



Notice is hereby given that an Ordinary Meeting of Southland District Council will be held on:

Date: Tuesday, 25 September 2018
Time: 10am
Meeting Room: Council Chambers
Venue: 15 Forth Street
Invercargill

Council Agenda OPEN

MEMBERSHIP

Mayor	Mayor Gary Tong
Deputy Mayor	Paul Duffy
Councillors	Stuart Baird
	Brian Dillon
	John Douglas
	Bruce Ford
	Darren Frazer
	George Harpur
	Julie Keast
	Ebel Kremer
	Gavin Macpherson
	Neil Paterson
	Nick Perham

IN ATTENDANCE

Chief Executive	Steve Ruru
Committee Advisor	Fiona Dunlop

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Full agendas are available on Council's Website
www.southlanddc.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

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1 Apologies

At the close of the agenda no apologies had been received.

2 Leave of absence

At the close of the agenda no requests for leave of absence had been received.

3 Conflict of Interest

Councillors are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a councillor and any private or other external interest they might have.

4 Public Forum

Notification to speak is required by 5pm at least two days before the meeting. Further information is available on www.southlanddc.govt.nz or phoning 0800 732 732.

5 Extraordinary/Urgent Items

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

- (a) that item may be discussed at that meeting if-
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."

6 Confirmation of Council Minutes

- 6.1 There are no minutes to confirm.

Adoption of Annual Report 2017/2018

Record No: R/18/9/21749
Author: Shannon Oliver, Planning and Reporting Analyst
Approved by: Rex Capil, Group Manager Community and Futures

Decision Recommendation Information

Purpose

- 1 The adoption of the annual report is required under the Local Government Act 2002.
- 2 The Annual Report is a means for Council to account and report to the community on its performance for the preceding financial year. It reports on outcomes, performance measures, both financial and non-financial and provides the actual results against budgeted results. The Annual Report reports against the third year of the Council's 10 Year Plan 2015-2025 and the Annual Plan 2017/2018.

Executive Summary

- 3 Council is required to develop and adopt an Annual Report within four months of the end of a financial year.
- 4 The Annual Report compares and comments on the performance of Council against the budget and operating targets set in year three of the Council's 10 Year Plan 2015 – 2025 and what was programmed in the Annual Plan 2017/2018.
- 5 Staff have compiled the Annual Report which has been reviewed by members of the executive leadership team and the finance and audit committee prior to being audited by Audit New Zealand. Changes required from these processes have been incorporated into the document. The finance and audit committee reviewed the completed document and have recommended to Council that it should adopt the Annual Report.
- 6 The updated Annual Report is attached to this report (Attachment A).
- 7 The draft audit opinion, representation letter and audit management report are expected to be provided on 20 September 2018 and will be tabled at the meeting.
- 8 The designed version of the full Annual Report will also be tabled at the meeting.

Recommendation

That the Council:

- a) **Receives the report titled “Adoption of Annual Report 2017/2018” dated 19 September 2018.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the recommendation from the Finance and Audit committee that Council adopt the Annual Report for the year ended 30 June 2018.**
- e) **Adopts the Annual Report for the year ended 30 June 2018.**
- f) **Delegates authority to the Chief Executive to approve any minor amendments needed to the Annual Report, subsequent to this meeting.**
- g) **Delegates authority to the Chief Executive and Mayor to sign the Annual Report letter of representation to Audit New Zealand on behalf of Council.**
- h) **Delegates authority to the Chief Executive and Mayor to approve any staff/audit changes to the Summary Annual Report.**
- i) **Delegates authority to the Chief Executive and Mayor to sign the Summary Annual Report letter of representation to Audit New Zealand on behalf of Council.**
- j) **Notes that the Summary Annual Report will be released to the public once approved by the Chief Executive and Mayor.**
- k) **Receives the Management Report from Audit New Zealand for the year ended 30 June 2018.**

Background

- 9 The Local Government Act 2002 requires Council to prepare and adopt an Annual Report within four months of the end of each financial year. This is the second year that Council has adopted its Annual Report within three months and the first year that the majority of the document has been graphically designed.
- 10 An Annual Report is intended to outline Council’s actual performance in comparison with its intended performance as outlined in its Annual or Long Term Plan.

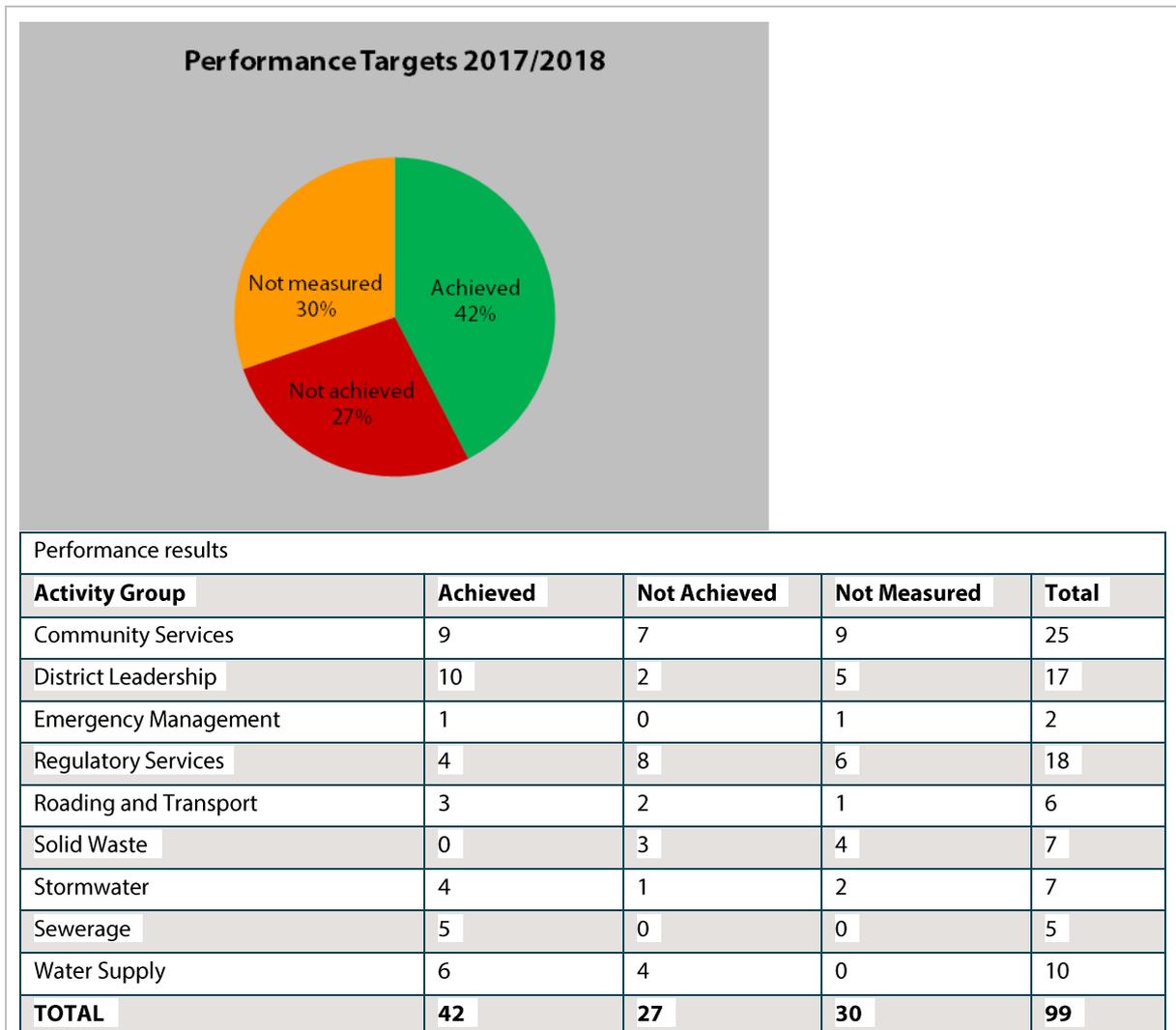
- 11 The Annual Report details the operating activities of the Council and includes financial statements for the Council. The report and financial statements have been audited by Audit New Zealand on behalf of the Auditor-General.
- 12 A draft of the unaudited Annual Report was presented to the Finance and Audit committee on 30 August 2018 for their review and approval to release the document to Audit NZ. A table outlining the changes that have occurred since the draft was reviewed by the Finance and Audit Committee is attached as Appendix 1.
- 13 At the date of this report, Audit New Zealand's audit is substantially complete.
- 14 The draft Annual Report was presented to the Finance and Audit Committee on 24 September 2018 and the Committee has recommended to Council that it adopt the Annual Report.
- 15 Mr Ian Lothian, Director of Audit New Zealand was in attendance at the finance and audit committee meeting to present the audit opinion and answer any questions regarding the Annual Report, audit opinion, management letter or the representations required.
- 16 The summary annual report document is not required to be adopted by the Council. The summary of the Annual Report document will be prepared and audited separately in October. Once the summary document audit is complete and any changes are made, a separate audit opinion will be received and the summary will be approved by the mayor and chief executive for distribution.
- 17 The Annual Report and Summary (once confirmed) will be made available to the public via Council's website, by placing printed copies in libraries and service centres and having printed copies available for distribution on request. The availability of the annual report will be advertised. Printed copies of the report and summary will also be sent to those on the Strategy and Policy mailing list.

Status of the Report

- 18 At the date of this report the Annual Report is substantially complete. The principal matters outstanding include audit and design of the summary document, and any final changes as a result of the final audit review processes.
- 19 Any material changes made to the report will be outlined at the meeting.
- 20 At the time of writing this report, Audit New Zealand have completed the majority of their audit fieldwork and review of the Annual Report, however are not in a position to be able to provide audit clearance. Verbal audit clearance is expected to be received on Thursday 20 September 2018. Any changes to the document will be tabled at the meeting.
- 21 In conjunction with providing verbal audit clearance, Audit New Zealand will provide Council with the draft audit opinion, the draft representation letter and the management report. These documents will be tabled at the meeting. The letter of representation is required to be signed by the mayor and chief executive.

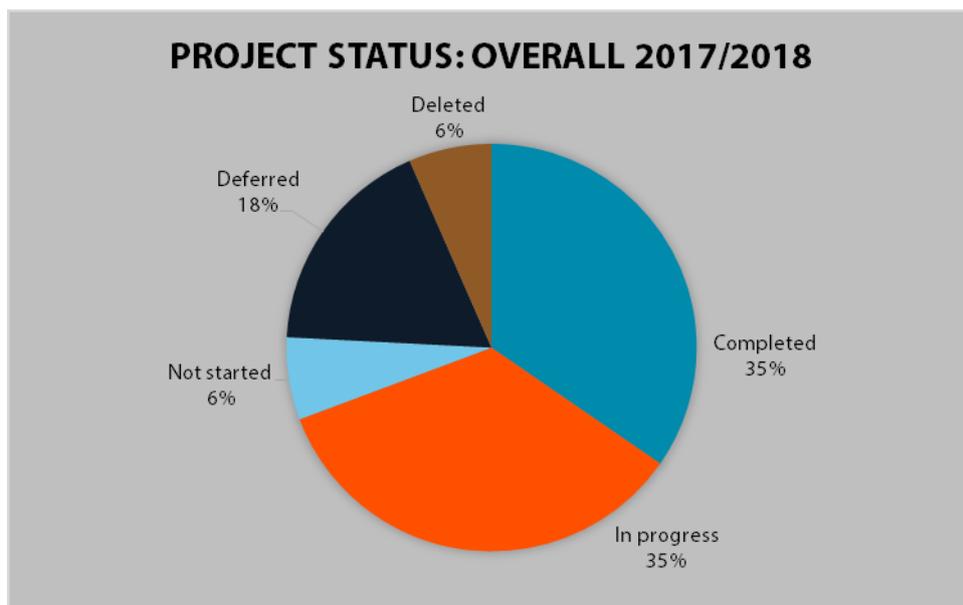
Organisational Performance

- 22 The Annual Report 2017/2018 details performance of the organisation against the key performance targets that were specified in the 10 Year Plan. Managers have reviewed the activities for which they are responsible and have provided commentary of the actual performance against targets, particularly in those instances where the performance targets have not been met.
- 23 A small number of performance measures have had their results changed as a result of both internal and Audit New Zealand reviews since the Finance and Audit committee meeting on 30 August. Details of the key changes are included in Appendix 1.
- 24 Council’s 26 activities are broken down into nine activity groups. There were 99 performance targets of which 69 were measured, 42 (42%) were achieved and 27 (27%) were not achieved. There were a variety of reasons why target Key Performance Indicators (KPIs) were not met and these are outlined in more detail in the various activity sections of the Annual Report.



Projects

- 25 The Annual Report 2017/2018 includes information about projects, their completion status and actual cost versus budget. The projects include those programmed in the Annual Plan 2017/2018 plus any projects carried forward from previous years.
- 26 Of the 153 projects programmed, 53 (35%) of these were completed, 53 (35%) were in progress, 27 (18%) were deferred and 10 (7%) were deleted.



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

Statement of Compliance

- 27 Clause 34 of Schedule 10 of the Local Government Act 2002 requires that a Statement of Compliance be included in the Annual Report indicating whether the statutory requirements in relation to preparation of the Annual Report have been met. The Statement is required to be signed by the chief executive and mayor.
- 28 The main statutory requirements relating to preparation of the Annual Report are outlined in the Act under Part 6, Section 98 and Part 3 of Schedule 10. These sections largely require that the statements be prepared in accordance with Generally Accepted Accounting Practice (GAAP) and that certain information be disclosed in the Annual Report. Hence, the Statement of Compliance is confirming that the information that is required to be included in an Annual Report has been included and whether the report itself has been adopted within the four month timeframe and that it has been audited. The representations required in the Statement do not extend to confirming, for example, that Council has met all of its statutory responsibilities during previous decision-making processes.

Accounting for digitisation project costs

Background

- 29 Over the last 2 years Council have incurred significant cost (\$1.9 million to 30 June 2018) in transferring all Council's property files into digital format. At 30 June 2017 \$1.4 million of these costs were recognised as work in progress on Council's balance sheet as the project was not complete at that date. In the current financial year the project has been completed and a further \$500,000 costs incurred.

Council's position

- 30 In assessing how Council should account for these costs, staff considered PBE IPSAS 31: Intangible Assets. The definition of an intangible asset per this standard is "an identifiable non-monetary asset without physical substance". An asset is identifiable if it is either:
- 31 Is separable, ie: is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
- 32 Arises from binding arrangements (including rights from contracts or other legal rights), regardless of whether those rights are transferrable or separable from the entity or from other rights and obligations.
- 33 Additionally you need to have control over the asset, this is stated to occur where the entity has the power to obtain future economic benefits or service potential flowing from the underlying resource and to restrict the access of others to those benefits or that service potential.
- 34 Council staff formed the view that the digitisation files are separable as they can be "physically" moved and concluded that the \$1.9 million cost of the digitisation project should be included as an intangible asset (recognised on the statement of financial position) and tested for impairment on an annual basis. This assessment and conclusion was provided to Audit NZ during the audit.

Audit NZ's position

- 35 Audit NZ's position is that "legally" Council cannot remove these assets from Council unless the Chief Archivist (s18 of Public Records Act 2005) agrees and that would be rare. Audit NZ also believe that Council have no legal or contractual right to the information as its obligation is to create and maintain these records, and copyright is retained by the owner/architect etc. Additionally when considering future service potential, Audit NZ believe that the information available to the public is the same regardless of if it is provided in paper or electronic format.
- 36 On this basis, Audit NZ's position is that the \$1.9 million costs associated with digitisation should be expensed in the Statement of Comprehensive Income and Expense. In coming to this conclusion Audit NZ also refer to precedent that has been set by their technical team/OAG in providing opinions on other local authorities who have undertaken similar digitisation projects in the past and concluded the costs should be expensed.

Options

- 37 If Council opted to retain the digitisation as an intangible asset and capitalise it for the year ended 30 June 2018, a formal technical paper would need to be prepared and provided to Audit NZ's technical team for consideration. This assessment would take approximately two weeks and the audit opinion on the Annual Report would not be able to be issued until this assessment was complete. This would require the adoption of the Annual Report to be deferred until mid-October or later.
- 38 If Council opted to expense the digitisation costs for the year ended 30 June 2018, Audit NZ would concur with the treatment and the audit would be able to be finalised and an audit opinion issued on 25 September 2018 as planned.

Conclusion

- 39 After consideration and discussion of the impact and implications of each option amongst staff and management, the conclusion is that Council expense the \$1.9 million of digitisation project costs to date in the year ended 30 June 2018. This resulted in a reduction in Council's net surplus for the year ended 30 June 2018 from \$5.6 million to \$3.7 million (before adjustments for other comprehensive revenue).

Financial Results

- 40 These financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The accounting policies for the year ended 30 June 2018 were approved at the Finance and Audit committee meeting in June 2018. Explanations of the variances between actual results and budgeted results for 2017/2018 year can be found in note 33 of the Annual Report.
- 41 A summary of key financial information is set out below.

Statement of comprehensive revenue and expense

- 42 The statement of revenue and expense records the revenue received and the expenditure incurred by Council. It also records changes in the value of Council's assets. In summary, Council's financial performance was as follows:

Council
25 September 2018

	Actual 2017/2018	Budget 2017/2018	Actual 2016/2017
Total revenue	\$80.0M	\$74.1M	\$72.1M
Total expenditure	(\$76.3M)	(\$72.7M)	(\$72.0M)
Operating surplus/(deficit)	\$3.7M	(\$1.4M)	\$0.1M
Gains on assets at fair value	\$49.4M	\$30.0M	\$95.3M
Total comprehensive revenue and expense	\$53.1M	\$31.4M	\$95.5M

- 43 Total revenue was \$5.9 million over budget primarily as a result of additional funding of \$2 million from NZTA in relation to the Southern Scenic Route sealing and also additional revenue received from forestry sales of \$1.6 million. \$2.3 million is Council's share of gross revenue from Venture Southland (not separately budgeted for).
- 44 Total expenditure was \$3.6 million above budget predominantly due to \$1.9 million of costs associated with digitisation of Council's property files (this was capitalised in the budget), \$600,000 increased forestry costs, and \$2.3 million Council's share of gross expenditure from Venture Southland (budgeted for a net cost of \$1.7 million).
- 45 Gains on Assets was \$19.4 million greater than budget due to a significant increase in the roading revaluation as a result of current market conditions

Statement of financial position

- 46 The Statement of Financial Position (also referred to as the Balance Sheet) records the assets Council owns, and how those assets are financed. Total Assets is what the council owns for example infrastructure assets, Total Liabilities are finance from third parties, for example accounts payable; and Total Equity is the net community assets (Total Assets less Total Liabilities). Key items in the Statement of Financial Position are:

	Actual 2017/2018	Budget 2017/2018	Actual 2016/2017
Total assets	\$1,549M	\$1,452M	\$1,400M
Total liabilities	\$11M	\$11M	\$11M
Total equity	\$1,538M	\$1,441M	\$1,389M

- 47 Total assets are over budget primarily due to property, plant and equipment being significantly more than budgeted by \$80.1 million. This is principally as a result of the higher than budgeted revaluation of infrastructural assets.

Statement of cash flows

- 48 The Statement of Cash Flows records the cash that Council received and disbursed. Broadly cash, under financial reporting rules is recorded in three separate categories:
- operating cash flows - the cash flow related to day-to-day operating activities.
 - investing cash flows - the cash flow received from sale of assets and cash spent on capital assets.
 - financing cash flows - the cash flow received from any borrowings and the cash flow disbursed in repaying borrowings

Council
25 September 2018

- 49 Overall, Council's cash position increased from June 2017 by \$1.1M (rounded). In summary, the cash flows recorded within these categories are as follows:

Operating cash flows	Actual 2017/2018	Budget 2017/2018	Actual 2016/2017
Cash surplus/(deficit)	\$26.5M	\$22.9M	\$21.2M

Investing cash flows	Actual 2017/2018	Budget 2017/2018	Actual 2016/2017
Cash surplus/(deficit)	(\$27.2M)	(\$34.6M)	(\$17.1M)

Financing cash flows	Actual 2017/2018	Budget 2017/2018	Actual 2016/2017
Cash surplus/(deficit)	-	(\$0.01M)	(\$0.03M)

- 50 Council's net operating cashflows were higher than budgeted. Receipts from NZTA were \$1.6 million above budget and also Receipts from other revenue (\$5.6 million), primarily due to increased forestry harvesting. Net cash outflows from investing activities were \$7.3 million lower than budgeted due to the deferral/delay of several significant capital projects being carried forward into future financial years and the costs associated with the digitisation of Council's property files being expensed.

Issues

- 51 As at the date of this report there are no significant unresolved issues in relation to the Annual Report 2017/2018.
- 52 The only significant issue identified during the audit of the Annual Report to date is the accounting treatment of the digitisation project. This is discussed in detail earlier in this report and has been resolved.

Factors to Consider

Legal and Statutory Requirements

- 53 Section 98 of the Local Government Act 2002 requires Council to adopt an Annual Report within four months of the end of the financial year.
- 54 The Act also requires that Council publishes a summary of the Annual Report within one month of the Annual Report being adopted. Officers are preparing a summary document which will be released in October.
- 55 Part 3 of Schedule 10 also outlines a number of disclosures that are required to be included in the Annual Report.

Community Views

- 56 The community expects Council to adopt an Annual Report in accordance with the requirements of the Local Government Act 2002. The report is an important accountability document in terms of explaining the actual performance of the organisation relative to the objectives that were set via the Long Term Plan and Annual Plan.

- 57 The Annual Report and summary (once confirmed) will be made available to the public via Council's website, by placing printed copies in libraries and service centres and having printed copies available for distribution on request. Availability of the report will be advertised. Printed copies of the report and summary will also be sent to those on Council's mailing list.

Costs and Funding

- 58 The audit fee for the Annual Report is \$116,923 (excluding GST) plus associated disbursements.
- 59 There are no additional financial considerations associated with making a decision on whether to adopt the Annual Report.

Policy Implications

- 60 Council's policies relating to the basis upon which the Annual Report is prepared are outlined in the Statement of Accounting Policies contained in the Report itself.

Analysis

Options Considered

- 61 Under the Local Government Act 2002, the Council must prepare and adopt an Annual Report in respect of each financial year, no other options are available.

Analysis of Options

Option 1 – Adopt the Annual Report 2017/2018

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Compliance with Council's legislative requirements.• The document provides information to the public on the performance to budget and against key performance indicators.	<ul style="list-style-type: none">• None identified.

Option 2 – Do not adopt the Annual Report 2017/2018

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• There are no advantages of this option.	<ul style="list-style-type: none">• Council will not be compliant with the legislation.

Assessment of Significance

- 62 The Annual Report 2017/2018 is considered significant under Council's significance and engagement policy because the performance of Council is of wide community interest.
- 63 It is important to the public that Council meets both its financial and non-financial commitments to ensure it delivers its services efficiently and effectively. To do this the public relies on the information provided in the Annual Report to give it assurance that Council is undertaking its responsibilities and how well it is performing these.

- 64 Along with the processes and procedures Council undertakes to track and record the information provided in the Annual Report, to ensure that the public can rely on the information provided an independent review is undertaken by auditors (Audit New Zealand). In general, Audit New Zealand provides an opinion as to whether Council has complied with Generally Accepted Accounting Practice (GAAP) and that the Annual Report fairly reflects council's financial position, results of operations and cashflows, and levels of service and reasons for any variance.

Recommended Option

- 65 The recommended option is Option 1 – Recommend adoption of the Annual Report 2017/2018, including any adjustments made

Next Steps

- 66 Once the Annual Report is adopted, and the signed representation letter has been provided to Audit NZ, the final audit opinion will be issued to Council. The audit opinion will be finalised in the Annual Report and an online and printed version of the Annual Report will be made available to the public.
- 67 The summary Annual Report will be graphically designed and will be audited separately in October. Once the audit is complete and any changes are made, the Summary will be approved by the mayor and chief executive and will also be made available to the public.

APPENDIX 1 – Key changes to the Annual Report

Description	Change	Section	Page
Message from Mayor and CE wording	Updated wording	Introduction	3
Key Highlights	Updated wording	Introduction	6-7
Summary activity report	Updated results	Introduction	10-11
Financial overview	Insert page ref to accounting policies Update Financial summary	Introduction	12
Financial overview	Insert page ref for note 33 Updated Sources of Revenue table (remove wastewater scheme capital refund line) Updated Revenue paragraph values and Venture disclosure. Changed explanation under Operational expenditure Changed explanation of Cash flow paragraph Changed explanation under Revenue Paragraph	Introduction	13
Financial overview	Update Capital expenditure results and table Added explanation underneath Activity Capital Expenditure (Including Vested Assets)	Introduction	14
Financial benchmarks	Update Balanced Budget Benchmark graph	Introduction	18

Description	Change	Section	Page
Community services	Community facilities KPI commentary for the KPI - Percentage of Council staff who think that the council building they work in is appropriate for the purposes of doing their job effectively	Council activities	37
Community services	Result updated to reflect not measured in this financial year for KPI - Percentage of residents satisfied with the locations of public toilets for residents and tourists	Council activities	38
Community services	Result and commentary updated for the KPI - Percentage of revenue achieved against target	Council activities	39
District Leadership	Venture Southland heading changed to bold and some of the key highlights wording changed	Council activities	43
District Leadership	Projects status updated	Council activities	46
District Leadership	Increase in GDP from the Southland region KPI – result and commentary updated and previous results updated	Council activities	47
District Leadership	Annual survey result updated	Council activities	48
District Leadership	FIS updated to reflect digitisation project	Council activities	50
District Leadership	FIS budget variations commentary updated to reflect digitisation project	Council activities	51
Regulatory services	Environmental Health KPI – target description updated	Council activities	61
Solid Waste	What we do wording	Council activities	69
Solid Waste	Result updated to reflect not measured in this financial year for KPI	Council activities	70
Wastewater	FIS updated	Council activities	84
Wastewater	FIS budget variations commentary updated	Council activities	85
Water supply	Performance targets section – updated results Bacterial compliance KPI – updated KPI results and commentary Protozoal compliance KPI - updated KPI results and commentary	Council activities	87-89
Southland Museum and Art Gallery Trust	Updated nature and scope of activities paragraph number of items held figure	Council activities	97
Southland Museum and Art Gallery Trust	Financial table added and source of funding paragraph	Council activities	98
Financial information	Financial tables shaded	Financial information	All (100-162)
Financial information	Financial year updated	Financial information	100-102, 106-109
Financial information	Word changed from purchase to acquisition	Financial information	99

Description	Change	Section	Page
Financial information	Update page reference from 27-83 to 31-93	Financial information	101
Financial information	Update note on Infrastructural Assets – MWH replaced with Opus	Financial information	106
Financial information	Update statement of comprehensive revenue and expense table	Financial information	111
Financial information	Update statement of changes in equity for the year table	Financial information	112
Financial information	Update statement of financial position table	Financial information	113
Financial information	Update statement of cashflow table	Financial information	115
Financial information	Update FIS table	Financial information	116
Financial information	Update FIS reconciliation	Financial information	117
Financial information	Update Note 2 - Other revenue	Financial information	119
Financial information	Update Note 4 - Exchange/non-exchange revenue Update Note 6 - Other Council expenditure Note 6 – Include separate line - deduct amount from: Other assurance services Audit NZ.	Financial information	120
Financial information	Update Note 10 - Changes in equity and reserves	Financial information	123
Financial information	Update Aged trade and other receivables	Financial information	125
Financial information	Note 16 - Change maximum amount to which these assets are insured	Financial information	126
Financial information	Update Note 17- Intangible assets	Financial information	135
Financial information	Change disclosure	Financial information	140
Financial information	Update Note 25 - Cashflow reconciliation	Financial information	142
Financial information	Add to Note 29 - Judicial review Update Note 30 – populated for current year	Financial information	146
Financial information	Explanatory Notes – Revenue section	Financial information	148
Financial information	Update Note 33 - Explanation of major variances against budget.	Financial information	149
Financial information	Update Health License Reserve	Financial information	155
Financial information	Update Wyndham reserve	Financial information	158

Attachments

A Draft Annual Report 2017/2018 [E](#)

Welcoming Communities - Southland/Murihiku Welcoming Plan

Record No: R/18/9/21199
Author: Megan Nunns, Community Development Planner
Approved by: Trudie Hurst, Group Manager Customer Support

Decision Recommendation Information

Purpose

- 1 The purpose of this report is to introduce the Southland/Murihiku Welcoming Plan to Southland District Council and recommend that Council endorse the Plan.

Executive Summary

- 2 Welcoming Communities is a pilot programme led by Immigration New Zealand, involving five regions across New Zealand, working in partnership with the Office of Ethnic Communities and the New Zealand Human Rights Commission.
- 3 Southland (along with Tauranga, Whanganui, Palmerston North, and Canterbury) has been selected as one of five areas to participate in the pilot programme.
- 4 This programme has been developed in recognition that communities are healthier, happier and more productive when newcomers are welcomed, and participate fully in society and the local economy. The difference between this programme and previous settlement initiatives is that Welcoming Communities does not solely focus on the newcomer, but rather actively mobilises and involves the receiving community.
- 5 Leading the programme in Southland is the Welcoming Communities Advisory Group which consists of representatives from all councils including Cr. Julie Keast. Working alongside Venture Southland staff, the Advisory Group has developed the Southland/Murihiku Welcoming Plan.
- 6 The Southland/Murihiku Welcoming Plan has been developed in collaboration with Councils, local iwi and the wider community. The Plan aims to develop a sense of belonging for newcomers through a range of activities and projects that celebrate diversity, and encourage social, cultural and economic participation.
- 7 The Plan outlines and prioritises the actions and regional projects that will be carried out to help Southland become accredited as a “Welcoming Community” according to the New Zealand Welcoming Communities standard. It acknowledges the solid work that has already been done in Southland with a number of community groups and organisations delivering a variety of initiatives, projects, and events.
- 8 Implementation of the Plan will be fourfold including (i) encouraging council planning, (ii) supporting and enabling local community, (iii) partnering with local community, (iv) the development of regional projects.
- 9 The regional projects include: (a) centralising newcomer information through a “one stop shop”, (b) partnering with existing organisations to develop “welcome packs” for new arrivals, (c)

designing and promoting a “Welcoming Southland” communication campaign, (d) promoting cultural competency training between newcomers, businesses, and communities.

- 10 This report proposes and recommends that Council endorses the Southland/Murihiku Welcoming Plan.

Recommendation

That the Council:

- a) Receives the report titled “Welcoming Communities - Southland/Murihiku Welcoming Plan” dated 10 September 2018.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) Endorses the Southland/Murihiku Welcoming Plan.**

Background

- 11 Southland is experiencing a workforce shortage with a key factor being an ageing population. For businesses to grow, skilled staff are required. Without newcomers, new businesses and new industries cannot develop, and existing industries cannot be extended. This is necessary for communities to thrive.
- 12 In response to this issue, the Southland Regional Development Strategy seeks to attract 10,000 more people living in Southland by 2025.
- 13 It is recognised that developing a welcoming environment will help attract and retain more people to the region, and counter the projected workforce shortage.

Issues

- 14 The Welcome Plan comprises of a wide range of diverse projects and initiatives. A potential concern could be the resource required to implement and support these projects and initiatives. This could affect the nature and scope of what is delivered.

Factors to Consider

Community Views

- 15 Consultation has been undertaken with the current networks who work with newcomers including Southland Multicultural Council, Local Settlement Network, the Gore/Eastern Southland Newcomers Network, Citizens Advice Bureau, the Southland Filipino Society, and the Korean and Chinese Councils.

- 16 Consultation was also undertaken with each local Rūnanga.
- 17 This consultation identified that there is already a range initiatives in Southland being undertaken. However, help is needed to raise awareness and formalise what is already available. There is strong understanding of the importance and benefits of the Welcoming Communities programme.

Costs and Funding

- 18 Funding for the pilot is due to finish in June 2019. The Ministry of Business, Innovation and Employment (MbIE) is evaluating future funding contributions based on the success of the pilot.
- 19 While permanent funding from Central Government or other sources is being investigated we have a clear message from Southland District Council this project was not budgeted for in the Long Term Plan 2018 - 2028. As a result, Southland District Council is able to provide assistance on the advisory board but other funding would need to be applied as unbudgeted expenditure at the discretion of Council at that time.

Recommended Option

- 20 It is recommended that Council endorse the Southland/Murihiku Welcoming Plan.

Attachments

- A Southland/Murihiku Welcoming Plan [E](#)

Draft Stewart Island/Rakiura Visitor Levy Bylaw and Policy - Consultation

Record No: R/18/8/18783
Author: Robyn Rout, Policy Analyst
Approved by: Rex Capil, Group Manager Community and Futures

Decision Recommendation Information

Purpose

- 1 The purpose of this report is to present the draft Stewart Island/Rakiura Visitor Levy Policy (the draft Policy), the draft Stewart Island/Rakiura Visitor Levy Bylaw (the draft Bylaw), and an associated Statement of Proposal, for Council to endorse for consultation.

Executive Summary

- 2 The current Stewart Island/Rakiura Visitor Levy Policy (the current Policy) and the current Stewart Island/Rakiura Visitor Levy Bylaw (the current Bylaw) were adopted on 12 December 2012 and are now due for review.
- 3 Staff have undertaken two rounds of preliminary consultation with external and internal stakeholders. Staff have also discussed the draft Policy and Bylaw with the Community and Policy Committee at its meeting on 5 September. The Community and Policy Committee gave feedback and recommended to Council that it endorse the draft Policy and Bylaw for public consultation.
- 4 The draft Policy and Bylaw are included in the Statement of Proposal, which is attached to this report as Attachment A, and include a number of changes and incorporate feedback received.
- 5 Some of the key changes incorporated into the draft Policy are:
 - increasing the amount of levy and revenue collected from \$5.00 to \$15.00
 - having the Community and Policy Committee (the Committee) allocate levy funding, with representatives from the approved operators and from iwi all having voting rights at the allocation meeting
 - discontinuing the Technical Advisory Group (TAG)
 - allowing applications and allocations for salary and wages
 - altering the allocation process by establishing categories for applications, and guidelines for the proportion of levy funds that the Committee could give to each category
 - allowing multi-year funding, which could be used to service loans such as capital works projects
 - updates to improve legal accuracy.
- 6 The amendments proposed to the draft Bylaw include:
 - increasing the levy amount collected from \$5.00 to \$15.00
 - removing that Council will collect levies on its website
 - outlining that levies will be collected in a collection box on the Main Wharf in Oban
 - amending definitions in the 'Interpretation' section
 - detailing the infringement fee that has been set by way of regulation.

- 7 If Council endorses the draft Policy and Bylaw and released the Statement of Proposal for consultation, staff will undertake a consultation process in accordance with the Special Consultative Procedure from 4 October 2018 to 9 November 2018.

Recommendation

That Council:

- a) **Receives the report titled “Draft Stewart Island/Rakiura Visitor Levy Bylaw and Policy - Consultation” dated 17 September 2018.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Determines pursuant to section 155(1) of the Local Government Act 2002 that a bylaw is the most appropriate way of addressing the problems faced by Stewart Island/Rakiura.**
- e) **Determines pursuant to section 155(2)(a) of the Local Government Act 2002, that the draft Stewart Island/Rakiura Visitor Levy Bylaw 2019 is the most appropriate form of bylaw.**
- f) **Determines pursuant to section 155(2)(b) of the Local Government Act 2002, that the draft Stewart Island/Rakiura Visitor Levy Bylaw 2019 does not give rise to any implications under the New Zealand Bill of Rights Act 1990.**
- g) **Endorses the recommendation from the Community and Policy Committee that the Community and Policy Committee allocate levy funding, with representatives from the approved operators and a person to represent iwi with all having voting rights when funds are being allocated.**
- h) **Endorses the recommendation from the Community and Policy Committee that the amount of levy and revenue collected should be \$15.00.**
- i) **Endorse and release the draft Stewart Island/Rakiura Visitor Levy Bylaw, Policy and Statement of Proposal outlined in Appendix A for consultation in accordance with the Special Consultative Procedure outlined in sections 83 and 86 of the Local Government Act 2002, from 4 October 2018 to 9 November 2018.**

Background

- 8 Although Stewart Island/Rakiura has a small resident population, it is a destination for a large number of short-term visitors. This creates a unique funding challenge for Council. In

recognition of this, Parliament adopted the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012 (the Empowering Act).

- 9 The purpose of the Empowering Act is to provide a mechanism for Council to set and collect levies and obtain revenue from passengers travelling to Stewart Island/Rakiura, in order to better provide services, facilities, and amenities for those persons while they are on the Island. Under the Empowering Act, revenue is money collected on behalf of Southland District Council by approved operators, and levy is income from visitors arriving as freedom travellers.
- 10 The current Policy and Bylaw became operative and levies and revenue started being collected, in October 2013.
- 11 The current Policy (Attachment B) contains practical information about how the visitor levy operates, and outlines who has to pay levies and revenue, how a person can prove they are exempt, how the fund is administered and how funding is allocated.
- 12 The current Bylaw (Attachment C) outlines the levy that is imposed (\$5), how it is collected, and the relevant offences and penalties. The infringement fee for each infringement offence has been set by way of a regulation made under the Act, and is \$250.

Financial information

- 13 The table below shows information on the funds that have been collected since October 2013.

Year ended	\$ (GST excl)	No of visitors	No who travelled on a cruise ship	%	No who travelled with an approved operator	%	No of others (aka freedom travellers)	%
June 14 (9 months)	113,567	26,120	2,981	11%	22,946	88%	194	1%
June 2015	133,251	30,648	2,083	7%	28,335	92%	230	1%
June 2016	158,511	36,457	2,492	7%	33,872	93%	94	-
June 2017	159,372	36,656	2,187	6%	34,302	93.5%	167	0.5%
June 2018	193,143	44,423	6,839	15%	37,490	85%	94	-
Total	757,844	174,304	16,582	9.5%	156,945	90%	779	0.5%

- 14 Over this period funds paid have amounted to \$710,659. These funds have been paid to support the tourist experience on the Island, largely through infrastructure projects (83%).

The review process to date

- 15 Legal advice has outlined that there is no statutory requirement to review the current Bylaw, as the Local Government Act 2002 (the LGA) review requirements do not apply and the Empowering Act does not have any review obligations. However, as bylaws made under the LGA are required to be reviewed within 5 years of being made, it suggests it would be prudent to review the current Bylaw at this time. The current Policy also states that it will be reviewed within 6 years of adoption, which is December this year.

Council

25 September 2018

- 16 Staff have undertaken a preliminary round of consultation and obtained feedback from internal and external stakeholders (staff members, members of the Stewart Island/Rakiura community and stakeholders involved with the Levy), which helped develop the draft Policy and Bylaw. A second round of preliminary consultation involved providing copies of the draft Policy and Bylaw to interested parties/stakeholders and to people who have applied to receive Levy funding in the past, and seeking their feedback.
- 17 Staff presented the draft Policy and Bylaw to the Community and Policy Committee on 5 September and changes have been made to the draft Policy and Bylaw as a result of feedback.
- 18 The Committee identified that the small rating base on the Island cannot meet the increasing demands that tourism is placing on Island infrastructure.
- 19 Feedback from the Committee included the recommendation to increase the levy imposed and revenue collected from \$5.00 to \$15.00. This recommendation was made after a discussion on the core infrastructure requirements that currently exist for visitors to Stewart Island/Rakiura, and also the ongoing maintenance costs associated with infrastructure for visitors. The infrastructure requirements discussed related to wharfing, roading and other community initiatives.
- 20 In 2017 Council completed an analysis that showed that to fund the maintenance and renewal costs associated with the operation of the Council owned jetties (including Golden Bay) in addition to maintaining the current level of other activity, would require an increase to approximately \$9, which could be rounded to \$10. Hence, there is a reasonable argument for the levy to be increased to \$10. At this stage, staff have not completed any further analysis of potential visitor infrastructure/service requirements. As any further visitor infrastructure/service requirements would have costs in addition to the costs identified for jetties, the Committee believed the \$15 amount is appropriate. In this regard it is noted that the draft Policy has broader criteria to allow for the allocation of funding towards operational costs, such as the employment of staff, which have not been funded in the past. This could lead to an increase in the level of demand for funds from the visitor levy.
- 21 It is also noted, that as part of a separate matter, Council has asked staff to develop terms of reference for a proposed review of the strategic challenges associated with the delivery of Council services on Stewart Island/Rakiura. As part of this review it is likely that further analysis identifying the costs associated with the delivery of services and how they might be funded will be completed. The outputs from this work could be used to help quantify any current funding gaps for visitor related services.
- 22 The Committee is also aware of the strategic and economic needs of the Island. The Stewart Island/Rakiura Community Planning report presented to Council in February identified the need for greater strategic leadership on the Island, including across the tourism and economic development sectors. The report also highlighted to Councillors that the Island has yet to establish its 'niche' market and therefore has significant opportunities in working towards enhancing the visitor experience while retaining the way of life that is currently highly valued on the Island.
- 23 The Committee also recommended that the Community and Policy Committee allocate funding, with approved operators and an iwi representative all having voting rights. This would mean that the current Stewart Island/Rakiura Visitor Levy Allocations Subcommittee would be disestablished.

- 24 In the draft Policy that went to the Committee meeting on 5 September, staff had included that allocations would be made to a reserve to help ensure that Council would be able to fulfil its commitments to provide multi-year funding. The Committee recommended to Council that no funding should be allocated towards a reserve as it was not a proactive way to use funds. The funding should be available to allocate to projects, and that multi-year funding commitments be met through the amount of levy and revenue collected annually.
- 25 Legal advisors have recently reviewed the draft Policy and Bylaw. Through that review, some additional amendments have been suggested.

Issues

- 26 The draft Policy and Bylaw propose a number of changes to the current Policy and Bylaw. Key changes were discussed in full in a report to the Community and Policy Committee for its meeting on 5 September. The feedback received from the Community and Policy Committee and from legal advisors has also led staff to make additional changes. A summary of all the proposed changes is given below.

The Draft Policy

Change	Description of changes	Why changes are being proposed
The amount of levy and revenue collected	<ul style="list-style-type: none"> increasing the amount of levy and revenue collected from \$5.00 to \$15.00. 	<ul style="list-style-type: none"> due to the core infrastructure requirements that currently exist in relation to providing for visitors to Stewart Island/Rakiura, and also the ongoing maintenance costs associated with infrastructure for visitors.
Streamlining the application and allocation process	<ul style="list-style-type: none"> the application process would be administered by Council. greater communication with an applicant about minor issues with their application. an applicant could request to be heard at the allocation meeting. clarity around dates/timeframes for the application and allocation process. 	<ul style="list-style-type: none"> to establish a clear process to ensure good communication and transparency to manage expectations in response to stakeholder feedback
Community and Policy Committee allocating funding	<ul style="list-style-type: none"> disestablishing the Subcommittee. representatives from the approved operators would have voting rights when allocations are made. 	<ul style="list-style-type: none"> to ensure more direct application of Council strategy. to ensure people with local knowledge are having input when allocations are being made.

Change	Description of changes	Why changes are being proposed
TAG	<ul style="list-style-type: none"> • TAG would be disestablished. • a staff member or contractor would support the allocation process. 	<ul style="list-style-type: none"> • to reduce conflicts of interest. • to improve transparency and reduce confusion. • in response to stakeholder feedback.
Salary/wage	<ul style="list-style-type: none"> • applications for salary/wage would be permitted. 	<ul style="list-style-type: none"> • to ensure consistency. • to align with the purpose of the Empowering Act. • in response to the applications that have been received. • in response to stakeholder feedback.
Strategic approach to allocating funds	<ul style="list-style-type: none"> • applications would be categorised into three different categories. • guidance would be given on the percentage of funds to allocate to each category. • the description of a 'community project' has been amended – there is no longer a \$5,000 maximum. 	<ul style="list-style-type: none"> • to best provide services, facilities, and amenities for visitors while they are on the Island. • to help ensure that sufficient funding is given to areas where there is currently a need to provide for visitors. • to introduce greater transparency and better manage expectations. • in response to applications that have been made, how funds have been allocated in the past, and how funds may be allocated in the future. • in response to stakeholder feedback. • amending the 'community projects' category is to ensure the policy is functional – that applications will all fall into a category.
Multi-year funding	<ul style="list-style-type: none"> • multi-year funding commitments would be allowed. • if multi-year funding commitments are being made, a Ten Year Funding Plan can be developed as part of each Long Term Plan cycle. • funds would not be allocated to a reserve. 	<ul style="list-style-type: none"> • would allow levy funding to be used more effectively and efficiently. • would enable organisations to operate and plan more effectively. • in response to stakeholder feedback. • the reserve has been removed as the Committee felt it is not a proactive way to use funds, funds should be available to allocate to projects, and Council would be able to meet its multi-year funding commitments through the annual amount collected.
Updates to improve legal accuracy	<ul style="list-style-type: none"> • adding definitions. • aligning definitions and the draft Policy with legislation. • stating that local and central government can make applications. 	<ul style="list-style-type: none"> • to ensure legal compliance. • to improve clarity and transparency.

Change	Description of changes	Why changes are being proposed
	<ul style="list-style-type: none"> clarifying and defining what an accountability form is. 	

The Draft Bylaw

Change	Description of the changes	Why changes are being proposed
Interpretation	<ul style="list-style-type: none"> altering the definition of “Approved Operator” and “Visitor”. 	<ul style="list-style-type: none"> legal advice has suggested the definitions align with the definitions in the Empowering Act.
Levy amount	<ul style="list-style-type: none"> increasing amount of levy collected from \$5.00 to \$15.00. 	<ul style="list-style-type: none"> due to the core infrastructure requirements that currently exist in relation to providing for visitors to Stewart Island/Rakiura, and also the ongoing maintenance costs associated with infrastructure for visitors.
Collection	<ul style="list-style-type: none"> removing that Council will collect levies on its website. including that the visitor levy can be paid at a collection box on the main wharf in Oban. reinstating that details of any appointed agents will be given on signs/the website. 	<ul style="list-style-type: none"> levy payments cannot currently be made over the internet, and it is unlikely this capability will be available in the near future. the location of the collection box needed to be updated. giving information on appointed agents will help with transparency and compliance.
Infringement fee	<ul style="list-style-type: none"> the amount of the infringement fee has been included. 	<ul style="list-style-type: none"> in 2014, a regulation was made which set an infringement fee of \$250. the amount of the infringement fee has been included in the draft Bylaw to help make visitors aware of the fee.

Factors to Consider

Legal and Statutory Requirements

The Empowering Act

- 27 The Empowering Act provides that Council may make bylaws in accordance with the LGA to prescribe:
- the rates of levies that may be imposed on or in respect of ‘visitors’, and
 - the means by which those levies are to be collected.
- 28 The Empowering Act defines revenue as being collected “by an approved operator in accordance with a contract entered into for the purpose with the Council”. Under the Empowering Act, arrangements with approved operators fall outside of the scope of the bylaw.

Consultation

- 29 Council is required to undertake consultation on the draft Policy and Bylaw in accordance with the Special Consultative Procedure outlined in section 83 and 86 of the LGA.
- 30 The Special Consultative Procedure requires that Council adopts a formal Statement of Proposal, has a consultation period of not less than one month, and allows people to present their views to Council in a manner that enables spoken interaction, such as by having a hearing.
- 31 It is proposed that Council will make the Statement of Proposal as widely available as is reasonably practicable (in accordance with section 83 of the LGA), and encourage people to give feedback, by:
- placing an advertisement in the Advocate
 - placing posters at prominent places around Oban
 - delivering fliers to Oban residents
 - notifying stakeholders about the Statement of Proposal
 - having the Statement of Proposal accessible on Council's website and at all of its offices.
- 32 The current Policy and Council's contracts with approved operators will require Council to also consult on any change to the amount of levy imposed through the annual plan process in March 2019.

LGA financial requirements

- 33 Under the LGA Council is required to manage its finances prudently and in accordance with sound business practice. It is also required to make adequate provision for meeting its forecast expenditure requirements. Collectively, these provisions suggest that the Council should have a clear analysis supporting any projected increase in funding required. In the case of the Stewart Island Visitor Levy, such an assessment should have regard to the range of services that need to be provided, whether by Council or other service providers, to meet the needs of visitors.

Contractual obligations

- 34 The approved operators are only required to collect revenue through their contractual commitments with Council. The current Bylaw and Empowering Act do not place any obligations on the approved operators. Council cannot force/require the approved operators to collect the revenue from passengers. Under the contract they have the option to terminate the contract by giving 6 months' notice of termination. Termination cannot take place during the peak months of October to April (inclusive).
- 35 Under the contracts with approved operators, Council is required to consult via its annual plan process before the amount of levy is increased and provide 15 months' notice of the increase to the approved operators. A variation to the contract (regarding changing the amount of revenue to be collected) is made by giving notice in writing. It does not require agreement by the approved operators.
- 36 If any of the current approved operators terminated their contract with Council, alternative collection methods would have to be established.
- 37 Through their contract with Council, approved operators have the right to 'nominate representatives to the Allocations Committee established under the Policy'. This would not quite

align with the proposed structure of having the Committee allocate funding. It is possible the contract may need to be varied, which would require agreement between Council and approved operators.

Delegations

- 38 If Council decides to have the Community and Policy Committee allocating funding (with the approved operators and iwi representative all having voting rights) and it removes the TAG, changes will need to be made to update Council's 'Terms of Reference/Delegations'.

Determinations

- 39 Council must, before commencing the process for making a bylaw, determine whether a bylaw is the most appropriate way of addressing the perceived problem. The problem on Stewart Island/Rakiura is the strain being placed on the environment and local infrastructure by visitors. The Island hosts many short term visitors but has a small permanent population. The small rating base of the Island contributes to funding challenges for the Council and the levy is intended to help meet costs attributable to visitors.
- 40 Council is also required to determine whether the proposed bylaw is the most appropriate form of bylaw before it makes it. The draft Bylaw contained in the attached Statement of Proposal has been prepared and structured for ease of reference and interpretation. The draft Bylaw is consistent with the Empowering Act, and the process prescribed in the LGA is being followed.
- 41 Council is also required to determine whether the draft Bylaw gives rise to any implications under the New Zealand Bill of Rights Act 1990, which grants certain civil and political rights to people in New Zealand. The provisions of the proposed Stewart Island/Rakiura Visitor Levy Bylaw do not unreasonably interfere with any of the rights given by the New Zealand Bill of Rights Act 1990. While the draft Bylaw requires visitors to Stewart Island to pay a levy, this power has been mandated by virtue of the Empowering Act, which has already been reviewed by the Attorney-General for any inconsistency with the Bill of Rights. The objectives of the levy are to provide services for visitors and mitigate the environmental impacts of tourism. These objectives support the rights of residents and represent value for those who will be paying the levy.

Enforcement of Bylaw

- 42 It is an offence under the draft Bylaw to evade the payment of the levy or falsely claim not to be a visitor. The draft Policy sets out the procedures for compliance and enforcement. The infringement fee is set by way of regulation and is \$250. The amount of the fee will be displayed on signs that are erected on the Island.
- 43 Council Enforcement Officers may conduct spot checks and request proof of payment of the levy or proof of exemption.

Community Views

- 44 As outlined above, input has been sought through two rounds of preliminary consultation, to help guide the direction for changes in the draft Policy and Bylaw. The range of views received were outlined in the report to the Community and Policy Committee on 5 September. A number of the suggestions received have been incorporated in the drafts presented.
- 45 Council will be able to further ascertain community views on the draft Policy and Bylaw when it undertakes formal consultation in accordance with the Special Consultative Procedure.

Costs and Funding

46 Costs associated with staff time, advertising and legal advice will be met within current budgets.

Policy Implications

47 As outlined above, the draft Policy proposes changes to the amount of levy/revenue collected. Freedom travellers and people who travel with an approved operator would pay a levy/revenue of \$15.00 rather than the \$5.00 that is currently paid.

48 The governance, administration and allocation of the Stewart Island/Rakiura visitor levy fund is also proposed to change. The changes made to how funds are allocated include the addition of funding allocation categories and allowing for future allocation commitments.

Analysis

Options Considered

- 49 There are two options for consideration in this report:
- Option 1 – that Council endorses the draft Policy and Bylaw (with any desired amendments) for consultation in accordance with the Special Consultative Procedure.
 - Option 2 - that Council retain the current Policy and Bylaw (with any desired amendments). This Option would also require a consultation process to be undertaken.

Analysis of Options

Option 1 – that Council endorses the draft Policy and Bylaw for consultation in accordance with the Special Consultative Procedure

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • in the draft Policy a clear timeline is set around application and allocation dates. • it is more clear and consistent about who is eligible for funding (such as applications for salary/wage). • less confusing and less conflicts of interest with the removal of TAG • having an iwi representative on the Committee means tikanga Maori will be part of the allocation process, and it aligns with Council being in a partnership with local iwi. • representatives from the approved operators (who would have voting rights at the allocation meeting) are familiar with the Island, so there will be local insight when funds are being allocated. 	<ul style="list-style-type: none"> • changes proposed to the current Policy, may not be supported by people in the District. • the allocation process would be more complex than the current process. • there would be more risk associated with giving multi-year commitments, rather than the current practice of just allocating funds in the present allocation round. • there is a risk that approved operators may elect to terminate their contract with Council, which would mean alternative collection methods would have to be established.

<ul style="list-style-type: none"> • having the Committee allocate funding ensures a more direct application of Council strategy. • having allocation categories introduces a strategic approach to allocating funds. This will help ensure that sufficient funding is given to areas where there is currently a need to provide for visitors. • there would be a more transparent allocation process than the current Policy. This will help to manage expectations about how funds will be allocated. • the draft Policy was developed considering the applications that have been made, how funds have been allocated in the past, and how funds may need to be allocated in the future. • levy funding could be used more efficiently and effectively than under the current Policy. • the draft Policy and Bylaw have been updated to reflect the current day, such as including the infringement fee set through regulations etc. • an increase in the levy/revenue collected enables greater investment in the infrastructure and services available for visitors to the Island. 	
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Option 2 – that Council retain the current Policy and Bylaw

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • the current Policy and Bylaw have been adopted for nearly 6 years, so they are known by Council staff and Island residents. • only committing to allocate funds that have already been collected, is more risk adverse. • the current process around fund allocation is simpler. • local insight is provided when allocations are made. 	<ul style="list-style-type: none"> • no clear time frame is set around application and allocation dates. • the TAG and Subcommittee relationship is confusing and not very transparent. • conflicts are likely to occur, both in TAG and in the Subcommittee. • having a Subcommittee and TAG may create more administrative burden than is necessary. • the levy and revenue currently collected is not being allocated strategically or used as

<ul style="list-style-type: none"> the Subcommittee is currently able to come to a decision on how to allocate funding (the current dynamic is working). this is in line with some community views obtained through the pre-consultation process. 	<p>effectively and efficiently by Council as it could to provide the best outcome for visitors.</p> <ul style="list-style-type: none"> there would not be a direct application of Council strategy. there are inconsistencies regarding allocating funds to salary and wages and it is at times unclear who is eligible for funding. does not incorporate tikanga Maori into the allocation process and does not recognise Council's partnership with Maori. the smaller amount of levy/revenue collected means there is less funding available to be used to provide for visitors to the Island.
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Assessment of Significance

- 50 With the proposed change to the amount of levy/revenue collected, staff believe that a large number of people will be affected, and assess this decision as one that just meets the threshold of being a significant decision (in relation to Council's Significance and Engagement Policy and the LGA).
- 51 Council has undertaken a thorough review of the current Policy and Bylaw. Council has also considered the community views captured through preliminary consultation, and it will ascertain and consider community views through the formal consultation process. In relation to the decision being made Council has also:
- identified the potential implications
 - identified the reasonably practicable options
 - assessed the options in terms of their advantages and disadvantages, and
 - considered the likely costs.

Recommended Option

- 52 It is recommended that Council proceed with Option 1 and endorse the draft Policy and Bylaw (with any desired amendments) for consultation in accordance with the Special Consultative Procedure.

Next Steps

- 53 If Council endorses the draft Policy and Bylaw and releases the Statement of Proposal for consultation, staff will undertake a consultation process in accordance with the Special Consultative Procedure from 4 October 2018 to 9 November 2018. It is intended that the written submissions received will be presented to Council and a hearing on this matter will take place, on 29 November 2018.
- 54 If, after undertaking the Special Consultative Procedure, Council endorses increasing the levy/revenue collected, there would also be consultation on the proposed levy amount through

the consultation run on the Annual Plan, in March 2019. If Council still wants to raise the amount after that consultation, Council would then:

- adopt the Bylaw with it to come into effect soon after adoption (with the new \$15.00 amount being collected from 1 October 2020).
- adopt the Policy with it to come into effect from 1 July 2019 (with the new \$15.00 amount being collected from 1 October 2020).

- 55 If Council endorses retaining the current Policy and Bylaw, staff will make any desired amendments to the documents and present a draft Policy and Bylaw to Council, to be endorsed for consultation.
- 56 It is important to note staff are currently undertaking a review of Councils community assistance and funding alignment, and grants from the Stewart Island/Rakiura visitor levy fund will be considered as part of that review.

Attachments

- A Statement of Proposal, including draft Policy and draft Bylaw [⇒](#)
- B Current Stewart Island/Rakiura Visitor Levy Policy [⇒](#)
- C Current Southland District Council Stewart Island/Rakiura Visitor Levy Bylaw 2012 [⇒](#)

Draft Regional Biodiversity Strategy

Record No: R/18/9/21252
Author: Rebecca Blyth, Senior Policy Analyst
Approved by: Bruce Halligan, Group Manager Environmental Services

Decision Recommendation Information

Purpose

- 1 To present the draft Regional Biodiversity Strategy to Council response for endorsement following consideration by the Regulatory and Consent Committee on 6 September 2018.

Executive Summary

- 2 Council has been asked to become a signatory to the recently developed Regional Biodiversity Strategy developed by Biodiversity Southland. Council is a member of Biodiversity Southland and has been involved in the collaborative group that has developed the strategy.
- 3 The strategy has been assessed as being consistent with Council's current commitments to Biodiversity matters and so it is recommended that Council responds favourably to the strategy.
- 4 Additional opportunities for coordination within Council with regard its functions and activities that provide biodiversity outcomes have been highlighted. A review to understand these opportunities and propose clear actions for incorporating into the strategy has been recommended. This will assist Council in supporting regional biodiversity initiatives and coordination of resources. This will also assist Council in being prepared for any additional national requirements that may be established through a likely future National Policy Statement on Indigenous Biodiversity.

Recommendation

That the Council:

- a) **Receives the report titled “Draft Regional Biodiversity Strategy” dated 20 September 2018.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses Option 2 – as the response required to the Draft Regional Biodiversity Strategy and sets a timeframe for reporting back to the Regulatory and Consents Committee on the findings of a review as proposed.**

Background

- 5 Under the Southland Regional Policy Statement 2017 Environment Southland was identified as the lead agency responsible for developing a Regional Biodiversity Strategy (Method BIO.2). In 2017 Environment Southland approached Biodiversity Southland asking if the group would take on the responsibility and mandate to develop the strategy.
- 6 Biodiversity Southland is described as being a forum for agencies, organisations and individuals who have responsibilities or an interest in managing biodiversity in Southland. The forum was formed in 2002 to improve communication and biodiversity management between the many groups involved in biodiversity in the region. Southland District Council has been a part of this forum from inception.
- 7 The group was seen as being able to facilitate a collaborative approach towards developing a strategy involving multiple organisations, given that it was the primary forum for biodiversity cooperation in Southland.
- 8 All member organisations confirmed their support of being involved in such a project which has resulted in this draft document.

Overview of Draft Strategy

- 9 The draft strategy (attached) is a non-regulatory document and has been developed through a number of workshops with relevant and interested parties. A clear vision and problem definition was formed which guided the development of key objectives and goals.

10 Essentially the document outlines 4 key objectives which relate to:

Objective 1 – collaboration, coordination and partnership

Objective 2 - achieving understanding and value of biodiversity through caring and enjoyment of the environment.

Objective 3 – safe guarding the full range of ecosystems

Objective 4 – growing our understanding of and sharing information about indigenous biodiversity.

11 Under each objective are a set of proposed goals and methods to achieve the objective. These have been developed collaboratively and reflect the agreement that was reached as a group.

12 The Council is now being asked formally whether it can support the vision, objectives and goals as proposed in the draft in principle by becoming a signatory to an accord that will sit within the strategy. As a non-regulatory document it does not establish any requirements on the parties to the accord – other than the specific actions that their organisation promoted and commits to undertake themselves.

13 If Council agrees to become a signatory, the consultation document also asks what practical actions Council can undertake to help in achieving the vision. These would need to be actions that fit within the role of a Territorial Authority under the Local Government Act and the Resource Management Act.

Factors to Consider

Legal and Statutory Requirements

14 Southland District Council is required through the Resource Management Act 1991 (RMA) to consider how it will manage and protect significant indigenous biodiversity. As part of the Councils response to that responsibility provisions have been developed within the Southland District Plan regarding the clearance and use of indigenous vegetation. The District Plan also states that Council will use non-regulatory methods to achieve the requirements of the RMA.

15 These non-regulatory methods include

- Increasing awareness and providing education on maintaining biodiversity
- Encouraging landowners to identify, protect, maintain, restore and enhance significant indigenous biodiversity.
- Collaborating with other agencies including Southland Regional Council/ Environment Southland to identify and document ecosystems which support significant indigenous biodiversity.
- Working in partnership with landowners and where appropriate community groups to protect and rehabilitate areas of significance indigenous biodiversity.

16 There has been some work towards implementing aspects of these non-regulatory methods but no consistent programme or strategy exists within Council at this time.

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- 17 The District Plan also has provisions relating to Esplanade Mechanisms (the establishment of access rights over land that run adjacent to streams and rivers). The establishment of these mechanisms can also contribute to biodiversity outcomes depending on how they are managed.
- 18 The Council is also legally required by the Resource Management Act to implement the direction that is set out in the Southland Regional Policy Statement. This sets specific methods that Territorial Authorities are to use to achieve the responsibilities under the RMA with regard to Indigenous Biodiversity
- 19 When assessing the Council's legal and statutory requirements against what is proposed in the draft strategy is apparent that they are consistent and work towards the same end goal.
- 20 Southland District Council also has obligations under the Local Government Act and Reserves Management Act with regard to planning and managing Council owned open spaces and reserves. Feedback from the Corporate Planning and Property and Parks Divisions has highlighted that they have no concerns with what is proposed in the draft strategy and that the strategy will in fact assist in prioritising and refocusing work in this area in relation to their specific work plans.
- 21 Reviewing the legal and statutory requirements has highlighted an opportunity to use the strategy to facilitate a review of how the non-regulatory requirements are being given effect to and what opportunities are available and could be offered as clear actions to the strategy. For example there are a range of opportunities within Council owned parks and reserves that could be expanded to align with some of the biodiversity outcomes set out in the draft strategy and in the District Plan.

Community Views

- 22 The draft strategy has been developed in a collaborative style with a working group made up of a broad range of community representative and reflects the knowledge and experience of those involved in Biodiversity Southland. The following organisations have been involved:
 - All Local Government Authorities (SDC, GDC, ICC, ES)
 - Te Runanga o Ngai Tahu and Te Ao Marama Inc.
 - Department of Conservation
 - Venture Southland
 - Southern Institute of Technology
 - Forest and Bird, Fish and Game and Federated Farmers
 - QE II National Trust
 - Urtica Ecology
 - Waiiau Fisheries and Wildlife Habitat Enhancement Trust
 - Southland Community Nursery,
 - Southland Ecological Restoration Network

- 23 Therefore, while no wider public consultation process has been undertaken it is considered that a broad range of likely community views was present in the discussions and development of the strategy. Further Council has only recently completed an extensive plan development process which also involved consultation on the development of provisions to protect and maintain biodiversity. The strategy provides high level guidance to those organisations working to achieve biodiversity outcomes and sets as an objective greater connection with the community. This will provide opportunities on specific projects for community views to be understood and given effect to.
- 24 The Regulatory and Consents Committee requested that the role and involvement of Venture Southland be clarified prior to this report being put forward to Council. Staff approached both Environment Southland as the agency that coordinates Biodiversity Southland and Venture regarding this matters. From the information provided staff can advise that Venture participates in Biodiversity Southland to ensure they are aware and able to provide professional advice and support to community initiatives. Biodiversity Southland as discussed earlier in this report is an open group that exists to provide opportunities to share information and to collaborate where different interest groups have commonality. Venture provides professional advice and support to a number of community groups that have biodiversity outcomes as their goal. For example the Predator Free Southland initiative which brings together a range of smaller groups supported by Venture into a bigger framework to create additional support.
- 25 Venture sees their role as supporting the groups to pursue their objectives rather than having a position on biodiversity as such. This is the context within which they have participated in the development of the Strategy and from which they base their support of such a document. As at this date they have not provided a formal response on the document.

Costs and Funding

- 26 The Council currently provides funding towards a number of biodiversity related programmes including High Value Area assessments, Toimata Foundation (Enviroschools), Waituna Partnership and the Hollyford Conservation Trust, This equates to approximately \$60,000pa (sourced from the 2018-2028 Long Term Plan).
- 27 In terms of Resource Management projects the General Project budget has contributed to the Regional Biodiversity Study and has funding to continue work in the area in an ongoing manner. Council's contribution to this regional study was \$16,000 in the 2016/2017 financial year.
- 28 In addition Group Manager – Environment Services and Resource Management staff time and expertise are offered to specific projects as they arise. In recent times this has included the Waituna Project, Biodiversity Southland, Predator Free Rakiura, Predator Free Southland and the Rakiura Integrated Management Team.
- 29 Council also has invested time in developing open space and reserves management policies and strategies and undertakes some active management of pests and weeds on its own land.
- 30 As identified above it is difficult to collate wider organisational projects (pest and weed management in Council owned reserves for example) that contribute towards biodiversity outcomes. It would be valuable to collate across the organisation the numerous projects to gain an accurate picture of what Council is doing outside of its regulatory functions towards biodiversity goals.

Policy Implications

- 31 The draft strategy does not present any additional policy implications for the Southland District Plan 2018. Given both the District Plan and the draft strategy have been developed to be consistent with the higher order Regional Policy Statement they are both working towards the same goal – just using a different range of methods.
- 32 There are implications for the open spaces strategy and the reserves management plans and policies which can be addressed at the time these are reviewed. These documents also provide an opportunity to identify and offer specific actions to demonstrate Council support of the goals of the strategy. It has been some time since the reserves management documents in particular were reviewed.
- 33 It will be important that any policy work is undertaken with an organisational wide perspective to engage and coordinate the range of departments that have involvement in giving effect to the strategy goals.

Analysis

Options Considered

- 34 The consultation document outlines specific matters that the Biodiversity Southland Group is seeking responses on. These are outlined below with a brief comment from a my analysis and involvement in the preparation of the document:

1. Is the problem clearly and sufficiently covered?

The problem that the strategy seeks to address is identified accurately as being complex and covering a wide range of root causes (these are identified on pages 18 & 19 of the attached strategy).

2. Could I or my organisation become a signatory under these terms?

The document is a non-regulatory approach to improving biodiversity in Southland. While it does not have a regulatory aspect it does assist Council in meeting its obligations under the Regional Policy Statement. While a non-regulatory document, Council would need to endeavour to ensure that it acts generally consistently with the direction of the strategy and if it does not it could be called to account publicly.

It is possible that with proposed national direction in this area that the non-mandatory status of Regional Biodiversity Strategy may change. This has previously been discussed with Council.

It is considered that the objectives and goals set out in the document align with Council's existing approach and will assist in helping create focus and coordination internally and with other organisations.

3. Is there anything missing or too onerous?

The document covers the main topics and drivers behind seeking to influence and change decisions that affect biodiversity. Given it is a non-regulatory document which incorporates Council's current direction it is not considered to place overly onerous requirements on Council.

4. Will the proposed objectives and goals achieve the vision?

To achieve the vision the proposed objectives and goals need to be supported by actions. This will require all key organisations involved to contribute and commit to ongoing investment and focus with regard to biodiversity matters. It is considered that these will achieve the vision.

5. Will the regional methods achieve the goal?

The regional methods relate to:

Education, awareness, promotion and celebrating success. This is towards the goals of improving understanding, advocating for biodiversity and encouraging participation in initiatives. These methods will achieve the goal of raising the profile and beginning to 'normalise' biodiversity matters.

Increasing protection and information. These are matters that Council is already committed to considering through the RMA, any future National Policy Statement and the Regional Policy Statement.

6. Can my organisation contribute?

The council could increase its involvement in this area given these are also methods stated in the District Plan. Any specific or additional action in this area would need to be determined subsequent to a coordinated review across Council of what is currently happening in the biodiversity area and what opportunities exist to increase or support connections with the community. (See specific recommendations in this report).

With regard to increasing protection and information these are matters that Council is already committed to considering through the RMA, any future National Policy Statement and the Regional Policy Statement.

7. Can you contribute something that is not covered by the regional method?

These methods align with the Council's current stated involvement through the District Plan and the Regional Biodiversity Study project. As there has been no specific assessment of actions to implement some of the non-regulatory district plan methods it is possible that there are areas Council could contribute to, but these have not yet been identified.

8. Could my organisation support the actions proposed?

As above – these methods and actions proposed are considered to be consistent with Council's current commitments. Therefore it is concluded that the Council can formally support the actions proposed but will need to consider how involvement can be coordinated and strengthened.

It is suggested that Council in responding to the strategy also mention that there is consideration of local governments 3 year Long Term Planning cycle in any action plan developed and associated reporting.

9. What would our organisational actions be?

While Council has been involved in providing funding and supporting through staff time different projects there is a need to undertake a fuller review across the projects Council is involved in and its functions and activities to provide a coordinated and focused response to this question.

Analysis of Options

- 35 Do Nothing: This is not seen as a viable option given Council’s established commitment to biodiversity matters (both non-regulatory and regulatory). Therefore this has not been assessed in the analysis below.

Option 1 – Recommend to Council to Sign the Accord

- 36 Endorse the strategy at a high level and become a signatory to the accord. Provide no commitment to any specific actions beyond what is currently able to be identified.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Demonstrates support for the Strategy• Gives limited effect to Council’s obligations under the Regional Policy Statement• Limited additional staff time required to respond to the strategy• Limited additional resources committed (funding and staff time).	<ul style="list-style-type: none">• Does not give effect to Council’s wider obligations under the Regional Policy Statement.• Does not reflect the good work and projects already been undertaken or supported by Council.• Does not enable Council to be well prepared for any additional requirements likely to be proposed by a NPS on Biodiversity.

Option 2 – Recommend to Council to Sign the Accord and commit to review

- 37 Endorse the strategy as above but provide an undertaking to commit to reviewing the full scope of Council’s current responses to biodiversity across Council with a view to offer specific actions and opportunities within a specified timeframe.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Demonstrates Support for the Strategy • Gives Effect to Council’s obligations under the Regional Policy Statement. • Provides a level of certainty for Biodiversity Southland for forward planning on actions. • Acknowledges the level of resourcing currently available to Council is limited. • Demonstrates a willingness to partnership. • Provides an opportunity for any additional resourcing to be put forward and endorsed by Council in its LTP planning cycle. • Provides time for internal alignment of parks and reserves resourcing. 	<ul style="list-style-type: none"> • Does not provide a specific set of actions or tangible projects for the first round of the strategy.

Option 3 – Recommend to Council to Sign Accord and submit findings of review

- 38 Endorse the strategy as above and provide a range of actions to support the goals, including opportunities to integrate Council’s parks and reserves with community initiatives, and focus efforts and resources on priority areas (identified through the work to be undertaken in the regional biodiversity study).

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Demonstrates Support for the Strategy • Gives Effect to Council’s obligations under the Regional Policy Statement • Provides certainty for forward planning around an Action Plan for Biodiversity Southland. • Demonstrates a willingness to partnership 	<ul style="list-style-type: none"> • Does not acknowledge the level of resourcing currently available to Council is limited. • Does not provide an opportunity for any additional resourcing to be put forward and endorsed by Council in its LTP planning cycle. • Does not provide time for internal alignment of parks and reserves resourcing. • Will require reprioritisation of existing projects across Council – creating inconsistencies with existing agreed work plans.

Assessment of Significance

- 39 A decision on this matter is not considered to trigger the significance criteria as set out under Section 76 of the Local Government Act 1974.

Recommended Option

- 40 Option 2 as outlined in the table above is the recommended option. Council is recommended to sign the accord and with a brief summary of those current actions it is supporting from a resource management perspective. It is proposed that Council offer to provide further details of actions to meet the strategy goals within 9 -12 months of the date of submission (or earlier if completed earlier), allowing time to review and endorse findings through the Councillors.
- 41 It is recommended that Council undertake a review of its existing and proposed work streams that have links to Biodiversity. This will consolidate in one place the existing good work being undertaken, identify the potential opportunities and understand the resourcing implications in more detail. This could be initiated by Resource Management in conjunction with the newly formed Recreational Assets, Parks and Reserves Area and transition to being led from the new department.

Next Steps

- 42 Once the preferred option has been identified by Council, staff will proceed to draft a response on behalf of Council.
- 43 If a review is endorsed a project plan will need to be scoped and endorsed by the relevant Group Managers.

Attachments

- A Draft Regional Biodiversity Strategy - Consultation Document [☰](#)

Projects from 2017/2018 to be Carried Forward into the 2018/2019 Financial Year

Record No: R/18/8/19562
Author: Susan McNamara, Management Accountant
Approved by: Anne Robson, Chief Financial Officer

Decision Recommendation Information

Purpose

- 1 To inform Council of the projects approved for delivery in the 2017/2018 year that were not completed by year end and to seek approval from Council to carry these projects or dollars related to these projects forward in to the 2018/2019 year.
- 2 Please note – this list is not a complete list of all projects that were not complete in 2017/2018. Some projects included in 2017/2018 were deferred to a year later than 2018/2019 or were considered not to be required to be completed and deleted from the work programmer entirely and are disclosed in the Annual Report for 2017/2018.

Executive Summary

- 3 Every year as part of the Annual Plan/Long Term Plan process, council staff and elected members identify projects to be undertaken and the funding needed to complete the work. Due to various reasons, these projects are not always completed in the financial year they were budgeted to occur in and need to be carried forward.
- 4 The projects identified by staff as needing to be carried forward, along with the reason the work has not been completed are included in the list in Attachment A. We ask Council to consider this request and approve appropriately.
- 5 As you are aware as part of the forecasting process Council undertakes in November and March each year, staff identify projects that potentially won't be completed and these are incorporated in to the Long Term Plan/Annual Plan for the next year. Where the actual amount spent in 2017/2018 was higher than the remaining funds available in 2017/2018 for the project, a negative amount has been included in Attachment A.

Recommendation

That the Council:

- a) **Receives the report titled “Projects from 2017/2018 to be Carried Forward into the 2018/2019 Financial Year” dated 19 September 2018.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves the projects/expenditure below to be carried forward into the 2018/2019 financial year to be funded from the sources indicated in Attachment A.**

Category/town	Project name	Amount
Not started		
Regulatory services	Convert paper consent documentation to electronic records	\$119,825
Manapouri	Foreshore viewing shaft maintenance	\$30,000
Mararoa Waimea	Minor road improvements	\$100,000
Te Anau	Funding for Cycling Fiordland project	\$9,750
Tokanui	Tokanui toilets	\$4,198
In progress		
Community and futures	Risk management framework project development	\$6,250
District support	Refurbishment of reception and telephonist area	\$37,937
Library services	Library book acquisition	\$21,000
Information management	Core system replacement	\$106,374
Community and futures	Milford opportunities project	\$107,000
Around the mountain cycle trail	Parawa deviation	\$115,000
District wide – water	District monitoring project	\$50,000
Regulatory services	District plan	\$155,680
Community and futures	Representation review	\$19,000
District – roading	Accelerated renewal LED conversion programme	\$289,854
District – roading	Coastal route project	\$1,764,418
District – roading	Chaslands slip repair project	\$1,881,223
District – roading	Safety bunding & fencing signs at Mairs pit	\$7,766
Edendale-Wyndham	Footpath upgrade	\$6,058
Gorge Road	Loop track	\$4,210
Lumsden	Lumsden railway heritage upgrade	\$15,262
Lumsden	Lumsden toilet facility upgrade	\$225,127
Lumsden	Upgrade railway heritage area	\$7,688
Manapouri	Extend water treatment plant for PH correction system	(\$4,206)

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Nightcaps	Hall external repaint	\$30,000
Ohai	New UT/treatment plant upgrade	(\$9,679)
Ohai/Nightcaps/Wairio water supply	Resolution of SCADA interface to Wairio sector	\$5,751
Riverton/Aparima	Footpaths	\$82,331
Riverton/Aparima	Streetlight renewal	\$5,258
Riverton/Aparima	Kerb work on Havelock Street	\$10,000
Riverton/Aparima	Upgrade Alum sludge removal	\$11,976
Riverton/Aparima	Upgrade Alum storage tank	\$44,904
Riverton harbour	SDC wharves upgrade	(\$18,933)
Stewart Island	New footpath	\$27,500
Stewart Island	Rakiura track turn around area	\$4,033
Stewart Island	New memorial wall	\$8,000
Stewart Island	Scheme capacity upgrade	\$10,744
Stewart Island	Infiltration survey and odour control	\$28,246
Stewart Island	Pumps to stage 1 sewer pump stations	\$21,071
Stewart Island jetties	Golden Bay wharf maintenance	\$15,000
Stewart Island jetties	Golden Bay wharf health and safety work	\$51,312
Te Anau	Street lighting	\$40,306
Te Anau	Stormwater condition assessment	\$12,834
Waikawa	Waikawa toilets	\$1,488
Clifden	Clifden toilets	\$10,372
Orawia	Water consent renewal preparation	\$19,999
Eastern Bush	Water supply upgrade – stage 1	\$85,384
Tussock Creek	Hall roof paint	\$9,428
Otautau	Footpaths upgrade	\$5,860
Otautau	Upgrade camping ground	\$163,907
Otautau	SCADA upgrade at a stations	\$80,000
Otautau	Equipment upgrade	\$40,876
Otautau	Sewer pumps	\$72,768
Otautau	Holt park silver culture	\$13,455
Winton	Rising main replacement	\$700,000
Edendale-Wyndham	Wyndham camping ground electrical compliance	\$6,359
Some projects redirected to a different town		
Lumsden-Balfour to Te Anau	Water – District metered areas	\$86,600
Winton to Riverton	Wastewater – treatment upgrade by sludge removal	\$321,741

Background

- 6 Every year Council staff carry out projects as planned in the Annual Plan/Long Term Plan. Although many are completed in the financial year they were budgeted in, a number of projects are delayed for varying reasons, but are still identified as needed by the community. These projects are generally carried forward into the next financial year, whether they are a project in progress or not started. Typically only projects of a maintenance or capital nature are carried forward, but occasionally budget managers request operational expenditure to be carried forward as well.
- 7 The second round of forecasting occurred after the audit of the Long Term Plan consultation document but before public consultation. During forecasting some projects were identified that would not be completed/started during 2017/2018. These were included as part of a staff amendment to the Long Term Plan for 2018-2028 and were included in the final plan that was adopted. There were a total of 45 projects included in this submission with a total value of \$2,645,911. Managers may have identified projects during the first round of forecasting and included these in the initial budgets for the Long Term Plan.
- 8 The completion of the Annual Report for 2017/2018 is the last stage of identifying projects and costs to carry forward. This final step requires managers to consider whether the project is still required and to make a request for approval to carry forward along with the budget. The projects are considered and approved by the relevant Group Manager before Finance completes the final check on the budget available to be carried forward, given any costs incurred during the year, before including them in this report.
- 9 During the Annual Report process a review of projects included in the 2018-2028 Long Term Plan was completed to determine if any funds were used during 2017/2018 that had not been anticipated. This review has resulted in negative amounts included in attachment A for two projects.
- 10 The list in attachment A has 58 items proposed to be carried forward to the 2018/19 financial year with a net value of \$7,078,304. This means that overall there is 171 projects to be completed in 2018/2019 with a total value of \$21,508,000.
- 11 A report has been presented to the Finance and Audit Committee on 24 September 2018 providing information on the entire programme of projects to be completed in 2018/2019, including the carry forward items included in this report. The report to the Finance and Audit Committee analyses the work programme (both the number of projects and amount to be spent) by the team within Council who is expected to complete the work.

Issues

- 12 Projects carried forward into the next financial year are considered to be unbudgeted in the 2018/2019 year. Approval is required from Council to undertake the work.

Factors to Consider

Legal and Statutory Requirements

- 13 Section 32 of the Local Government Act 2002 requires Council to approve the purchase or disposal of assets where it is not in accordance with the long term plan. A number of the items

proposed to be carried forward relate to expenditure on assets and therefore require Council's approval.

Community Views

- 14 All projects discussed in this report have been consulted on as part of the Annual Plan or Long Term Plan when they are originally budgeted to occur. Communities are informed via the Community Board or Community development Area Subcommittee throughout the year on the status of projects and often include the rationale for why projects need to be carried forward.

Costs and Funding

- 15 All overall budgeted costs associated with projects to be carried forward have previously been approved by Council and in total have not changed as part of the carry forward process. The approval from Council may have been by inclusion in the 2015-2025 Long Term Plan or the subsequent Annual Plans, approved as a carried forward project from 2016/2017 or approval for unbudgeted expenditure during the year.
- 16 If projects were to be funded from rates, the unspent rates will be retained in a relevant reserve and then utilised to fund the project costs when incurred. If a project is to be funded by a loan or reserves, the draw down does not take place until the actual costs are incurred.
- 17 All managers have considered the implication of deferring the timing of the project and do not anticipate that there will be a significant impact on the expected costs of the projects being carried forward. This means the carry forward amount reflects the overall approved budget reduced by any costs incurred to date or already included in the 2018/2019 annual budget.

Policy Implications

- 18 Council has provided delegated authority to the Chief Executive to approve expenditure for capital items and goods and services within the current estimates. The Chief Executive can also purchase operating expenditure items not within estimates up to \$10,000 if suitable funding is available. Council retains the authority to approve the estimates (the Annual Plan or Long Term Plan) and unbudgeted items greater than \$10,000.

Analysis

Options Considered

- 19 Council has the discretion to approve or decline individually or in aggregate, the proposed carry forward projects.
- 20 It is assumed, in regards to the options below, that Council will approve the carry forward of projects that have already been started. The first five items listed in Attachment A, totalling \$263,773 have not yet been started.

Analysis of Options

Option 1 – Approve all projects to be carried forward (as per the attached list)

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> Projects can be completed/undertaken although later than originally planned 	<ul style="list-style-type: none"> Risk associated with forecast costs increasing as a result of the delay/deferral in undertaking the project

Option 2 – Approve selected projects that have not yet started

- 21 Council can choose which projects are to be carried forward. It is recommended that should Council consider this option, that consideration is given to how this is done.
- 22 Councillors can identify what projects have been started or not, by referring to the status field in the attachment. The first five items listed in Attachment A, totalling \$263,773 have not yet been started.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> Selected projects can be undertaken, although later than originally planned. 	<ul style="list-style-type: none"> Projects originally planned do not get completed or undertaken (when they have not commenced). These may need to be reconsidered as part of the next Annual Plan/Long Term Plan process. Risk associated with forecast costs increasing as a result of the delay/deferral. Although managers have indicated for these projects that any change will not be significant at this stage. Rates may have been collected for projects that were not completed. Selection process for which projects are carried forward could be queried.

Option 3 – Approve all projects started but decline all projects not yet started

- 23 Only projects budgeted in 2018/2019 or already started in 2017/2018 will be undertaken.
- 24 Where the project was funded from rates, the surplus funds will be retained in a reserve for future use.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Councils priorities may have changed enabling funds set aside for these being re-directed as appropriate. 	<ul style="list-style-type: none"> • Projects originally planned so not get completed or undertaken (when they have not commenced), will need to be reconsidered as part of the next Annual Plan/Long Term Plan process. • Rates may have been collected for projects that were not completed.

Assessment of Significance

- 25 When considering the factors to assess in the Significance and Engagement Policy the carry forwards in this report are not deemed significant.
- 26 When assessing significance, consideration has been given to the impact and consequences of the items being carried forward on the future of the district, people who are likely to be particularly interested in the items and the capacity of Council to perform its role.
- 27 The majority of the items have been consulted on in the 2015-2025 Long Term Plan process and the subsequent Annual Plans, or are unbudgeted expenditure specifically approved during the year by Council. Individually or in aggregate the items do not have a significant impact on any one community or the whole district or the level of services in any one activity.

Recommended Option

- 28 Option one – approve all projects to be carried forward (as per the attached list).

Next Steps

- 29 Action Council’s recommendation, including amending financial forecasts for project approved to be carried forward and advising Council staff and communities of projects approved to be carried forward.

Attachments

- A 2017 2018 proposed carry forwards into 2018 2018 year [E](#)

Sports Clubs Alcohol Renewals

Record No: R/18/8/20421
Author: Michael Sarfaiti, Environmental Health Manager
Approved by: Bruce Halligan, Group Manager Environmental Services

Decision Recommendation Information

Purpose

- 1 To remove a three yearly spike of work due to a large number of sports clubs alcohol licenses expiring at the same time.

Executive Summary

- 2 This report aims to remove a large spike of work every three years, by reducing the term of renewal of some club licenses so that they are more evenly spread out over a three year cycle. It is proposed to reduce the next renewal application fee for those clubs with reduced renewal periods.

Recommendation

That the Council:

- a) **Receives the report titled “Sports Clubs Alcohol Renewals” dated 11 September 2018.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves the collection of proportionally reduced alcohol licensing fees from clubs that are given a reduced term of renewal.**
- e) **Amends the delegation made by Council resolution on 18 June 2018 in the report “Sale and Supply of Alcohol Act 2012 – Delegation”, by adding the following delegation:**

Key

CEO	Chief Executive Officer
GMES	GM – Environmental Services
LI	Licensing Inspector
CLI	Chief Licensing Inspector
CSOR	Customer Services Officer - Regulatory

SALE AND SUPPLY OF ALCOHOL ACT 2012		
Section 187(b)	To consider and determine applications for renewal of licences – reduced term of renewal of a club licence; provided that any club that is given a reduced term of renewal is required to pay a proportionately reduced fee on their next application to renew.	CEO, GMES, CLI, LI, CSOR

Background

- 3 In August every three years (including this year) 27 sports clubs renew their alcohol license (called “Club Licenses”).
- 4 When new alcohol legislation was introduced in 1989, the former Liquor Licensing Authority (in Wellington) issued new alcohol licenses to all the sports clubs in Southland. As clubs don’t change hands, these expiry dates have remained on the same cycle ever since. This creates a

spike of work every three years. Further, this occurs at dog registration time which is by far the busiest time of the year for the Environmental Services administration staff.

- 5 Removing this spike would be one small improvement to reduce an area of work pressure.

Issues

Reduced Term of Renewal

- 6 Sports clubs alcohol licences are renewed every three years. The Sale and Supply of Alcohol Act 2012 in Section 135 provides that the Committee may “renew the licence for a further period of not more than 3 years”.

- 7 Staff propose to renew some club licenses in the first year, some in the second year, and the remainder in the third year.

- 8 It is proposed to allocate the length of the reduced period by clubs alphabetically, also taking into account the time of year the club is used the most. For example the Balfour Rugby Club would be given the shortest renewal period, and also the renewal date would be set to fall in winter time when the club is most in use.

- 9 In doing so, club licenses will have expiry dates that are spread out over a three year cycle; completely eliminating the current spike.

Reduced fees

- 10 In order not to penalise clubs, it is proposed that those clubs that are given a reduced term of renewal are required to pay a proportionately reduced fee on their next application to renew.

- 11 The reduced fee will be calculated as follows:

Term of renewal	Calculation	Proportion of fee owing at next renewal
6 months	$\frac{6 \text{ months}}{36 \text{ months}}$	$\frac{1}{6}$
12 months	$\frac{12 \text{ months}}{36 \text{ months}}$	$\frac{1}{3}$
18 months	$\frac{18 \text{ months}}{36 \text{ months}}$	$\frac{1}{2}$

- 12 For a club in the “very low” risk category, the full application fee is currently \$320 every three years. For the purposes of this report, this is proportionally \$107 a year.

- 13 So for example, a club that renews in one year will be required to pay one third of the full application fee, or \$107, at their next renewal. As this club has already paid \$320 in August 2018, this means that it will pay in total \$427 over a four year period, or 4 x \$107. This means the club is paying exactly the same amount as a club that renews for three years.

- 14 The fee reduction will mean that Council will have to approve the collection of reduced fees, below what is specified in the Council's current approved schedule of fees and charges.

Delegation

- 15 This report will require a further delegation to staff, to enable the licenses to be issued for a shorter period. Suggested wording is in the Recommendation to this report.

Factors to Consider

Legal and Statutory Requirements

- 16 Council's legal advisor has reviewed this report and has no legal concerns.

Community Views

- 17 This is an operational matter and does not required community feedback. This does not involve an increase in fees to clubs, and is rather an administrative adjustment to create efficiencies.
- 18 Clubs that are affected by this will be clearly advised of the reasons for this adjustment, in the covering letter that is enclosed with the renewal application form.

Costs and Funding

- 19 Council's alcohol licensing business unit is in a strong position. Council has an Alcohol Licensing Fee-Setting Bylaw 2015. The bylaw reduces the annual fee payable by a licensee of premises for which an On Licence, Off Licence or Club Licence is held by 30%. The business unit reserve is around \$50,000 (as at 30 June 2018), and so there is hence no need to amend the Bylaw at this time.
- 20 The only cost implications in this report, is that income from sports clubs renewal applications will be evenly spread throughout a three year cycle, rather than all the income being received in one year every three years.

Policy Implications

- 21 There are no policy implications attached to this report.

Analysis

Option 1 – Approve the collection of less alcohol licensing fees from clubs, and delegate authority to staff to effect this project.

Advantages	Disadvantage
<ul style="list-style-type: none">• Efficiency• Reduction in work pressures• Increased internal effectiveness	<ul style="list-style-type: none">• Some clubs may object to the inconvenience of having to renew early.

Option 2 – Status Quo

Advantages	Disadvantage
<ul style="list-style-type: none">• Nil.	<ul style="list-style-type: none">• A missed opportunity to work smarter

Assessment of Significance

22 Not significant.

Recommended Option

23 Option 1 - Approve the collection of less alcohol licensing fees from clubs, and delegate authority to staff to effect this project.

Next Steps

24 If Option 1 is adopted, staff will seek to implement this project immediately.

Attachments

There are no attachments for this report.

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

Recommendation

That the public be excluded from the following part(s) of the proceedings of this meeting.

C10.1 Unbudgeted Expenditure - Contract 17/59 Edendale-Wyndham Gardening, Acceptance of Quote

C10.2 Contract 14/45 Regional Desludging

C10.3 Milford Opportunities Project Contracts

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Unbudgeted Expenditure - Contract 17/59 Edendale-Wyndham Gardening, Acceptance of Quote	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Contract 14/45 Regional Desludging	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Milford Opportunities Project Contracts	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.