



# **SOUTHLAND WARM HOMES TRUST**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2015**

13/11/15

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## DIRECTORY

<b>NATURE OF BUSINESS</b>	Charitable Trust
<b>BUSINESS ADDRESS</b>	251 Racecourse Road Invercargill
<b>POSTAL ADDRESS</b>	c/- PO Box 1642 Invercargill 9840
<b>FREE PHONE</b>	0800-WARMSOUTH 0800-92-76-76
<b>TRUSTEES</b>	Neil Boniface (Chairman) Jim Hargest Graham Sycamore Anne Gover
<b>AUDITOR</b>	McIntyre Dick & Partners 160 Spey Street Invercargill
<b>BANK</b>	ANZ Bank New Zealand Limited
<b>ADMINISTERED BY</b>	PowerNet Limited 251 Racecourse Road Invercargill
<b>PROJECT DELIVERY BY</b>	Awarua Synergy c/- 117 Eye Street Invercargill 03-214-2927

## CHAIRMAN'S REPORT

It is with great pleasure and satisfaction on behalf of fellow Trustees Graham Sycamore, Jim Hargest and Anne Gover that I have the opportunity to report on the achievements of the Southland Warm Homes Trust (SWHT) in its seventh year.

The SWHT was established in June 2008 by Electricity Invercargill Limited (EIL) and the Southland Power Trust (SEPSCT) to provide an umbrella to facilitate a warm homes project after a meeting of community groups was arranged in 2006.

With the encouragement of the Energy Efficiency and Conservation Authority (EECA) and support from our respective boards, Vaughan Templeton (Chair of SEPSCT) and I decided to support energy efficiency initiatives for the benefit of Southland through the establishment of the SWHT.

The SWHT provides free energy assessments and subsidised insulation products and heating appliances to Southland and West Otago (Tapanui) homes. The vision of the Trust is to ensure "Southlanders" have:

- a more energy efficient home
- an improved living environment
- improved well-being
- better health
- greater energy efficiency awareness

### Measures Installed

In the year to 30 June 2015 509 houses received insulation (2014: 488) and 23 received heating (2014: 18). The SWHT received income from EECA and other community grants totaling \$1.5 million (2014: \$1.7 million) and \$1.7 million (2014: \$1.6 million) was utilised in delivering these measures.

### Project Team and Community Support

The achievement of the SWHT objectives would not have been possible without the considerable investment of time through the SWHT Project Team and financial support of various community funders throughout the region that include:

Community Funders	2015	2014	Project Team Representatives
The Power Company Limited	\$125,000	\$125,000	
Electricity Invercargill Limited	\$125,000	\$125,000	Neil Boniface
The Southern Trust	\$20,000	\$20,000	
Guy Waddel Charitable Trust	-	\$10,000	
Primary Health Organisations	\$40,000	\$100,000	Ian Macara, Mark Crawford, Janice Burton
Community Trust of Southland	\$25,000	\$25,000	
Gore District Council	\$15,000	\$15,000	Anne Gover
Southland District Council	\$35,000	-	Ian Marshall
Invercargill City Council	\$50,000	\$50,000	Mary Napper, Neil Boniface, Graham Sycamore and John Youngson
Environment Southland	\$10,000	\$7,391	Jason Domigan
Southland Power Trust	kind support	kind support	Graham Sycamore, Jim Hargest
Work and Income	kind support	kind support	Sue Dynes
The Southland Times	kind support	kind support	

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The Southland Community owes a great deal to these people and organisations that have got behind this project and made it work. Our first grant of \$2,000 was received from the Southland Energy Efficiency Trust and grants have ranged up to \$250,000 from The Power Company Limited.

EECA have been incredibly supportive to the project and assisted with a grant to meet start up costs. To date over the last seven years EECA has contributed in excess of \$11.5 million (2014: \$10.5 million after six years) of the Trust's total income of \$22.0 million (2014: \$20.5 million after six years).

### EECA Heat Smart Package

Effective from 1 July 2009 the Government through EECA announced a revised energy efficient heating programme. The Warm Up New Zealand (WUNZ) Heat Smart programme had aimed to retrofit more than 180,000 New Zealand homes by 2013, however more than 241,000 homes have been insulated which is a very pleasing result. The WUNZ Heat Smart scheme administered by EECA is without doubt a success story for the Government.

The funding that was available to households from EECA and the SWHT for the period to 30 June 2013 was as follows:

	Insulation (incl GST)	Clean Heating (incl GST)
All eligible houses built before 2000	33% of the total cost up to \$1,300	\$500
CSC holders	60% of the total cost and up to \$1,000	\$1,200
CSC holders (health referrals)	60% of the total cost and up to \$1,500	\$1,200
Landlords with CSC holding tenants	60% of the total cost	\$500

Funding from EECA for clean heating ceased on 30 June 2013.

### EECA Healthy Homes Programme

The Government, in its May 2013 budget, announced a new insulation scheme, the WUNZ Healthy Homes Programme, to follow on from the successful WUNZ Heat Smart Programme. The WUNZ Healthy Homes Programme aims to fund the installation of insulation to around 46,000 low income homes nationally over three years from 1 July 2013 to 30 June 2016.

The Healthy Homes scheme is targeted at those who stand to benefit most from having their homes insulated, those being low income households with high health needs, which include families with children and the elderly. Landlords with eligible tenants are also included but are required to make a contribution.

Under the Healthy Homes scheme EECA provides 60% of the funding with the remaining 40% to come from third party funders. For the 2014/15 year the SWHT was awarded EECA funding of \$1,060,500 for 505 homes based on secured third party funding of \$707,000, which included retained earnings funding carried forward from previous years. EECA also provided additional funding of \$17,674 for 4 large homes which are funded from a separate fund.

The funding that is available to households from EECA and the SWHT from 1 July 2013 is as follows:

Funding for:	Insulation Contribution		
	EECA	SWHT	Home Owner
Residential dwelling built prior to 1 January 2000, and			
CSC holders with one or more occupants under 17 years or over 65 years and who meet the health criteria	60%	40%	*FREE*
Landlords with CSC holding tenants with one or more occupants under 17 years or over 65 years and who meet the health criteria	60%	15%	25%

### Healthy Homes Programme for 2015/16 Year

For the final year of the Healthy Homes Programme beginning 1 July 2015, EECA has reduced its funding allocation from 60% to 50% of the total cost of insulation. As a result, the third party funding allocation has increased from 40% to 50%. From 1 July 2015 the landlord contribution has increased from 25% to 40%.

### Summertime Subsidy

During the year the Southland Warm Homes Trust together with Awarua Synergy offered a summertime subsidy of up to \$2,000 for qualifying middle income families to undertake insulation.

### Environment Southland Subsidy

Environment Southland provides a heating subsidy for the replacement of "dirty" heating appliances with clean air heating appliances, with grants valued at \$500 (incl GST) each.

### Financial Performance

The Trust recorded a net operating deficit for the year of \$191,189 (2014: \$96,115 surplus). The deficit for the year was \$68,495 more than the budgeted deficit of \$122,694. The difference is mainly due to budgeted third party funding not eventuating.

### Operational Support

Awarua Synergy performs the service provider function on behalf of the Southland Warm Homes Trust and employs up to 21 staff at seasonal peak times.

PowerNet Limited provides administrative and secretarial support to the Trustees and Project Team.

The support from the staff of these organisations towards the successful delivery of the project is gratefully acknowledged.



Neil Boniface  
**Chairman**  
**Southland Warm Homes Trust**

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
<b>Revenue</b>			
➤ Government Grants	2	1,029,678	953,053
➤ Community Grants	2	445,000	477,391
➤ Household Contributions		64,216	244,422
➤ Interest		4,084	6,770
<b>Total Revenue</b>		<b>1,542,978</b>	<b>1,681,636</b>
<b>Less Expenses</b>			
➤ Administration Expenses		79,934	70,970
➤ Assessments		-	19,565
➤ Audit Fees		5,075	4,975
➤ Installation Costs		1,649,158	1,479,531
➤ Post Installation Audits		-	10,480
<b>Total Expenditure</b>		<b>1,734,167</b>	<b>1,585,521</b>
<b>Net Operating (Deficit)/Surplus</b>		<b>(191,189)</b>	<b>96,115</b>

The accompanying notes on pages 10-12 form part of and should be read in conjunction with these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

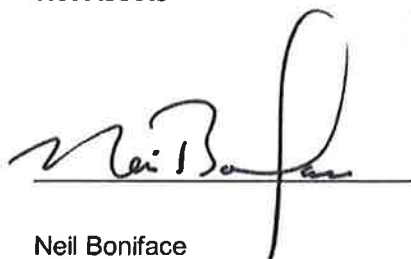
	2015 \$	2014 \$
<b>Total Recognised Revenue and Expenses</b>		
Net (Deficit)/Surplus for the Year	(191,189)	96,115
<b>Equity at Beginning of Year</b>	288,767	192,652
<b>Equity at End of Year</b>	<b>97,578</b>	<b>288,767</b>

The accompanying notes on pages 10-12 form part of and should be read in conjunction with these financial statements.



## BALANCE SHEET AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
<b>Equity</b>			
Retained Earnings		97,578	288,767
<b>Total Equity</b>		<b>97,578</b>	<b>288,767</b>
<i>Represented by:</i>			
<b>Current Assets</b>			
Current Account		63,356	61,366
Call Account and Short Term Deposits		111,825	197,778
Accounts Receivable		168,355	273,141
Other Receivables		14,824	20,194
Prepayments		1,479	1,479
Middle Income Loans		171	2,008
<b>Total Current Assets</b>		<b>360,010</b>	<b>555,966</b>
<b>Non Current Assets</b>			
Middle Income Loans		-	2,353
<b>Total Non Current Assets</b>		<b>-</b>	<b>2,353</b>
<b>Total Assets</b>		<b>360,010</b>	<b>558,319</b>
<b>Current Liabilities</b>			
Accounts Payable		262,432	269,552
<b>Total Current Liabilities</b>		<b>262,432</b>	<b>269,552</b>
<b>Total Liabilities</b>		<b>262,432</b>	<b>269,552</b>
<b>Net Assets</b>		<b>97,578</b>	<b>288,767</b>



Neil Boniface  
Chairman



Jim Hargest  
Trustee

The accompanying notes on pages 10-12 form part of and should be read in conjunction with these financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 1. STATEMENT OF ACCOUNTING POLICIES

### Reporting Entity

The Southland Warm Homes Trust is a Charitable Trust that was established in June 2008 under the Charitable Trusts Act 2005. The Trust is registered with the Charities Commission. The Trust was established by Electricity Invercargill Limited and the Southland Electric Power Supply Consumer Trust for the purpose of providing energy assessments, insulation and energy efficient heating appliances to Southland and West Otago households.

The beneficiaries of the Trust are those persons or organisations connected to the Electricity Invercargill Limited distribution network in Invercargill and Bluff and The Power Company Limited distribution network in Southland and West Otago at a particular time.

The financial statements have been prepared in accordance with the requirements of the Charities Act 2005 and the Financial Reporting Act 1993. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements were approved by the Board of Trustees on 5 November 2015.

### Basis of Preparation

These financial statements are presented in New Zealand dollars. The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Trust.

There have been no changes in accounting policies during the year.

### Specific Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance and the financial position, have been applied:

(a) **Revenue**

*Grants*

Grants that are subject to restrictions, but which are not required to be returned to the donor are recognised as income when they are received. Grants that are subject to conditions are recognised as income when it is likely that the entity will comply with the terms of the grant. If the entity is unable to comply with the terms of the grant and this is a condition of keeping the grant, the grant is recognised as a short-term liability until the conditions are fulfilled.

*Household Contributions*

Revenue from this source is measured at the fair value of the consideration given for the sale of goods and services.

(b) **Income Tax**

The Trust is exempt from Income Tax, therefore taxation has not been accounted for in these financial statements.

(c) **Investments**

Investments are stated at cost.

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(d) **Loans and Receivables**

Loans and receivables are stated at their estimated realisable value. All known losses are written off in the period in which it becomes apparent the debts are not collectable.

(e) **Goods and Services Tax**

The financial statements have been prepared exclusive of Goods and Services Tax, with the exception of receivables and payables which are shown inclusive of Goods and Services Tax.

**Differential Reporting**

The Trust qualifies for the Differential Reporting Regime on the basis that it is not publicly accountable and is not considered large.

The Trust has taken advantage of all the exemptions available under the Differential Reporting Regime.

**2. INCOME**

	2015 \$	2014 \$
<b>Government Grants:</b>		
Energy Efficiency and Conservation Authority		
➤ Grants	1,029,678	953,053
	<b>1,029,678</b>	<b>953,053</b>
<b>Community Grants:</b>		
➤ Community Trust of Southland	25,000	25,000
➤ Electricity Invercargill Limited	125,000	125,000
➤ Environment Southland	10,000	7,391
➤ Gore District Council	15,000	15,000
➤ The Southern Trust	20,000	20,000
➤ Invercargill City Council	50,000	50,000
➤ Guy Waddell Charitable Trust	-	10,000
➤ Primary Health Organisations	40,000	100,000
➤ Southland District Council	35,000	-
➤ The Power Company Limited	125,000	125,000
	<b>445,000</b>	<b>477,391</b>

**3. COMMITMENTS**

**Operating Commitments**

Deposits from householders are received and held by Awarua Synergy the service provider on behalf of the Southland Warm Homes Trust. The deposits are from householders who have committed to insulation installations.

As at 30 June 2015 deposits of \$1,069 excluding GST (2014: \$1,800 excluding GST) were held on behalf of householders with an estimated cost to complete installation of \$8,758 excluding GST (2014: \$11,100 excluding GST).

**Capital Commitments**

There are no capital commitments as at 30 June 2015 (2014: Nil).

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#### 4. RELATED PARTIES

The Trust received a donation during the year of \$125,000 (2014: \$125,000) from The Power Company Limited. The Power Company Limited is a 100% owned subsidiary of the Southland Power Trust, of which Jim Hargest is Chairman and Graham Sycamore a Trustee.

The Trust received a donation during the year of \$125,000 (2014: \$125,000) from Electricity Invercargill Limited, of which Neil Boniface is Chairman.

The Trust received a donation during the year of \$50,000 (2014: \$50,000) from the Invercargill City Council, of which Neil Boniface and Graham Sycamore are Councillors.

The Trust received a donation during the year of \$15,000 (2014: \$15,000) from the Gore District Council, of which Anne Gover is a Councillor.

The Trust uses PowerNet Limited to provide administration services, of which Neil Boniface is a Director. Fees for administration services during the year amounted to \$30,000 excluding GST (2014: \$30,000 excluding GST) of which \$5,750 including GST (2014: \$2,875 including GST) is owing at balance date.

#### 5. CONTINGENT LIABILITIES

There are no known contingent liabilities as at 30 June 2015 (2014: Nil).

#### 6. COMMUNITY SUPPORT

The continuation of the Southland Warm Homes Trust is dependent upon the on-going support from its community funders listed in Note 2, Income.

EECA are currently waiting on the Government to make a commitment to continue the successful Warm Up NZ Programme after the Healthy Homes Programme finishes on 30 June 2016. All indications show it is likely that a new programme will occur.

#### 7. SUBSEQUENT EVENTS

For the final year of the Healthy Homes Programme beginning 1 July 2015, the funding allocation ratio between EECA and third party funders has changed from 60% EECA, 40% third party funders to 50% each. From 1 July 2015 the landlord contribution has increased from 25% to 40%.

There have been no other subsequent events after 30 June 2015.

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Southland Warm Homes Trust

### Report on the Financial Statements

We have audited the financial statements of Southland Warm Homes Trust on pages 7 to 12 which comprise the balance sheet as at 30 June 2015, the income statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Trustees' Responsibility for the Financial Statements*

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have no relationship with, or interests in, Southland Warm Homes Trust other than our capacity as auditors.

#### *Opinion*

In our opinion, the financial statements on pages 7 to 12 present fairly, in all material respects, the financial position of Southland Warm Homes Trust as at 30 June 2015, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

  
Chartered Accountants  
5 November 2015  
INVERCARGILL, NZ

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