and to such extent as Invercargill City Holdings Limited is lawfully entitled to do so.

Electricity Invercargill Limited Group purchased a 50% shareholding in Otago Power Services Limited, which was purchased by PowerNet Limited on 16 February 2016. The amalgamation process was legally completed on 31 March 2016.

Financial Performance Targets – Rate of return on equity funds	2015/16 Targets	2015/16 Result
Invercargill City Holdings Limited - % Before Tax	7.55%	13.73%
Invercargill City Holdings Limited - % After Tax	5.44%	10.51%

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 the land within it. There is one piece of land that is presently under negotiation. ICPL is continuing their discussions with other interested parties, with further ongoing negotiation.

Group Structure for Invercargill City Holdings Ltd



PARENT BODY
Entity Preparing
Financial Statements

100%

INVERCARGILL CITY HOLDINGS LIMITED

100%

Electricity Invercargill Limited

100%

Invercargill City Property Limited

100%

Invercargill City Forests Limited

97.2%

Invercargill Airport Limited

100%

Pylon Limited

24.9%

IFS Forestry Group Limited

32.1%

Forest Growth Holdings Limited

ASSOCIATES AND JOINT VENTURES

24.9%

OtagoNet Limited

24.9%

OtagoNet Properties Limited

24.9%

Electricity Southland Limited

24.9%

OtagoNet Joint Venture

50%

Roaring Forties Energy Limited Partnership

50%

PowerNet Limited

50%

Southern Generation Limited Partnership

51.7%

Peak Power Services Limited

Southland Museum & Art Gallery

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 2015/16.

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 2015/16 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.

HOW DID WE MEASURE UP

Measure	2015/16 Target	2015/16 Result
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 - 248,463 visitors 124% of target (2014/15: Achieved: 122%)
Development and implementation of an annual visitor experience programme.	A minimum of 12 short-term exhibitions, including 8 in the community access gallery.	Achieved - 13, including 8 in the community gallery (2014/15: Achieved: 12 including 8 in the community gallery)
Collections are maintained in optimal conditions of their long term preservation.	Prepare for building refurbishment and extension to enable internal environmental conditions to meet national/international guidelines.	Achieved - Redevelopment proposal delivered Temp in range (19°C +/- 1°C), 100% of time Humidity in range (50% +/- 5%), 100% of time (2014/15: Achieved: 100% of time)

SOUTHLAND MUSEUM AND ART GALLERY REDEVELOPMENT

A redevelopment proposal developed by the SMAG Trust Board was completed in June 2015, it resolved to carry out redevelopment of the museum buildings that provide the space and facilities needed to house the museum's main attractions. A report to redevelop the existing Queens Park site has been written. However, some community groups have indicated their preference be

that the Museum should be shifted to the inner city, in the CBD. This report is currently on-hold while the Southland Regional Development Strategy considers proposals for other areas, as was suggested by their Vibrant City Centre's team. It is expected further progress will continue on the release of the Southland Regional Development Strategy's Report expected by the end of October 2016.

Invercargill Venue & Events Management Limited

Invercargill Venue and Events Management Limited's purpose is to operate and market the Civic Theatre, Scottish Hall and Rugby Park 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 2015/16 year by managing and operating the Civic Theatre and promoting events in Invercargill.

HOW DID WE MEASURE UP

Measure	2015/16 Target	2015/16 Result
Increase in bookings and use of the Civic Theatre complex	Book at least twelve major shows (nationally or internationally significant) per year.	Achieved - 16 major shows (2014/15: 22 major shows)
	Increase bookings of the Theatre by local groups and performers.	Achieved - 28 local bookings (2014/15: 25 local bookings)
	Increase bookings of the Theatre's meeting spaces.	Achieved - 114 Total room bookings (2014/15: 88 Total room bookings)
Increase in bookings and use of the Scottish Hall	Increase bookings from last year	Achieved - 35 Hall bookings (2014/15: 25 Hall bookings)

THE DETAILS

The number of bookings of the venues managed by Invercargill Venue and Events Management Limited (Civic Theatre, Scottish Hall & Rugby Park) during the 2015/16 year is as follows:

- Civic Theatre - Theatre - 62 bookings, up 6 on previous year (2014/15 - 56)
- Scottish Hall - 35 bookings, up 10 on previous year (2014/15 - 25)
- Victoria Rooms - 44 bookings, up 3 on previous year (2014/15 - 41)
- Rugby Park Stadium - 21 bookings (first full year managing the venue) (2014/15 - 59 hires)
- Drawing Room - 70 bookings, up 23 on previous year (2014/15 - 47)

WHAT ELSE HAVE WE DONE

This is the company's first year of managing Rugby Park Stadium in Invercargill. The company has been working with historic hirers of the venue to ensure continued use by existing hirers (i.e. Rugby Southland and The Highlanders), along with promoting the venue to attract new hirers (i.e. a local fireworks display).

Relationships have been established with a large number of Southland community groups, as well as

Rugby Southland, to ensure current bookings are retained, and new ones are sought.

An initial maintenance programme has been undertaken to raise the standard of the venue to a level which will ensure it's viability as a hireable venue for the future.

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.

Measure of Service	2015/16 Target	2015/16 Result
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. (2014/15 - Achieved)

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 the Museum opening for an extended period of time to attract greater visitor numbers and allow for increased flexibility by the user. The Museum staff have continued their efforts to offer engaging displays and interesting collections that have further contributed to the success in this year.

Financial Management

Ō mātou takua pūtea



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

This section includes:

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

Financial Statements

STATEMENT OF FINANCIAL POSITION

As at June 30, 2016

	Note	Council Actual 2016 (\$000)	Council Budget 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
ASSETS						
Current assets						
Cash and cash equivalents	8	8,519	6,416	4,469	11,378	13,818
Receivables	9	12,090	10,010	11,310	10,321	10,753
Prepayments		466	-	178	550	252
Tax receivables		-	-	-	5	2
Inventories	10	676	670	669	681	676
Other financial assets	17	20,275	-	-	20,275	-
Total current assets		42,026	17,096	16,626	43,210	25,501
Non-current assets						
Work in progress	11	3,865	-	6,323	6,466	12,587
Property, plant and equipment	11	640,503	672,361	641,428	756,608	745,292
Intangible assets	12	837	307	339	837	339
Forestry assets	13	2,893	2,135	2,351	20,152	17,405
Investment property	14	26,458	28,184	25,999	30,236	29,999
Investment in associates and joint ventures	15,16	-	-	-	86,437	49,927
Advances to associates and joint ventures		-	-	-	20,350	16,269
Investment in CCOs and similar entities	17	36,069	36,069	36,069	-	-
Other financial assets - Other investments	17	30,735	1,417	10,724	4,827	16,529
Other financial assets - Derivative financial instruments	17	-	-	85	-	186
Deferred tax assets	22	-	-	-	1,358	683
Total non-current assets		741,360	740,473	723,318	927,271	889,216
TOTAL ASSETS		783,386	757,569	739,944	970,481	914,717
LIABILITIES						
Current liabilities						
Trade and other payables	18	9,608	9,501	10,289	16,767	19,563
Provisions	19	112	51	112	112	112
Employee benefit liabilities	20	2,496	2,028	2,296	2,522	2,345
Borrowings	21	-	3,303	-	-	-
Tax payable		-	-	-	1,028	1,258
Derivative financial instruments	17	11	7	6	139	21
Total current liabilities		12,227	14,890	12,703	20,568	23,299
Non-current liabilities						
Provisions	19	816	874	816	816	816
Employee benefit liabilities	20	1,238	812	809	1,238	809
Borrowings	21	71,248	44,606	28,861	152,111	101,122
Deferred tax liabilities	22	-	-	-	22,619	21,940
Derivative financial instruments	17	1,111	374	647	5,664	2,969
Total non-current liabilities		74,413	46,666	31,133	182,448	127,656
TOTAL LIABILITIES		86,640	61,556	43,836	203,016	150,955
EQUITY						
Retained earnings	23	398,739	408,869	398,212	443,731	438,323
Other reserves	23	298,007	287,144	297,896	323,734	325,439
Total equity		696,746	696,013	696,108	767,465	763,762
TOTAL LIABILITIES AND EQUITY		783,386	757,569	739,944	970,481	914,717
Total equity attributable to the Council		696,746	696,013	696,108	764,614	760,911
Total equity attributable to the Minority Interests		-	-	-	2,851	2,851
TOTAL EQUITY		696,746	696,013	696,108	767,465	763,762

The accompanying notes form an integral part of these financial statements

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended June 30, 2016

	Note	Council Actual 2016 (\$000)	Council Budget 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Revenue						
Rates revenue	1	47,883	47,075	46,022	47,883	46,022
Fines		448	560	298	448	298
Subsidies and grants		7,863	6,962	7,379	7,955	7,579
Direct charges revenue		19,464	20,848	17,770	50,243	50,141
Rental revenue		1,851	1,570	1,852	1,851	1,852
Finance revenue		1,043	215	441	1,855	1,087
Dividends		4,700	4,700	4,200	-	-
Total revenue (excluding gains)		83,252	81,930	77,962	110,235	106,979
Expenditure						
Employee expenses	4	23,012	22,674	21,613	24,372	22,767
Depreciation and amortisation		21,890	22,228	21,291	27,042	25,692
General expenses	5	36,490	37,495	33,399	51,723	53,085
Finance expenses		2,253	2,181	1,801	5,931	5,245
Total expenditure		83,645	84,578	78,104	109,068	106,789
Other gains/(losses)						
Other gains/(losses)	2	1,245	610	(695)	3,604	2,206
Operating surplus (deficit) before tax		852	(2,038)	(837)	4,771	2,396
Share of associate's and joint venture's surplus (deficit)		-	-	-	3,681	2,842
Surplus (deficit) before tax		852	(2,038)	(837)	8,452	5,238
Income tax expense	7	-	-	-	2,774	3,125
Surplus (deficit) after tax		852	(2,038)	(837)	5,678	2,113
Attributable to:						
Invercargill City Council		852	(2,038)	(837)	5,657	2,092
Minority interest		-	-	-	21	21
		852	(2,038)	(837)	5,678	2,113
Other comprehensive revenue and expense						
Property, plant and equipment revaluation gains/(losses)		-	-	-	-	2,886
Carbon credit revaluation gains/(losses)		340	-	-	340	-
Cash flow hedges		(554)	-	(425)	(2,315)	(1,810)
Total other comprehensive revenue and expense		(214)	-	(425)	(1,975)	1,076
Total comprehensive revenue and expense		638	(2,038)	(1,262)	3,703	3,189
Total comprehensive revenue and expense attributable to:						
Equity holders of the Council		638	(2,038)	(1,262)	3,682	3,168
Minority interest		-	-	-	21	21
		638	(2,038)	(1,262)	3,703	3,189

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2016

		Council	Council	Council	Group	Group
	Note	Actual 2016 (\$000)	Budget 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Balance at 1 July		696,108	698,051	697,370	763,762	760,573
Total comprehensive revenue and expense for the year		638	(2,038)	(1,262)	3,703	3,189
Balance at 30 June	23	696,746	696,013	696,108	767,465	763,762
Attributable to:						
Invercargill City Council		696,746	696,013	696,108	764,614	760,911
Minority interest		-	-	-	2,851	2,851
Balance at 30 June		696,746	696,013	696,108	767,465	763,762

The accompanying notes form an integral part of these financial statements

CASH FLOW STATEMENT

For the year ended June 30, 2016

		Council	Council	Council	Group	Group
	Note	Actual 2016 (\$000)	Budget 2016 (\$000)	Actual 2015 (\$000)	Actual 2016 (\$000)	Actual 2015 (\$000)
Cash flows from operating activities						
Receipts from rates revenue		48,183	47,075	45,969	48,183	45,969
Receipts from other revenue		28,909	28,145	26,924	59,047	56,962
Interest received		1,043	215	441	2,876	2,063
Dividends received		4,200	4,700	3,900	-	-
Payments to suppliers and employees		(59,715)	(58,424)	(53,986)	(78,193)	(70,449)
Interest paid		(2,253)	(2,181)	(1,801)	(6,349)	(5,502)
Income tax paid (refund)		-	-	-	(2,316)	(2,253)
Goods and services tax (net)		3	-	(541)	663	(496)
Net cash flows from operating activities	24	20,370	19,530	20,906	23,911	26,294
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		353	202	556	448	806
Proceeds from sale of investment property		151	-	80	151	80
Proceeds from sale of investments		-	8,040	-	4,700	1,700
Purchase of property, plant and equipment		(18,499)	(37,789)	(17,647)	(32,515)	(34,654)
Purchase of investments		(40,074)	(4,890)	(2,260)	(10,114)	(2,301)
Purchase of biological assets		-	-	-	(960)	(3)
Purchase of investment property		(576)	-	(1,262)	(576)	(1,262)
Purchase of intangible assets		(62)	-	(127)	(62)	(127)
Advances made to non subsidiaries		-	-	-	1,800	1,570
Investments in associates		-	-	-	(36,016)	(2,808)
Net cash flows from investing activities		(58,707)	(34,437)	(20,660)	(73,144)	(36,999)
Cash flows from financing activities						
Proceeds from borrowings		42,387	17,783	-	54,093	17,768
Repayment of borrowings		-	(2,926)	(855)	(7,300)	(855)
Net cash flows from financing activities		42,387	14,857	(855)	46,793	16,913
Net (decrease) increase in cash, cash equivalents and bank overdrafts		4,050	(50)	(609)	(2,440)	6,208
Cash, cash equivalents and bank overdrafts at the beginning of the year		4,469	6,466	5,078	13,818	7,610
Cash, cash equivalents and bank overdrafts at the end of the year	8	8,519	6,416	4,469	11,378	13,818

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

1 Rates revenue

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)
General rates	28,919	27,967
Targeted rates attributable to activities		
Water	6,461	6,203
Sewerage and drainage	8,140	7,498
Refuse and recycling	3,839	3,815
Rates penalties	612	628
Total revenue from rates	47,971	46,111

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 2016 (\$000)	Council Actual 2015 (\$000)
Halls, museums and other similar groups	4	5
Organisations whose object is the health and well-being of the community	31	21
Organisations whose principal object is the promotion of the arts or recreation	37	39
Organisations using premises as a showground or meeting venue	-	-
Organisations using premises for gaming and sport	-	9
Organisations using premises for branches of the arts	16	15
Total remissions	88	89
Rates revenue net of remissions	47,883	46,022

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.

1 Rates revenue (continued)

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 2016	Council Actual 2015
Number of rating units within the Invercargill City Council	25,005	25,049
	(\$000)	(\$000)
Total rateable land value within the Invercargill City Council	2,495,528	-
Total rateable capital value within the Invercargill City Council	6,831,499	6,407,524

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 2014/15 year. 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.

Decrease in rateable units

The total number of rateable units has decreased from 25,049 in 2015 to 25,005 in 2016 for two primary reasons.

Firstly, a number of rural farm properties in the Invercargill area that were previously rated individually but owned by the same ratepayer, have now been amalgamated into one rateable property. This process was required to be done by the Valuer General (LINZ) under Rating Valuation Rules 2008 section 2.1.1.2(d). This has had the effect of reducing the number of rural properties by approximately 43 rateable units.

Secondly, an Invercargill city rest home changed their structure moving from rating for individual units to being rated as one property. This has had the effect of reducing the number of rest home properties by 27 rateable units.

2 Other gains and losses

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Change in fair value and harvesting of biological assets (refer Note 13)	542	346	2,818	2,383
Change in fair value of investment property (refer note 14)	34	(722)	(188)	(802)
Change in fair value of investments	212	34	212	34
Change in fair value of carbon credits	219	-	219	-
Net gain/(loss) on sale of property, plant and equipment	238	(353)	(331)	(368)
Reversal of prior impairment loss	-	-	874	945
Gain/(Loss) on foreign exchange rate conversion	-	-	-	14
Total other gains and losses	1,245	(695)	3,604	2,206

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

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

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)
General rates, uniform annual general charges, rates penalties	7,196	5,218
Targeted rates (other than targeted rate for water supply)	40,687	40,804
Total rates income as per Funding Impact Statement	47,883	46,022
Rates excluding targeted water supply rates	41,422	39,819
Rates - Targeted water supply rates	6,461	6,203
Total rates income as per Statement of Comprehensive Revenue & Expense	47,883	46,022

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

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)
Total operating funding as per Funding Impact Statement	81,356	76,675
PLUS: Capital funding - Subsidies and grants for capital expenditure		
- Roading activity	3,955	3,328
LESS: Share of joint ventures' revenue	(2,059)	(2,057)
PLUS - Non cash revaluations		
- Investment property revaluation gain/(loss)	34	(722)
- Biological assets revaluation gain/(loss)	542	346
- Investments revaluation gain/(loss)	212	34
- Carbon credits revaluation gain/(loss)	219	-
- De-recognition of property, plant and equipment gain/(loss)	238	(337)
Total revenue funding as per Statement of Comprehensive Revenue and Expense	84,497	77,267
Rates excluding targeted water supply rates	41,422	39,819
Targeted rates for water supply	6,461	6,203
Subsidies and grants	7,863	7,379
Other revenue	26,463	24,120
Change in fair value and harvesting of biological assets	542	346
Change in fair value of investment property	34	(722)
Change in fair value of investments	212	34
Change in fair value of carbon credits	219	-
Gain/(loss) on sale of assets	238	(353)
Finance revenue	1,043	441
Total revenue	84,497	77,267

Operating revenue reconciliation from Funding Impact Statements to Statement of Comprehensive Revenue & Expense (continued)

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)
Total applications of operating funding as per Funding Impact Statement	63,844	58,724
LESS: Share of joint ventures' expenses	(2,089)	(1,911)
	61,755	56,813
Per Statement of Comprehensive Revenue and Expense		
Employee benefit expenses	23,012	21,613
Other expenses	36,490	33,399
Finance expenses	2,253	1,801
	61,755	56,813
Plus depreciation expenses (not in Funding Impact Statement)	21,890	21,291
	83,645	78,104
Total operating expenditure including finance costs as per Statement of Comprehensive Revenue and Expense	83,645	78,104

4 Employee expenses

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Wages and salaries	22,301	20,908	23,661	22,062
Contributions to defined contribution plans	595	526	595	526
Increase/(Decrease) in employee benefits	116	179	116	179
Total employee expenses	23,012	21,613	24,372	22,767

Employee severance payments:

Council did not make any severance payments during the year ended 30 June 2016.

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

5 General expenses

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Audit fees (refer Note 6)	183	242	351	445
Bad and doubtful debts	-	34	-	34
Directors' fees	-	-	682	648
Operating lease expenses	153	184	153	184
Direct operating expenses (including repairs and maintenance) arising on investment properties	816	770	816	770
Other expenses	35,338	32,169	49,721	51,004
Total general expenses	36,490	33,399	51,723	53,085

6 Auditor remuneration

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Auditor's remuneration to Audit New Zealand comprises:				
- Audit of financial statements	126	124	203	198
- Other audit-related services	45	100	45	119
- Audit of prior year's financial statements	-	18	-	18
Auditor's remuneration to other auditors comprises:				
- Audit of financial statements	-	-	38	43
- Other audit-related services	12	-	65	67
Total auditor remuneration	183	242	351	445

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 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Current tax expense				
Current period	-	-	2,084	2,858
Adjustment for prior periods	-	-	-	(18)
Total current tax expense	-	-	2,084	2,840
Deferred tax expense				
Origination and reversal of temporary differences	-	-	367	65
Adjustment for prior periods	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Other	-	-	323	220
Total deferred tax expense	-	-	690	285
Total income tax expense	-	-	2,774	3,125
Reconciliation of effective tax rate				
Profit for the period excluding income tax	852	(837)	8,452	5,238
Permanent differences	-	-	-	-
	852	(837)	8,452	5,238
Tax at 28%	239	(234)	2,251	1,431
Non-deductible expenses	-	234	-	234
Tax exempt income	(239)	-	(251)	(29)
Group loss offset	-	-	(89)	140
Change in recognised permanent differences	-	-	901	1,324
Under/(Over) provided in prior periods	-	-	(38)	25
Total income tax expense	-	-	2,774	3,125

Within the Group; Invercargill City Holdings Limited will transfer tax losses to Electricity Invercargill Limited of \$1,613,549 (2015: \$1,292,691).

From the above tax position of loss offsets transferred to other Group companies for the year ended 30 June 2016, there are no unrecognised tax losses of the Group (2015: \$Nil).

Imputation credits

	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Imputation credits available for use in subsequent periods	12,164	9,086

8 Cash and cash equivalents

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Bank balances	8,515	4,465	11,372	5,708
Call deposits	-	-	-	8,106
Cash and cash equivalents	4	4	6	4
Cash and cash equivalents in the Statement of Cash Flows	8,519	4,469	11,378	13,818

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

9 Receivables

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Rates and water receivables	1,976	2,276	1,976	2,276
Related party receivables	4,814	4,291	271	357
Sundry debtors	4,487	3,749	6,893	6,171
Goods and services tax	861	1,045	1,229	2,000
	12,138	11,361	10,369	10,804
Less provision for impairment of receivables	(48)	(51)	(48)	(51)
Total receivables	12,090	11,310	10,321	10,753
Total receivables comprises:				
Receivables from non-exchange transactions	6,278	5,270		
Receivables from exchange transactions	5,812	6,040		
Total receivables	12,090	11,310		

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.

9 Receivables (continued)

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Current (Less than 3 months)	12,090	11,310	10,321	10,753
3 to 6 months	-	-	-	-
6 to 9 months	-	-	-	-
9 to 12 months	-	-	-	-
> 12 months	-	-	-	-
Carrying amount	12,090	11,310	10,321	10,753

As of 30 June 2016 and 2015, 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 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
At 1 July	(51)	(28)	(51)	(28)
Additional provisions made during the year	-	(23)	-	(23)
Receivables written off during the period	3	-	3	-
At 30 June	(48)	(51)	(48)	(51)

10 Inventories

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Inventory held for distribution or provision of services at charge or nominal charge				
Raw materials and consumables	181	181	181	181
Finished goods	404	385	404	385
	585	566	585	566
Inventory held for sale or provision of services at commercial terms				
Finished goods	91	103	96	110
	91	103	96	110
Total inventories	676	669	681	676

The carrying amount of inventories held for distribution are measured at cost less any loss of service potential as at 30 June, 2016 amounted to \$Nil (2015: \$Nil).

The write-down of inventories held for distribution amounted to \$Nil (2015: \$Nil), while reversals of write-downs amounted to \$Nil (2015: \$Nil).

The carrying amount of inventories pledged as security for liabilities is \$Nil (2015: \$Nil).

11 Property, plant and equipment

2016

	\$000					
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions and transfers	Disposals and Derecognition	Current year disposals accumulated depreciation
	1-Jul-15	1-Jul-15	1-Jul-15			
Council operational assets						
Land	15,459	-	15,459	1,119	-	-
Buildings	68,898	(1,910)	66,988	1,088	-	-
Library books	5,174	(690)	4,484	380	-	-
Plant and equipment	18,252	(13,133)	5,119	890	(65)	54
Motor vehicles	5,312	(3,514)	1,798	736	(665)	534
Furniture and fittings	3,410	(3,209)	201	19	-	-
Total Council operational assets	116,505	(22,456)	94,049	4,232	(730)	588
Council infrastructural assets						
Roads and bridges	216,909	(9,441)	207,468	9,730	-	-
Stormwater systems	106,719	(2,139)	104,580	2,711	-	-
Wastewater systems - Treatment Plants & Facilities	18,460	(560)	17,900	949	-	-
Wastewater systems - Other Assets	62,130	(1,675)	60,455	2,408	-	-
Water systems - Treatment Plant & Facilities	7,400	(312)	7,088	27	-	-
Water systems - Other Assets	96,897	(2,707)	94,190	824	-	-
Land under roads	45,009	(4)	45,005	35	-	-
Total Council infrastructural assets	553,524	(16,838)	536,686	16,684	-	-
Council restricted assets						
Land	7,154	(118)	7,036	9	-	-
Land - Forestry	1,625	-	1,625	-	-	-
Buildings	3,378	(1,346)	2,032	32	-	-
Total Council restricted assets	12,157	(1,464)	10,693	41	-	-
Total Council property, plant and equipment	682,186	(40,758)	641,428	20,957	(730)	588
Subsidiaries property, plant and equipment						
Land	6,027	-	6,027	487	-	-
Gravel and fencing	2,126	(580)	1,546	1,688	-	-
Buildings, yards and terminals	3,762	(157)	3,605	2,990	-	-
Network assets	95,306	(15,387)	79,919	8,232	(2,170)	1,605
Plant and equipment	2,259	(1,986)	273	1,019	(582)	482
Motor vehicles	2,637	(2,558)	79	-	-	-
Furniture and fittings	2,811	(360)	2,451	2,172	(38)	30
Runways and taxi ways	14,174	(5,782)	8,392	480	-	-
Roading	1,801	(229)	1,572	121	-	-
Total subsidiaries property, plant and equipment	130,903	(27,039)	103,864	17,189	(2,790)	2,117
Total group property, plant and equipment	813,089	(67,797)	745,292	38,146	(3,520)	2,705

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-16	30-Jun-16	30-Jun-16
30	-	-	-	-	-	16,608	-	16,608
-	-	-	(1,933)	-	-	69,986	(3,843)	66,143
-	-	-	(744)	-	-	5,554	(1,434)	4,120
(5,601)	5,547	-	(986)	-	-	13,476	(8,518)	4,958
(872)	872	-	(626)	-	-	4,511	(2,734)	1,777
(2,998)	2,998	-	(19)	-	-	431	(230)	201
(9,441)	9,417	-	(4,308)	-	-	110,566	(16,759)	93,807
(7)	1	-	(9,849)	-	-	226,632	(19,289)	207,343
-	-	-	(2,163)	-	-	109,430	(4,302)	105,128
-	-	-	(570)	-	-	19,409	(1,130)	18,279
-	-	-	(1,692)	-	-	64,538	(3,367)	61,171
369	-	-	(324)	-	-	7,796	(636)	7,160
(316)	(2)	-	(2,775)	-	-	97,405	(5,484)	91,921
7	(1)	-	-	-	-	45,051	(5)	45,046
53	(2)	-	(17,373)	-	-	570,261	(34,213)	536,048
-	-	-	(2)	-	-	7,163	(120)	7,043
-	-	-	-	-	-	1,625	-	1,625
(217)	217	-	(84)	-	-	3,193	(1,213)	1,980
(217)	217	-	(86)	-	-	11,981	(1,333)	10,648
(9,605)	9,632	-	(21,767)	-	-	692,808	(52,305)	640,503
-	-	-	-	-	-	6,514	-	6,514
-	-	-	(97)	-	-	3,814	(677)	3,137
-	74	-	(174)	-	-	6,752	(257)	6,495
-	-	-	(3,567)	-	-	101,368	(17,349)	84,019
-	(51)	-	(109)	-	-	2,696	(1,664)	1,032
-	98	-	(23)	-	-	2,637	(2,483)	154
-	(20)	-	(288)	-	-	4,945	(638)	4,307
77	1,573	(874)	(794)	-	-	14,731	(5,877)	8,854
-	-	-	(100)	-	-	1,922	(329)	1,593
77	1,674	(874)	(5,152)	-	-	145,379	(29,274)	116,105
(9,528)	11,306	(874)	(26,919)	-	-	838,187	(81,579)	756,608

11 Property, plant and equipment

2015

	\$000					
	Cost/ Revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions and transfers	Disposals	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 (continued)

The net carrying amount of property, plant and equipment held under finance leases is \$Nil (2015: \$Nil).

No depreciation is charged on land and there have been no impairments of land throughout the period (2015: \$Nil).

The value of the land owned by Invercargill City Forests Limited, had it been carried at the cost model, would be \$4,427,678 at 30 June, 2016 (\$3,940,788 at 30 June, 2015).

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, 2016. 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, 2016. The assessment has shown the fair value of the land to be not materially different to the carrying amount shown in these financial statements.

The value of the network assets owned by Electricity Invercargill Limited, had it been carried at the cost model, would be \$61,502,000 at 30 June, 2016 (\$57,402,000 at 30 June, 2015).

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%.

Impairment

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 Aviation Strategies Limited, an independent expert as at 30 June, 2016. This resulted in an increase of \$874,000 (2015: \$945,000, being a reversal of accumulated impairment from prior years).

The following valuation assumptions were adopted;

- The forecast free cash flows reflect the charges determined following the 2015 aeronautical pricing consultation with airline customers (2015: 2014 aeronautical pricing consultation with airline customers). Expected revenues also reflect expected passenger numbers and other contractual revenues.
- The forecast free cash flows reflect the company's business and asset management plan.
- The forecasts do not include future resale capex as it is assumed that future resales would be priced so that the net present value is zero.
- The continuing value has been estimated as the forecast optimised depreciated replacement cost of the aeronautical assets at the end of the explicit cash flow forecast period.
- The corporate tax rate used is 28%.
- The weighted average cost of capital (WACC) used is 5.86% (2015: 6.76%).

11 Property, plant and equipment (continued)**Core infrastructure asset disclosures**

Included within the Council's infrastructure assets are the following core Council assets:

	Closing book value (\$000)	Additions: constructed by Council (\$000)	Additions: transferred to Council (\$000)	Most recent replacement cost estimate for revalued assets (\$000)
2016				
Roads and footpaths	207,343	9,730	-	433,226
Stormwater systems	105,128	2,711	-	205,888
Wastewater systems - Treatment plants and facilities	18,279	949	-	32,528
Wastewater systems - Other assets	61,171	2,408	-	148,085
Water systems - Treatment plants and facilities	7,160	27	-	15,615
Water systems - Other assets	91,921	824	-	194,811
Land under roads	45,046	35	-	140,396
	536,048	16,684	-	1,170,549
2015				
Roads and footpaths	207,468	7,223	-	433,226
Stormwater systems	104,580	1,255	-	205,888
Wastewater systems - Treatment plants and facilities	17,900	388	-	32,528
Wastewater systems - Other assets	60,455	571	-	148,085
Water systems - Treatment plants and facilities	7,088	-	-	15,615
Water systems - Other assets	94,190	3,018	-	194,811
Land under roads	45,005	-	-	140,396
	536,686	12,455	-	1,170,549

Insurance of Assets

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

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)
Total value of all assets that are covered by insurance contracts	946,927	915,256
Maximum amount to which these assets are insured	998,801	928,882
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.

Work in progress

Capital work in progress in the course of construction by class of asset is detailed below:

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Buildings	45	274	2,646	6,538
Intangible assets	109	-	109	-
Investment property	704	-	704	-
Roads and footpaths	-	1,768	-	1,768
Stormwater systems	445	2,306	445	2,306
Wastewater systems	749	1,975	749	1,975
Water systems	1,813	-	1,813	-
Total work in progress	3,865	6,323	6,466	12,587

12 Intangible assets

	Council		
	Computer Software (\$000)	Carbon credits (\$000)	Total (\$000)
Cost			
Balance at 1 July, 2014	1,099	-	1,099
Additions	127	-	127
Balance at 30 June, 2015	1,226	-	1,226
Additions	62	559	621
Balance at 30 June, 2016	1,288	559	1,847
Amortisation and impairment charges			
Balance at 1 July, 2014	792	-	792
Amortisation for the year	95	-	95
Balance at 30 June, 2015	887	-	887
Amortisation for the year	123	-	123
Balance at 30 June, 2016	1,010	-	1,010
Net book value			
Balance at 30 June, 2016	278	559	837
Balance at 30 June, 2015	339	-	339

	Group		
	Computer Software (\$000)	Carbon credits (\$000)	Total (\$000)
Cost			
Balance at 1 July 2014	1,099	-	1,099
Additions	127	-	127
Balance at 30 June 2015	1,226	-	1,226
Additions	62	559	621
Balance at 30 June 2016	1,288	559	1,847
Amortisation and impairment charges			
Balance at 1 July 2014	792	-	792
Amortisation for the year	95	-	95
Balance at 30 June 2015	887	-	887
Amortisation for the year	123	-	123
Balance at 30 June 2016	1,010	-	1,010
Net book value			
Balance at 30 June, 2016	278	559	837
Balance at 30 June, 2015	339	-	339

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

13 Biological assets

	Council	Group
	Forestry (\$000)	Forestry (\$000)
Balance at 1 July 2014	2,005	17,453
Acquisitions	-	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	2,351	17,405
Balance at 1 July 2015	2,351	17,405
Aquisitions	-	960
Forest assets logged at cost	-	(1,031)
Change in fair value less estimated point-of-sale costs	542	2,818
Balance at 30 June 2016	2,893	20,152

At 30 June, 2016 standing timber comprised approximately 550 hectares (2015: 518 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 2,617 hectares at nine different locations (2015: 2,294 hectares at eight different locations).

The forests were revalued as at 30 June, 2016 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 2016 valuation of the Invercargill City Forests Limited's forests is 8.0% (2015: 8.5%) and for the Council's forests it is 10% (2015: 11%).

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 215 hectares of pre 1990 forest. Of this harvested land, 13 hectares has not yet been replanted at 30 June, 2016 and carries a potential deforestation liability of \$222,639 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:

	2016 Units	2016 \$000	2015 Units	2015 \$000
Received:				
Post 1989	-	-	-	-
Pre 1990	-	-	-	-
Sold:				
Post 1989	-	-	-	-
Pre 1990	-	-	-	-

As at 30 June, 2016 there are 32,210 carbon credit units on hand (30 June, 2015: 32,210).

Invercargill City Forests Limited

Invercargill City Forest Limited has harvested a total of 68 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:

	2016 Units	2016 \$000	2015 Units	2015 \$000
Received:				
Post 1989	31,281	438	34,511	225
Pre 1990	-	-	-	-
		438		225
Sold:				
Post 1989	31,281	438	34,511	225
Pre 1990	-	-	-	-
		438		225

As at 30 June, 2016 there are nil carbon credit units on hand (30 June, 2015: 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 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Balance at 1 July	25,999	25,539	29,999	29,619
Acquisitions	576	1,262	576	1,262
Disposals	(121)	(80)	(121)	(80)
Transfer to property, plant and equipment	(30)	-	(30)	-
Change in fair value	34	(722)	(188)	(802)
Balance at 30 June	26,458	25,999	30,236	29,999

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 2016 valuation was performed by Trevor Thayer, an independent valuer from Thayer Todd Valuations Limited. The valuer is an experienced valuer with extensive market knowledge of the types of investment properties owned by the Council.

The Group's investment properties are valued annually at fair value effective 30 June. All investment properties are related to Invercargill Airport Limited. For 2016 and 2015, 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 year (2015: 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 2016 and 2015 open market evidence valuation was performed by Robert Todd, 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 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Rental revenue derived from investment properties	496	441	496	441
Direct operating expenses (including repairs and maintenance) generating rental revenue	(197)	(168)	(197)	(168)
Direct operating expenses (including repairs and maintenance) that did not generate rental revenue	(619)	(602)	(619)	(602)
Surplus/(Deficit) arising from investment properties carried at fair value	(320)	(329)	(320)	(329)

15 Equity accounted associates

	Percentage held by Group		Balance Date
	2016	2015	
Associate Companies			
Electricity Southland Limited	24.9%	24.9%	31-Mar
Otago Power Services Limited	0.0%	50.0%	31-Mar
Forest Growth Holdings Limited	32.1%	49.0%	31-Mar
IFS Forestry Group Limited	24.9%	0.0%	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 50% shareholding in Otago Power Services Limited was purchased by PowerNet Limited on 16 February, 2016. Following the completion of the acquisition, Otago Power Services Limited was amalgamated with PowerNet Limited on 31 March, 2016.

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)
2016					
Electricity Southland Limited, Otago Power Services Limited, Forest Growth Holdings Limited and IFS Forestry Group Limited	12,932	14,663	27,595	11,908	7,861
2015					
Power Services Limited, Electricity Southland Limited, Otago Power Services Limited and Peak Power Services Limited	13,082	17,228	30,310	11,276	11,405

Total liabilities	Revenues	Expenses	Profit / (Loss)
(\$000)	(\$000)	(\$000)	(\$000)
19,769	56,277	15,570	40,707
22,681	45,501	42,245	3,256

Movements in carrying value of equity accounted associates

	Group Actual 2016 \$000	Group Actual 2015 \$000
Balance at 1 July	4,809	6,059
Investments in associates	108	98
Share of profit/(loss)	512	284
Goodwill on acquisition	2,642	1,613
Distributions from associates	(1,026)	(1,652)
Disposal of associates	(2,371)	(1,593)
Balance at 30 June	4,674	4,809

There are no public prices available to value these investments.

16 Equity Accounted Joint Ventures

Joint Ventures	Percentage held by Group		Balance Date
	2016	2015	
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)
2016				
Venture Southland, Emergency Management Southland and Southland Regional Heritage Committee	3,720	278	3,998	2,066
2015				
Venture Southland, Emergency Management Southland and Southland Regional Heritage Committee	3,602	379	3,981	1,446

Non-current liabilities (\$000)	Total liabilities (\$000)	Revenues (\$000)	Expenses (\$000)	Profit / (Loss) (\$000)
-	2,066	7,485	7,581	(96)
-	1,446	7,433	7,175	258

Movements in carrying value of equity accounted joint ventures:

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)
Balance at 1 July	1,168	1,045
Investments in joint ventures	-	-
Share of profit/(loss)	-	123
Goodwill on acquisition	-	-
Distributions from joint ventures	-	-
Disposal of joint ventures	-	-
Balance at 30 June	1,168	1,168

There are no public prices available to value these investments.

16 Equity Accounted Joint Ventures

Joint Ventures	Percentage held by Group		Balance Date
	2016	2015	
PowerNet Limited Group	50.0%	50.0%	31-Mar
OtagoNet Joint Venture	24.9%	24.9%	31-Mar
Roaring Forties Energy Limited Partnership	50.0%	0.0%	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.

In April 2015 the Group took a 25% interest in Southern Generation Limited Partnership. This partnership was formed to invest in electricity generation opportunities. During the year, the partnership completed the acquisition of Mt Stuart and Flat Hill wind farms. The partners also entered into a conditional agreement to purchase the assets relating to Aniwhenua hydro electric power station, and a deposit payment was made during the period.

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)
2016				
PowerNet Limited Group and OtagoNet Joint Venture and Roaring Forties Energy Limited Partnership	40,716	273,602	314,318	16,603
2015				
PowerNet Limited and OtagoNet Joint Venture	29,581	183,637	213,218	13,849

Non-current liabilities	Total liabilities	Revenues	Expenses	Profit / (Loss)
(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
45,463	62,066	115,211	11,031	104,180
27,075	40,924	95,546	65,303	30,243

Movements in carrying value of equity accounted joint ventures:

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)
Balance at 1 July	43,950	37,416
Investments in joint ventures	36,913	4,392
Share of profit/(loss)	4,384	3,835
Reversal of gain on intragroup restructure	(2,031)	-
Distributions from joint ventures	(2,621)	(2,386)
Goodwill on aquisition	-	693
Balance at 30 June	80,595	43,950

There are no public prices available to value these investments.

17 Other financial assets

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Current investments				
<i>Investments in other entities</i>				
Short term investments	20,275	-	20,275	-
Total current investments	20,275	-	20,275	-
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	30,085	10,189	4,177	15,994
Available-for-sale financial assets	650	535	650	535
	30,735	10,724	4,827	16,529
Total non-current investments	66,804	46,793	4,827	16,529
Current derivative financial instruments				
Interest rate swaps (cash flow hedges) - liabilities	(11)	(6)	(139)	(21)
	(11)	(6)	(139)	(21)
Non-current derivative financial instruments				
Interest rate swaps (cash flow hedges) - assets	-	85	-	186
Interest rate swaps (cash flow hedges) - liabilities	(1,111)	(647)	(5,664)	(2,969)
	(1,111)	(562)	(5,664)	(2,783)
Total financial instruments	(1,122)	(568)	(5,803)	(2,804)

18 Trade and other payables

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Trade payables	5,501	5,053	6,427	6,184
Directors fees payable	-	-	4	4
Accrued expenses	2,601	3,678	5,161	6,637
Amounts due to related parties	-	-	3,509	5,107
Income in advance	1,506	1,558	1,666	1,631
Total trade and other payables	9,608	10,289	16,767	19,563
Total payables comprises:				
Payables from non-exchange transactions	1,506	1,564		
Payables from exchange transactions	8,102	8,725		
Total trade and other payables	9,608	10,289		

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

Landfill aftercare provision

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Balance 1 July	928	975	928	975
Amounts used during the year	-	(47)	-	(47)
Balance at 30 June	928	928	928	928
Current	112	112	112	112
Non-current	816	816	816	816
	928	928	928	928

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; and
- Planting and maintenance of vegetation; and
- Development of roading and walking tracks.

Post closure responsibilities

- Ongoing maintenance of roading and walking tracks; and
- Treatment and monitoring of leachate; and
- Maintenance of vegetation.

The management of the closed landfill has been in line with the resource consent conditions established at the time of closure.

The conditions were established based on good practice guidelines known at the time. Recent regulatory changes aimed at improving the conditions of waterways and estuaries across the country have heightened awareness regarding the closed landfill.

20 Employee benefit liabilities

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Accrued pay	352	165	352	182
Annual leave	2,045	1,940	2,071	1,972
Long service leave	368	375	368	375
Retirement gratuities	969	625	969	625
	3,734	3,105	3,760	3,154
Current	2,496	2,296	2,522	2,345
Non-current	1,238	809	1,238	809
Total employee benefit liabilities	3,734	3,105	3,760	3,154

21 Borrowings

	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	(\$000)	(\$000)	(\$000)	(\$000)
Non-current				
Secured loans	71,248	28,861	152,111	101,122
Total borrowings	71,248	28,861	152,111	101,122

Secured loans of the Council 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.

During the year the Council also issued \$50 million of commercial bonds, with security being a charge over the rates and rates revenue of the issuer. Terms of the bonds are either three or seven years.

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 2016 (\$000)	Council Actual 2016 (\$000)	Council Actual 2016 (\$000)	Council Actual 2016 (\$000)
Loans - per activity borrowing funds internally	Opening balance	Loans drawn & adjustments	Loans repaid	Closing balance
Water	1,657	-	1,657	-
Investment property	8,815	-	8,815	-
Theatre services	3,921	-	3,921	-
Other	-	-	-	-
Total loans - per activity borrowing funds internally	14,393	-	14,393	-

	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	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 2016 (\$000)	Council Actual 2015 (\$000)
Interest paid by activity		
Water	22	74
Investment property	116	384
Theatre services	52	180
Total interest paid by activity	190	638

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 2016

	Overdraft (\$000)	Secured loans (\$000)	Total (\$000)
Less than one year	-	21,248	21,248
Later than one year but not more than five years	-	30,000	30,000
Later than five years	-	20,000	20,000
	-	71,248	71,248

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

Interest rates on these Council secured loans had a weighted average interest rate for the multi-option facility of 4.66% (2015: 5.94%) with hedging refer Note 31. Other Group loans had a weighted average interest rate for the multi-option note facility of 5.13% (2015: 5.66%) with hedging refer Note 31.

Group 2016

	Overdraft (\$000)	Secured loans (\$000)	Total (\$000)
Less than one year	-	132,111	132,111
Later than one year but not more than five years	-	-	-
Later than five years	-	20,000	20,000
	-	152,111	152,111

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

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 2014	Recognised in profit or loss	Recognised in equity
	(\$000)	(\$000)	(\$000)
Property, plant and equipment	18,223	(177)	1,102
Biological assets	3,007	161	-
Investment property	756	-	-
Derivatives	(87)	-	(539)
Other items	(28)	82	-
Tax losses	(1,464)	219	-
Total movements	20,407	285	563

Balance at 30 June 2015	Recognised in profit or loss	Recognised in equity	Balance at 30 June 2016
(\$000)	(\$000)	(\$000)	(\$000)
19,148	63	-	19,211
3,168	388	-	3,556
756	(62)	-	694
(626)	-	(685)	(1,311)
54	87	-	141
(1,245)	215	-	(1,030)
21,255	691	(685)	21,261

23 Equity

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Retained earnings				
As at 1 July	398,212	401,939	438,323	439,049
Transfers to:				
Restricted reserves	(7,106)	(8,058)	(7,106)	(8,058)
Transfers from:				
Restricted reserves	6,781	5,168	6,781	5,168
Transfer of revaluation reserve to retained earnings	-	-	55	51
Surplus/(deficit) for the year	852	(837)	5,678	2,113
As at 30 June	398,739	398,212	443,731	438,323
Restricted and non restricted reserves				
As at 1 July	26,193	23,303	26,740	23,850
Transfers to:				
Retained earnings	(6,781)	(5,168)	(6,781)	(5,168)
Transfers from:				
Retained earnings	7,106	8,058	7,106	8,058
As at 30 June	26,518	26,193	27,065	26,740
Hedging Reserve				
As at 1 July	(568)	(143)	(2,178)	(368)
Other comprehensive revenue and expenses:				
Effective portion of changes in fair value of cashflow hedges	(554)	(425)	(2,315)	(1,810)
As at 30 June	(1,122)	(568)	(4,493)	(2,178)
Carbon credit revaluation reserve				
As at 1 July	-	-	-	-
Other comprehensive revenue and expenses:				
Change in fair value of carbon credits	340	-	340	-
As at 30 June	340	-	340	-
Asset revaluation reserves				
As at 1 July	272,271	272,271	300,877	298,042
Other comprehensive revenue and expenses:				
Revaluation gains/(losses)	-	-	-	2,886
Transfer of revaluation reserve due to asset disposal	-	-	(55)	(51)
As at 30 June	272,271	272,271	300,822	300,877
Asset revaluation reserves consist of:				
Land and buildings	43,887	43,887	45,332	45,332
Library books	7,831	7,831	7,831	7,831
Infrastructural assets	220,553	220,553	247,659	247,714
Total asset revaluation reserve	272,271	272,271	300,822	300,877
Total other reserves	298,007	297,896	323,734	325,439

	Actual 2016			
	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)	118	2	-	120
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)	5,012	595	(1,198)	4,409
These reserves are invested in property that provides a financial return to ratepayers				
(Investment Property, Library and Infrastructure activities)				
Category C (Specific purpose)	9,280	353	(243)	9,390
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	6,803	2,985	(1,523)	8,265
To set aside funds for the replacement of assets in the future (all activities).				
Development	4,070	1,449	(1,104)	4,415
To maintain and provide assets in identifiable areas. (Parks, Roding, and Water activities)				
Property	1,016	34	-	1,050
To provide for the purchase of properties. (Investment Property, and Infrastructure activities)				
Amenities	654	12	(420)	246
To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)				
Financial	7,309	1,546	(1,457)	7,398
To provide ongoing funding in a consistent manner for Council operations. (all activities)				
Community Board	109	6	-	115
To provide funding for Community Board areas for their activities and development of assets.				
Economic development	(8,178)	124	(836)	(8,890)
To develop economic growth in the city which will be funded by future activity. (Investment Property activity)				
	26,193	7,106	(6,781)	26,518

	Actual 2015			
	Opening Balance (\$000)	Transfers In (\$000)	Transfers Out (\$000)	Closing Balance (\$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.	115	3	-	118
Category B (Capital only restriction) These reserves are invested in property that provides a financial return to ratepayers (Investment Property, Library and Infrastructure activities)	6,138	136	(1,262)	5,012
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)	8,816	625	(161)	9,280
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).	6,197	2,477	(1,871)	6,803
Development To maintain and provide assets in identifiable areas. (Parks, Roading, and Water activities)	2,008	2,850	(788)	4,070
Property To provide for the purchase of properties. (Investment Property, and Infrastructure activities)	1,026	136	(146)	1,016
Amenities To provide funding for the ongoing operations of amenity areas. (Library, Museum, Pools, and Parks activities)	709	31	(86)	654
Financial To provide ongoing funding in a consistent manner for Council operations. (all activities)	6,048	1,734	(473)	7,309
Community Board To provide funding for Community Board areas for their activities and development of assets. (Democratic Process activity)	109	-	-	109
Economic Development To develop economic growth in the city which will be funded by future activity (Investment Property activity)	(7,863)	66	(381)	(8,178)
	23,303	8,058	(5,168)	26,193

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

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Net surplus/(deficit) after taxation	852	(837)	5,678	2,113
Add non-cash items:				
Depreciation and amortisation of intangibles	21,890	21,291	27,042	25,689
(Gain)/Loss on sale of assets	(238)	353	331	368
Change in fair value of biological assets	(542)	(346)	(2,818)	(2,383)
Change in fair value of investment property	(34)	722	188	802
Change in fair value of investments	(212)	(34)	(212)	(157)
Change in fair value of intangible assets	(219)	-	(219)	-
Increase/(Decrease) in deferred taxation	-	-	729	284
De-recognition of term loan	-	-	(168)	(168)
De-recognition of property, plant and equipment	-	(337)	-	(337)
Impairment of property, plant and equipment	-	-	(874)	(945)
Biological assets - Cost of goods sold	-	-	1,031	2,768
Associate post-acquisition profits	-	-	(4,896)	(3,926)
Loss on sale of associates	-	-	(298)	(106)
	21,497	20,812	25,514	24,002
Add/(Less) movements in other working capital items:				
(Increase)/Decrease in stock, receivables and WIP	(917)	(391)	(724)	(379)
Increase/(Decrease) in sundry creditors	(213)	1,026	(1,244)	2,940
(Increase)/Decrease in GST and taxation	3	(541)	365	(269)
	(1,127)	94	(1,603)	2,292
Net cash from operating activities	20,370	20,906	23,911	26,294

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 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
(a) Invercargill City Holdings Limited				
<i>Revenue</i>				
Provision of services	439	280	-	-
Dividend from Subsidiary to Parent	4,700	4,200	-	-
<i>Expenditure</i>				
Provision of goods and services	140	32	-	-
Provision of goods and services	30,000	-	-	-
Outstanding at balance date by Council and Group	4,700	4,200	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(b) Electricity Invercargill Limited				
<i>Revenue</i>				
Provision of services	-	3	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(c) Invercargill City Forests Limited				
<i>Revenue</i>				
Provision of services	119	116	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(d) Invercargill Airport Limited				
<i>Revenue</i>				
Provision of services	95	88	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(e) Invercargill City Property Limited				
<i>Revenue</i>				
Provision of services	5	5	-	-
<i>Expenditure</i>				
Provision of goods and services	110	104	-	-
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	10	-	-	-

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
(f) AWS Legal				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	41	248
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	30
(g) Venture Southland				
<i>Revenue</i>				
Provision of services	5	146	85	85
<i>Expenditure</i>				
Provision of grant and services	1,652	1,669	968	968
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(h) Southland Regional Heritage Committee				
<i>Revenue</i>				
Provision of services	4	5	2	2
<i>Expenditure</i>				
Provision of grant and services	719	705	261	261
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(i) Emergency Management Southland				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of grant and services	257	236	169	169
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(j) Southland Museum and Art Gallery Trust Board				
<i>Revenue</i>				
Provision of goods and services	1,531	1,350	1,531	1,350
<i>Expenditure</i>				
Provision of grants, goods and services	638	702	638	702
Outstanding at balance date by Council and Group	-	80	-	80
Outstanding at balance date to Council and Group	2	3	2	3

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
(k) Glengarry Community Action Group				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of grant and services	11	-	11	-
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(l) SBS Bank				
<i>Revenue</i>				
Provision of services	-	-	62	85
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Council and Group	-	-	40	8,044
Outstanding at balance date to Council and Group - Bank deposits	-	-	-	-
(m) AJO Management Limited				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	70	65
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	4	3
(n) PowerNet Limited				
<i>Revenue</i>				
Provision of services	25	22	245	239
<i>Expenditure</i>				
Provision of goods and services	12	11	11,042	11,978
Outstanding at balance date by Council and Group	3	2	76	108
Outstanding at balance date to Council and Group	3	-	3,545	5,100
(o) Electricity Southland Limited				
<i>Revenue</i>				
Provision of services	-	-	71	74
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Council and Group	-	-	19	24
Outstanding at balance date to Council and Group	-	-	-	-

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
(p) Otago Power Services Limited				
<i>Revenue</i>				
Provision of services	-	-	33	34
<i>Expenditure</i>				
Provision of goods and services	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	9
Outstanding at balance date to Council and Group	-	-	-	-
(q) Cancer Society of New Zealand (Otago and Southland Division)				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	1	-	1	-
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(r) R M Walton				
<i>Revenue</i>				
Provision of services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	-	-	19	3
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(s) Invercargill Community Recreation and Sport Trust				
<i>Revenue</i>				
Provision of services	3	3	-	-
<i>Expenditure</i>				
Provision of goods and services	4	-	-	-
Outstanding at balance date by Council and Group	3	3	-	-
Outstanding at balance date to Council and Group	4	-	-	-
(t) Invercargill City Charitable Trust				
<i>Revenue</i>				
Provision of services	33	21	-	-
<i>Expenditure</i>				
Provision of goods and services	431	28	-	-
Outstanding at balance date by Council and Group	3	21	-	-
Outstanding at balance date to Council and Group	6	3	-	-

	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	(\$000)	(\$000)	(\$000)	(\$000)
(u) Bluff Maritime Museum				
<i>Revenue</i>				
Provision of services	1	2	1	2
<i>Expenditure</i>				
Provision of grants, goods and services	30	30	30	30
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(v) Invercargill Venue & Events Management Limited				
<i>Revenue</i>				
Provision of goods and services	508	436	-	-
<i>Expenditure</i>				
Provision of grants, goods and services	272	1,186	-	-
Outstanding at balance date by Council and Group	44	45	-	-
Outstanding at balance date to Council and Group	13	2	-	-
(w) Invercargill Licensing Trust				
<i>Revenue</i>				
Provision of goods and services	74	77	74	77
<i>Expenditure</i>				
Provision of grants, goods and services	32	35	32	35
Outstanding at balance date by Council and Group	2	19	2	19
Outstanding at balance date to Council and Group	-	-	-	-
(x) Southland Electronics Limited				
<i>Revenue</i>				
Provision of goods and services	-	-	-	-
<i>Expenditure</i>				
Provision of goods and services	6	37	6	37
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	4	2	4	2

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$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 Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(z) Anderson Park Art Gallery Society				
<i>Revenue</i>				
Provision of goods and services	-	4	-	4
<i>Expenditure</i>				
Provision of grants, goods and services	174	173	174	173
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(aa) Citizens Advice Bureau (Invercargill)				
<i>Revenue</i>				
Provision of goods and services	8	-	8	-
<i>Expenditure</i>				
Provision of grants, goods and services	30	29	30	29
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(ab) Archdraught Limited				
<i>Revenue</i>				
Provision of goods and services	18	39	18	39
<i>Expenditure</i>				
Provision of goods and services	-	2	-	2
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
(ac) Southland Indoor Leisure Centre Charitable Trust				
<i>Revenue</i>				
Provision of services	82	19	82	19
<i>Expenditure</i>				
Provision of goods and services	400	400	400	400
Outstanding at balance date by Council and Group	5	-	5	-
Outstanding at balance date to Council and Group	-	-	-	-
(ad) Southland Art Foundation				
<i>Revenue</i>				
Provision of goods and services	2	9	2	9
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-
(ae) Southland Football Inc.				
<i>Revenue</i>				
Provision of goods and services	5	6	5	6
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date by Council and Group	3	4	3	4
Outstanding at balance date to Council and Group	-	-	-	-
(af) Age Concern Southland Inc.				
<i>Revenue</i>				
Provision of goods and services	2	1	2	1
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date by Council and Group	-	-	-	-
Outstanding at balance date to Council and Group	-	-	-	-

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
(ag) Forest Growth Holdings Limited				
<i>Revenue</i>				
Provision of goods and services	4	7	462	602
<i>Expenditure</i>				
Provision of grants, goods and services	-	-	-	-
Outstanding at balance date by Council and Group	-	-	48	56
Outstanding at balance date to Council 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)

In 2015, Invercargill Venue & Events Management Limited took back in house the revenue collecting for ticketing services from ICC. Previous to this, Invercargill Venue & Events Management Limited's revenues was collected by ICC ticketing service on its behalf and paid on to the company (2016: \$Nil, 2015: \$1.03 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
Cancer Society of New Zealand (Otago and Southland Division)	Member
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

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 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Capital expenditure - Infrastructure	12,714	1,934	12,714	1,934
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	-	-	2,149	4,657
Total commitments	12,714	1,934	14,863	6,591

Operating leases as lessee

The Council and Group have \$Nil non-cancellable operating leases as lessee (2015: \$Nil).

Operating leases as lessor

The Council leases its investment property under 57 operating leases. There are 33 leases that have a non-cancellable term of 21 years, 4 leases that range between 5 and 11 years, 8 leases over 3 to 4 years, nil leases over 1 to 3 years, and 12 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 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Non-cancellable operating leases as lessor				
Not later than one year	703	705	1,069	929
Later than one year and not later than five years	1,555	1,852	2,703	2,162
Later than five years	1,596	1,882	2,482	2,174
Total non-cancellable operating leases	3,854	4,439	6,254	5,265

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 215 hectares of pre 1990 forest. Of this harvested land, 13 hectares has not yet been replanted at 30 June, 2016 and carries a potential deforestation liability of \$222,639 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 Forests Limited has harvested a total of 68 hectares of pre-1990 forest (2015: 196 hectares). This harvested land will be replanted but at balance date carried a potential deforestation liability of \$836,659. 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, 2016 of \$415,000 (31 March, 2015: \$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, 2016

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 (2015: \$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 (2015: \$Nil).

The Council did not provide any loans to key management personnel or their close family members (2015: \$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 2016 \$	Council Actual 2015 \$	Group Actual 2016 \$	Group Actual 2015 \$
Short-term employee benefits	1,428,900	1,407,722	1,944,900	1,923,722
Vehicle (market value plus FBT)	108,014	111,697	108,014	111,697
Retirement benefits	17,335	17,122	17,335	17,122
Directors' fees	-	-	682,000	647,000
Total remuneration	1,554,249	1,536,541	2,752,249	2,699,541
Number of persons recognised as key management personnel	11	11	17	17

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

	Council Actual 2016 \$	Council Actual 2015 \$
R W King - Chief Executive		
Short-term employee benefits	298,860	292,190
Vehicle (market value plus FBT)*	20,789	18,994
	319,649	311,184

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

	Council Actual 2016 \$	Council Actual 2015 \$
Invercargill City Council Senior Management Team		
Short-term employee benefits	840,483	819,723
Vehicle (market value plus FBT)*	83,484	81,731
Retirement benefits	17,335	17,122
	<u>941,302</u>	<u>918,576</u>

	Council Actual 2016 \$	Council Actual 2015 \$
Venture Southland Key Management Personnel		
Short-term employee benefits	289,557	295,809
Vehicle (market value plus FBT)	3,741	10,972
	<u>293,298</u>	<u>306,781</u>

Elected representatives

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

	Council Actual 2016 \$	Council Actual 2015 \$	Group Actual 2016 \$	Group Actual 2015 \$
T R Shadbolt (Mayor)				
Short-term employee benefits	112,285	107,509	112,285	107,509
Vehicle (market value plus FBT)*	15,593	18,913	15,593	18,913
Directors' fees	-	-	23,700	23,700
	127,878	126,422	151,578	150,122
Councillors				
N D Boniface	43,578	41,567	96,578	92,647
G J Sycamore	35,572	33,758	81,112	95,165
A G Dennis	34,247	31,758	64,547	62,058
D J Ludlow	51,311	51,325	79,211	78,544
L S Thomas	42,718	39,607	73,018	69,907
R L Abbott	42,718	39,607	42,718	39,607
I L Esler	34,247	31,758	34,247	31,758
I R Pottinger	38,510	35,707	38,510	35,707
G D Lewis	38,510	35,707	38,510	35,707
R R Admundsen	34,447	34,882	34,447	34,882
K F Arnold	34,247	31,918	34,247	31,918
P W Kett	34,247	31,758	34,247	31,758
	464,352	439,352	651,392	639,658
Community Board members				
Bluff:				
R J C Fife	8,000	8,000	8,000	8,000
W E Glassey	4,000	4,000	4,000	4,000
G V Henderson	4,000	4,000	4,000	4,000
P A Young	4,000	4,000	4,000	4,000
G A Laidlaw	4,000	4,000	4,000	4,000
	24,000	24,000	24,000	24,000
Total elected representatives' remuneration	616,230	589,774	826,970	813,780

*Vehicle (market value plus FBT). In 2015 this amount was calculated on the FBT liability to Council. In 2016 this amount was calculated as the amount of the benefit to the employee. The 2015 comparative figures in this report have been restated to match the 2016 treatment.

Council employees

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

	Actual 2016
< \$60,000	335
\$60,000 - \$79,999	75
\$80,000 - \$99,999	16
\$100,000 - \$119,999	6
\$120,000 - \$139,999	11
\$140,000 - \$279,999	8
\$280,000 - \$319,999	1
	452
	452
	Actual 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
	453
	453

Total remuneration includes non-financial benefits provided to employees.

At balance date the Council employed 268 (2015: 259) full time employees, with the balance of staff representing 71 (2015: 67) full time equivalent employees. A full time employee is determined on the basis of a 40 hour working week.

29 Events after balance date

Invercargill City Charitable Trust (ICCT), a subsidiary of ICC, entered into an agreement to purchase Rugby Park Stadium from the Southland Outdoor Stadium Trust (SOST) for \$400,000. As at 30 June, 2016 ownership had not passed to ICCT and the funds remained with SOST's solicitor's trust account. Ownership officially passed to ICCT on 8 July, 2016.

Invercargill City Holdings Limited's total borrowing facility of \$90m (2015: \$80m) was replaced with a new facility of \$30m for 2 years and \$60m for 3 years on 5 September 2016. 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.

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 (2015: \$1,654,000) 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 2016	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	8,519	8,519	8,519	-	-	8,519
Receivables and prepayments	7,856	7,856	7,856	-	-	7,856
Dividends receivable	4,700	4,700	4,700	-	-	4,700
Available-for-sale financial assets	650	650	-	-	650	650
Short term investments	20,275	27,221	27,221	-	-	27,221
Other investments	30,085	23,139	-	-	23,139	23,139
Total financial assets	72,085	72,085	48,296	-	23,789	72,085
Financial liabilities						
Trade and other payables, provisions and employee benefit liabilities	14,270	13,918	11,864	2,054	-	13,918
Borrowings - secured loans	71,248	83,691	2,691	47,535	33,465	83,691
Total financial liabilities	85,518	97,609	14,555	49,589	33,465	97,609
Group 2016						
	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	11,378	11,378	11,378	-	-	11,378
Receivables and prepayments	7,856	10,995	10,995	-	-	10,995
Dividends receivable	650	650	-	-	650	650
Available-for-sale financial assets	20,275	27,221	27,221	-	-	27,221
Other investments	4,177	27,435	1,135	3,161	23,139	27,435
Total financial assets	44,336	77,679	50,729	3,161	23,789	77,679
Financial liabilities						
Trade and other payables, provisions and employee benefit liabilities	21,455	21,455	19,401	2,054	-	21,455
Borrowings - secured loans	152,111	210,987	8,169	53,013	149,805	210,987
Total financial liabilities	173,566	232,442	27,570	55,067	149,805	232,442

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	15,957	-	10,724	26,681
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, cash equivalents and bank overdrafts	13,818	13,818	13,818	-	-	13,818
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	15,994	16,766	1,214	5,363	10,189	16,766
Total financial assets	37,635	46,305	30,218	5,363	10,724	46,305
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	112,390	33,842	78,548	-	112,390
	124,767	135,783	55,610	80,173	-	135,783

The maturity profiles of the Council's interest bearing borrowings are disclosed in note 21.

30 Financial instrument risk (continued)

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 2016	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	-	-	-	-	-	-
Total financial assets	-	-	-	-	-	-
Financial liabilities						
Derivative financial instruments	1,122	1,472	399	516	557	1,472
Total financial liabilities	1,122	1,472	399	516	557	1,472
Group 2016						
	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	-	-	-	-	-	-
Total financial assets	-	-	-	-	-	-
Financial liabilities						
Derivative financial instruments	5,803	7,261	1,594	2,525	3,142	7,261
Total financial liabilities	5,803	7,261	1,594	2,525	3,142	7,261

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

• **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	Council	Group	Group
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
	Liability	Liability	Liability	Liability
Maturity < 1 year	4,000	4,000	14,300	10,800
Maturity 1-2 years	7,000	4,000	8,700	14,300
Maturity 2-3 years	5,000	7,000	26,500	8,700
Maturity 3-4 years	-	5,000	7,500	11,500
Maturity 4-5 years	7,000	-	17,000	7,500
Maturity 5-6 years	-	3,000	8,000	8,000
Maturity 6-7 years	-	-	13,000	8,000
Maturity 7-10 years	15,000	5,000	33,000	32,000
	38,000	28,000	128,000	100,800

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.

	Council		Group	
	2016	2015	2016	2015
	%	%	%	%
Effectiveness	100	100	100	100

Sensitivity analysis on financial instruments

Investments: If interest rates on investments at 30 June, 2016 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$92,506 (2015: \$40,487).

Borrowings: If interest rates on borrowings at 30 June, 2016 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 \$105,007 (2015: \$43,334) and for Invercargill City Holdings Limited \$139,405 (2015: \$117,137).

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 2016	+0.5%	-0.5%
	\$'000	\$'000	\$'000
Council	(1,122)	696	(721)
Invercargill City Holdings Limited	(4,681)	1,477	(1,525)
	(5,803)	2,173	(2,246)
	Year 2015	+0.5%	-0.5%
	\$'000	\$'000	\$'000
Council	(568)	370	(370)
Invercargill City Holdings Limited	(2,235)	1,215	(1,261)
	(2,803)	1,585	(1,631)

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 2016			
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Assets at fair value				
Derivatives	-	-	-	-
Biological assets	-	-	2,893	2,893
Network assets	-	-	536,048	536,048
Investment property	-	-	26,458	26,458
Land and buildings	-	-	82,751	82,751
Library books	-	-	4,120	4,120
Total Assets at fair value	-	-	652,270	652,270
Liabilities at fair value				
Derivatives	-	1,122	-	1,122
Total liabilities at fair value	-	1,122	-	1,122

	Council 2015			
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$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 (continued)

	Group 2016			
	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Assets at fair value				
Derivatives	-	-	-	-
Biological assets	-	-	20,152	20,152
Network assets	-	-	615,964	615,964
Investment property	-	-	30,236	30,236
Land and buildings	-	-	82,751	82,751
Library books	-	-	4,120	4,120
Total Assets at fair value	-	-	753,223	753,223
Liabilities at fair value				
Derivatives	-	5,803	-	5,803
Total liabilities at fair value	-	5,803	-	5,803

	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
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

	Council Actual 2016 (\$000)	Council Actual 2015 (\$000)	Group Actual 2016 (\$000)	Group Actual 2015 (\$000)
Level 3 fair value measurements				
Balance at beginning of the year	651,967	657,166	748,443	753,793
Unrealised net change in value of assets	576	(376)	2,630	1,581
Purchases	19,877	15,189	26,657	26,775
Sales	(121)	(573)	(1,286)	(3,149)
Reclassified from fair value	-	-	-	(8,130)
Depreciation and impairment	(20,050)	(19,439)	(23,221)	(22,427)
Balance at the end of the year	652,249	651,967	753,223	748,443

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 2016 valuation is 10% (2015: 11%). The pre-tax discount rate chosen for the Group's 2016 valuation is 8.0% (2015: 8.5%). 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 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

		Actual 2016 (\$000)	Budget 2016 (\$000)	Actual 2015 (\$000)	Variance to Budget 2016 (\$000)	Variance to Actual 2015 (\$000)
Revenue						
Rates revenue		47,883	47,075	46,022	808	1,861
Fines		448	560	298	(112)	150
Subsidies and grants	1	7,863	6,962	7,379	901	484
Direct charges revenue	2	19,464	20,848	17,770	(1,384)	1,694
Rental revenue	3	1,851	1,570	1,852	281	(1)
Finance revenue	4	1,043	215	441	828	602
Dividends	5	4,700	4,700	4,200	-	500
Development and financial contributions		-	-	-	-	-
Property, plant and equipment acquired in non-exchange transactions		-	-	-	-	-
Expenditure						
Employee expenses		23,012	22,674	21,613	338	1,399
Depreciation and amortisation		21,890	22,228	21,291	(338)	599
General expenses	6	36,490	37,495	33,399	(1,005)	3,091
Finance expenses	7	2,253	2,181	1,801	72	452
Other gains/(losses)	8	1,245	610	(695)	635	1,940
Other comprehensive Revenue and Expenses						
Property, plant and equipment revaluation gains/(losses)		-	-	-	-	-
Carbon credit revaluation gains/(losses)		340	-	-	340	340
Cash flow hedges		(554)	-	(425)	(554)	(129)
Total variance in Statement of Comprehensive Revenue and Expenses		638	(2,038)	(1,262)	2,676	1,900

2016 Variance analysis against 2016 Budget

- 1 - Subsidies and grants - higher than budget due to additional roading subsidies received from NZTA. This was as a result of increased spending in roading activities that are Government agency funded, offset by reduced spending in rate funded roading activities.
- 2 - Direct charges revenue - lower than budget due to the Joint Committees now being consolidated into the Group figures. In the 2015/16 budget the Joint Committees were consolidated into the Council figures, this consolidation is offset in the general expenses line below.
- 3 - Rental revenue - higher than budget due to commercial rents for industrial sites being greater than was anticipated.
- 4 - Finance revenue - higher than budget due to the refinancing of internal debt into external debt. This means Council has more externally invested funds, leading to greater revenue than was anticipated.
- 6 - General expenses - lower than budget due to the Joint Committees now being consolidated into the Group figures. In the 2015/16 budget the Joint Committees were consolidated into the Council figures.
- 8 - Other gains/(losses) - higher than budget due to the revaluation of Council's forestry assets being higher than anticipated. These valuations were provided by independent valuers. Also, the Council valued its carbon credit intangible assets for the first time in 2016.

2016 Variance analysis against 2015 Actuals

- 4 - Finance revenue - higher than 2015 due to the restructure of internal debt into external debt during 2015/16. This means Council has more externally invested funds, leading to greater revenue than was anticipated.
- 5 - Dividends - higher than 2015 due to Invercargill City Holdings Ltd increasing its dividend to Council for the 2015/16 year.
- 6 - General expenses - higher than 2015 due to increased expenditure within the maintenance areas of Council. Also payments of grants was higher than 2015 due to a grant for the purchase of Rugby Park and additional grants being made for General and Iconic Events during the year.
- 7 - Finance expenses - higher than 2015 due to the restructure of internal debt into external debt. Although some of this increased cost was offset by lower bank interest rate during the year.
- 8 - Other gains/(losses) - higher than 2015 due to both investment property and forestry assets being revalued up in 2016. Investment property was revalued down in 2015. These valuations were provided by independent valuers. Also, the Council valued its carbon credit intangible assets for the first time in 2016.

The above comments have focused on major variances only.

32 Explanation of major variances (continued)

Statement of Financial Position - Council

		Actual 2016 (\$000)	Budget 2016 (\$000)	Actual 2015 (\$000)	Variance to Budget 2016 (\$000)	Variance to Actual 2015 (\$000)
Current assets						
Cash and cash equivalents		8,519	6,416	4,469	2,103	4,050
Receivables		12,090	10,010	11,310	2,080	780
Prepayments		466	-	178	466	288
Tax receivables		-	-	-	-	-
Inventories		676	670	669	6	7
Other financial assets	1	20,275	-	-	20,275	20,275
Non-current assets						
Work in progress	2	3,865	-	6,323	3,865	(2,458)
Property, plant and equipment	2	640,503	672,361	641,428	(31,858)	(925)
Intangible assets		837	307	339	530	498
Forestry assets	3	2,893	2,135	2,351	758	542
Investment property	4	26,458	28,184	25,999	(1,726)	459
Investment in CCOs and similar entities		36,069	36,069	36,069	-	-
Other financial assets - Other investments	1	30,735	1,417	10,724	29,318	20,011
Other financial assets - Derivative financial instruments		-	-	85	-	(85)
Current liabilities						
Trade and other payables		9,608	9,501	10,289	107	(681)
Provisions		112	51	112	61	-
Employee benefit liabilities		2,496	2,028	2,296	468	200
Borrowings	5	-	3,303	-	(3,303)	-
Derivative financial instruments	6	11	7	6	4	5
Non-current liabilities						
Provisions		816	874	816	(58)	-
Employee benefit liabilities		1,238	812	809	426	429
Borrowings	5	71,248	44,606	28,861	26,642	42,387
Derivative financial instruments	6	1,111	374	647	737	464
Equity						
Retained earnings		398,739	408,869	398,212	(10,130)	527
Other reserves		298,007	287,144	297,896	10,863	111
Total variance in net assets and equity		696,746	696,013	696,108	733	638

2016 Variance analysis against 2016 Budget

- 1 - Other financial assets - Other investments - higher than budget due to internal debt being repaid to investments in 2015/16. A \$30m Bond was issued by Council and re-loaned to Holdco Ltd during the year. Also certain capital projects that were to be funded from special reserves (investments) were deferred during the year. Other financial assets - Other Investments within current assets have increased against budget due to the reclassification of short term deposits from non-current assets to current assets.
- 2 - Work in progress and Property, plant and equipment - lower than budget due to the deferral or discontinuation of some large capital projects in 2015/16. In particular the Branholme Treatment Plant Upgrade (deferred) and the Splash Palace Dry Gym (discontinued).
- 3 - Forestry assets - higher than budget due to the 2016 revaluation being higher than anticipated. These valuations were provided by independent valuers.
- 4 - Investment property - lower than budget due to the Don Street property development being deferred until the 2016/17 year.
- 5 - Borrowings - higher than budget due to \$14m of internal loans being repaid and becoming external loans and a \$30m (Holdco) bond being issued.
- 6 - Derivative financial instruments - higher than budget due to Council taking up three new hedging contracts during 2015/16. This was completed due to favourable interest rates for hedge arrangements.

2016 Variance analysis against 2015 Actuals

- 1 - Other financial asset - Other investments - higher than 2015 due to the refinancing of internal debt into external debt and the issue of the \$30m bond invested with Holdco. Short term deposits have been reclassified from non current assets to current assets.
- 5 - Borrowings - higher than 2015 due to the refinancing of internal debt into external debt and the issue of a \$30m bond.
- 6 - Derivative financial instruments - higher than 2015 due to Council entering into three new hedging contacts during 2015/16.

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 changed its accounting policy in relation to the recognition of carbon credit intangible assets. Council has changed from recognising these assets at cost less accumulated amortisation and accumulated impairment losses, to recognising these assets at fair value.

Council has opted not to adjust prior periods on the basis of materiality. The effects of this change in policy have been made in the current period and are listed below.

	Group Actual 2016 (\$000)
Impact on Statement of Comprehensive Revenue and Expense	
Other gains/(losses)	219
Carbon credit revaluation gains/(losses)	340
Net impact on equity	559
Impact on Statement of Financial Position	
Intangible assets	559
Total assets	559

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 (64% 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% owned).

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 2016. The financial statements were authorised for issue by Council on 26 October 2016.

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.

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 infrastructure 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) unless otherwise stated. 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 Expense.

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 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 presumed, 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 IRFS.

ASSOCIATES

The Council and Group accounts for investments in associates in the group financial statements using the equity methods. 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 is recognised in the Council's and Group's Statement of Comprehensive Revenue and Expense 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 eliminated.

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

JOINT VENTURES

Joint ventures are those entities over which the Council and Group has joint control, established by contractual agreement. The consolidated financial statements of the Group uses the Equity method of consolidation. The Group's share of the surplus or deficit of the joint venture is recognised in the Group's Statement of Comprehensive Revenue and Expense, 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 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.

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 Expense.

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 involved with the goods.

Interest Revenue

Interest income is recognised using the effective interest method.

Dividends

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 Expense.

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 occurred.

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 Expense, 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 Expense.

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 Expense. 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 Expense.

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 Expense. 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 Expense 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 Expense.

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 Expense 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 Expense. 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		2.6% - 6.2% SL
Bridges		1% - 2.5% SL
Traffic Services		2.6% - 12.6% SL
Footpaths and Crossings		6.6% - 13% SL
Features and Structures		4.6% - 6% SL
Roads		
▪ Formation		0%
▪ Shoulder and Pavements		3.5% SL
▪ Top Surface		10.35% SL

Infrastructural Assets - Parent	Depreciation Rate
Drainage	2.6% - 6.2% SL
Bridges	1% - 2.5% SL
Traffic Services	2.6% - 12.6% SL
Footpaths and Crossings	6.6% - 13% SL
Features and Structures	4.6% - 6% SL
Roads	
▪ Formation	0%
Airport Facilities - Subsidiaries	Depreciation Rate
Fences	1.0% - 6.65% SL
Runway, Apron and Taxiway (Base-course and sub-base)	3.0% SL
Top Surface (Runway)	8.3% SL
Top Surface (Apron and Taxiway)	6.7% SL
Roads, Carparks and Stop banks	3.0% SL
Plant - Parent and Subsidiaries	Depreciation Rate
Plant	5% - 50% SL/DV
Tools - Parent	Depreciation Rate
Tools	10% SL where applicable
Motor Vehicles - Parent and Subsidiaries	Depreciation Rate
Motor Vehicles	6.7% - 31.2% SL
Library Collections - Parent	Depreciation Rate
Library Collections	6.67% - 50% SL
<i>The non fiction collection is not depreciated.</i>	
Forestry Road Improvements - Subsidiaries	Depreciation Rate
Forestry Road Improvements	6% DV

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

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.

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.

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.

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.

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.

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 methodologies.

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 Expense.

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

Carbon Credits Intangible asset

Carbon credits intangible assets that are acquired by Council have been measured at fair value upon acquisition and subsequently revalued to fair value annually. Any revaluation gain/losses are recognised in Other Comprehensive Revenue and Expense.

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 Expense.

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

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 2016 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 Expense.

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 Expense.

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 asset's 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 Expense.

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 Expense.

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 Expense, a reversal of the impairment loss is also

recognised in the surplus/deficit in the Statement of Comprehensive Revenue and Expense.

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 Expense.

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

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 risk-free rate set by Treasury. 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 Expense 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 Expense as incurred.

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 nonfinancial assets as either cash-generating or noncash-generating assets. The Group classifies a nonfinancial 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 maybe slight discrepancies in subtotals and the financial statement in section 5 and funding impact statements.

CHANGES IN ACCOUNTING POLICIES

The Council has changed its accounting policy in relation to recognition of Carbon Credit Intangible assets. Council has changed from recognising these assets at cost less accumulated amortisation and accumulated impairments losses, to recognising these assets at fair value. Council has changed this policy and it gives a more accurate valuation of Carbon Credit intangible assets.

Council has opted not to adjust prior periods on the basis of materiality and the changes have been made in the current period.

The fair value of Carbon Credits as at 30 June 2015 would have been \$219,000.

All other accounting policies have been consistently applied throughout the period covered by these Financial Statements.

Other Information

Ērā atu pāhono



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.

254 Maori Capacity to Contribute to Decision Making

Invercargill City Council acknowledges the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu runanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku/Southland.

Charter of Understanding

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

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

The Charter of Understanding provides:

- the basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku to assist in developing the capacity of Māori to contribute to decision-making processes;
- a foundation for consultation on a wide range of local government issues;
- for the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ngā matawaka living in Murihiku. This is important in terms of Māori contribution to decision-making in the Southland region, particularly as the Local Government Act responsibilities of the Council in relation to Māori are with all Māori, not solely the local Iwi.

Te Roopu Taiao is the collaborative structure put in place for the purposes of giving effect to the Charter of Understanding and the obligations of the parties to the charter. Senior Councillors and Council staff involved in resource management regularly attend Te Roopu Taiao meetings.

Consistent with the changes to the Charter referred to above, Te Roopu Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives; and meetings are usually held quarterly.

Fostering Maori Capacity

Māori capacity was enhanced by consultation and discussion on the following in 2015/16:

- Regular liaison meetings between Te Ao Mārama Inc managers and Council's Executive Leadership Team.
- 2016/17 Annual Plan.
- District Plan.
- Oreti Beach Memorandum of Understanding.

Council also:

- Maintained existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties.
 - Maintained our commitment to ongoing funding of Te Ao Mārama Inc.
-

Working Together - Shared Services

The councils in southern New Zealand are working together in many ways under the umbrella of a joint committee called Shared Services. This committee has been meeting regularly since it was formed in 2000 and has achieved several successes for all the partner councils. Here are some shared services highlights from the 2015/16 year.

BUILDING CONTROL

The four Building Control Authorities, Invercargill City Council, Clutha, Gore and Southland District Councils, are collaborating on development of shared forms, quality assurance and process manuals, a shared fee structure and inspection processes across boundaries.

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.

Having a combined regional emergency management organisation results in streamlined decision-making, faster response times and cost savings in both operating and capital costs.

LIBRARY CONSORTIUM

The SouthLib Consortium is a partnership between eight councils. Since implementation a number of opportunities have been initiated. These opportunities include reciprocal registration, bibliographic and database subscriptions, as well as leveraged procurement of books and other supplies.

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 and has been held up by the New Zealand Transport Agency as best-practice. The initiative brings the benefit of consistent one-voice road safety messages and programmes provided by Invercargill City Council, Southland and Gore District Councils working together.

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 page 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.

RURAL FIRE

The Southern Rural Fire Authority is an amalgamation of all authorities involved in rural fire, Invercargill City Council, Gore and Southland District Councils, the Department of Conservation and forestry companies. It provides a one-stop-shop for rural fire readiness, reduction, response and recovery.

SALE AND SUPPLY OF ALCOHOL

Invercargill City Council, Gore and Southland District Councils have combined to produce a joint Local Alcohol Policy on a regional basis to meet the requirements of the Sale and Supply of Alcohol Act 2012. A Joint Committee will also be established to hear and determine applications made under the Act. This will lead to co-ordinated and consistent decision making throughout Southland.



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