



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

Date: Friday, 27 September 2019
Time: 10am
Meeting Room: Council Chamber
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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dated 4 September 2019**

**C10.13 Public Excluded Minutes of the Nightcaps Community Development Area
Subcommittee Meeting dated 25 June 2019**

C10.14 Chief Executive's Performance Review 2018/2019

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 Meeting minutes of Council, 19 June 2019, 25 June 2019 and 21 August 2019

Adoption of Annual Report 2018/2019

Record No: R/19/9/20723
Author: Shannon Oliver, Planning and Reporting Analyst
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is for Council to adopt the Annual Report 2018/2019.

Executive Summary

- 2 Council is required by the Local Government Act 2002 to develop and adopt an Annual Report within four months of the end of a financial year.
- 3 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.
- 4 The Annual Report compares and comments on the performance of Council against the budget and operating targets set in year one of Council's 10 Year Plan 2018-2028.
- 5 The Annual Report 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 2018/2019.
- 6 The updated Annual Report is attached to this report (Attachment A).
- 7 The draft audit opinion, and representation letter are expected to be provided on 20 September 2019 and will be tabled at the meeting.
- 8 A designed version of the full Annual Report will be produced after the adoption and approved by the chief executive for distribution.
- 9 The summary of the Annual Report document will be prepared and audited separately in October. Once the audit is complete and any changes made, a separate audit opinion will be received and the summary will be approved by the chief executive for distribution.
- 10 Council is asked to consider the Annual Report 2018/2019 as presented, incorporating any further changes as necessary, for adoption.

Recommendation

That Council:

- a) **Receives the report titled “Adoption of Annual Report 2018/2019” dated 20 September 2019.**
- 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 2019.**
- e) **Adopts the Annual Report for year ended 30 June 2019.**
- 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 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. If signing of the letter is subsequent to the public notice of the Local Authority triennial election results, and prior to the swearing in of the Mayor Elect, delegated authority is given to the Chief Executive.**
- j) **Notes that the Summary Annual Report will be released to the public once approved by the chief executive.**

Background

- 11 The Local Government Act 2002 requires Council to prepare and adopt an Annual Report within four months of the end of each financial year.
- 12 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.
- 13 The Annual Report details the operating activities of Council and includes financial statements for Council. The report and financial statements have been audited by Audit New Zealand on behalf of the auditor-general.

- 14 A draft of the unaudited Annual Report was presented to the Finance and Audit Committee on 29 August 2019 for their review and the committee resolved to release the document to Audit NZ
- 15 At the date of this report, Audit New Zealand's audit is substantially complete.
- 16 The draft Annual Report was presented to the Finance and Audit Committee on 23 September 2019 and the committee has recommended to Council that it adopt the Annual Report.
- 17 Dereck Ollsson, Associate Audit Director of Audit New Zealand was in attendance via video conference at the Finance and Audit Committee meeting to present the audit opinion and answer any questions regarding the Annual Report, audit opinion, representation letter and other associated documents. Audit New Zealand have not finalised the management report at the date of this report, however Audit New Zealand have discussed the key findings with the Finance and Audit Committee. The formal report will be provided by Audit New Zealand in due course.
- 18 The Summary Annual Report document is not required to be adopted by Council. The summary of the Annual Report document will be prepared and audited separately in October 2019. 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 chief executive for distribution.
- 19 The Annual Report and Summary Annual Report (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 in October 2019. 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.

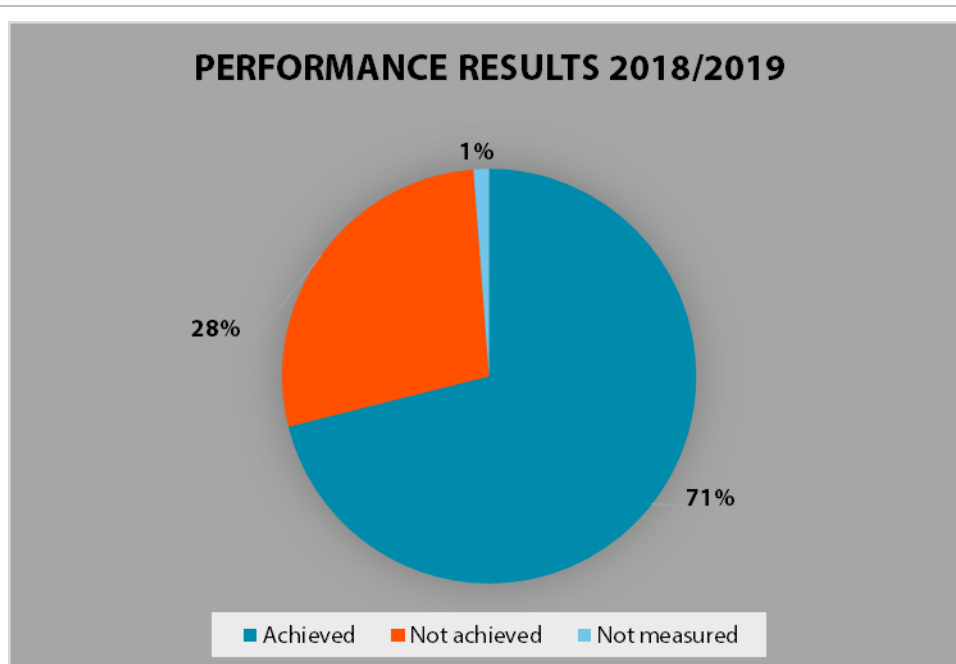
Status of the Report

- 20 At the date of this report the Annual Report is nearly complete. The principal matters outstanding include the designed version of the Annual Report, the audit and design of the summary document, and any final changes as a result of the final audit review processes.
- 21 Any material changes made to the report will be outlined at the meeting.
- 22 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 Friday 20 September 2019. Any changes to the document will be tabled at the meeting.
- 23 In conjunction with providing verbal audit clearance, Audit New Zealand will provide Council with the draft audit opinion, and the draft representation letter. These documents will be circulated separately, prior to the meeting. The letter of representation is required to be signed by the mayor and chief executive. Audit New Zealand have advised that the draft management report will not be available for circulation prior to the meeting, however they will discuss the key findings at the meeting with Finance and Audit Committee.

Organisational Performance

- 24 The Annual Report 2018/2019 details performance of the organisation against the key performance targets that were specified in the 10 Year Plan.

- 25 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.
- 26 Of the 83 service performance targets, 59 (71%) were achieved, 23 (28%) were not achieved and one (1%) was not measured. The result shows that nearly two thirds were met and approximately a third of the organisations KPIs were not met. Throughout the report there were a variety of reasons why the performance targets were not achieved and these reasons are outlined in more detail in the performance tables within the activity sections of the Annual Report. However, some of the reasons include but are not limited to:
- change in priority setting
 - financial costs exceeded anticipated target
 - improvements are being made but are not yet in place
 - performance measure results are not available yet
 - there may be issues with processes
 - that the target was set incorrectly.

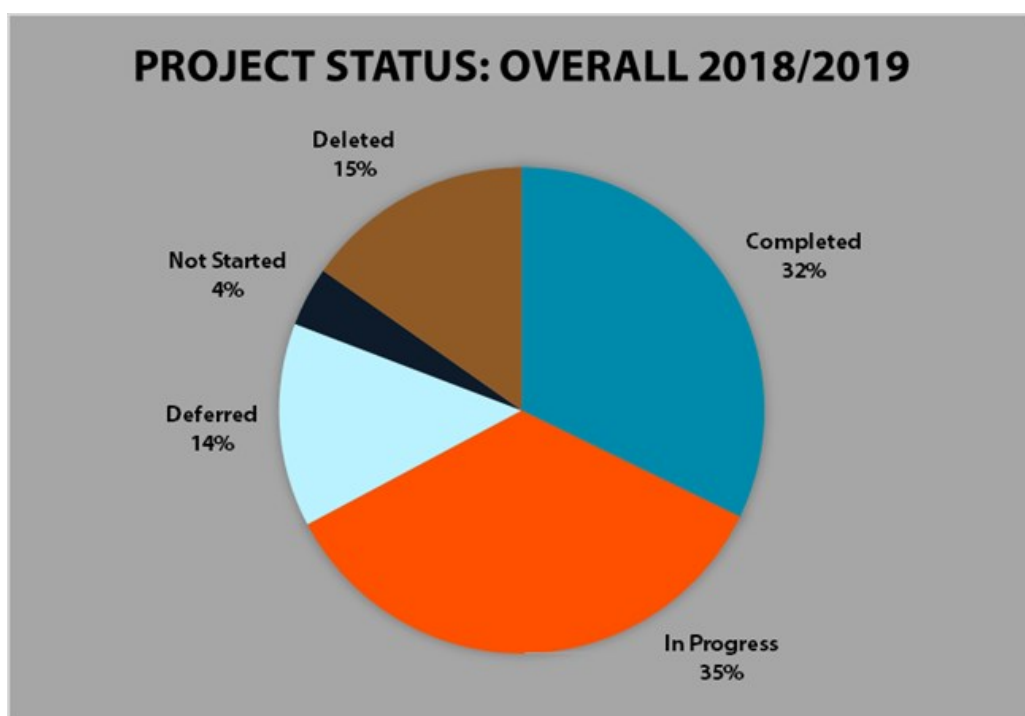


Activity group performance results	Achieved	Not measured	Not achieved	Total
Community services	9	-	2	11
District leadership	13	-	6	19
Emergency management	2	-	-	2
Regulatory services	10	1	2	13

Roads and footpaths	4	-	2	6
Solid waste	5	-	1	6
Stormwater	8	-	2	10
Sewerage	5	-	1	6
Water supply	3	-	7	10
TOTAL	59	1	23	83

Projects

- 27 The Annual Report 2018/2019 includes summarised information about projects and their completion status. The projects include those programmed in year one of the LTP 2018-2028 plus any projects carried forward from previous years.
- 28 Of the 177 projects, overall, 57 (32%) were completed, 27 (14%) were terminated/deleted, 7 (4%) were not started, 62 (35%) were in progress and 24 (15%) were deferred.



Activity group projects status	Completed	In progress	Not started	Deferred	Deleted	Total
Community services	33	21	13	1	18	86
District leadership	1	4	1	1	2	9
Emergency Management Southland	-	-	-	-	-	-
Regulatory services	-	-	-	-	-	-
Roading and transport	10	8	4	-	3	25
Solid waste	-	-	-	-	-	-

Activity group projects status	Completed	In progress	Not started	Deferred	Deleted	Total
Stormwater	1	3	-	-	-	4
Wastewater	1	17	2	4	-	24
Water supply	11	9	4	1	4	29
TOTAL	57	62	24	7	27	177

Statement of Compliance

- 29 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.
- 30 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.

Financial Results

- 31 These financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The accounting policies for the year ended 30 June 2019 were approved at the Finance and Audit committee meeting in June 2019. Explanations of the variances between actual results and budgeted results for 2018/2019 year can be found in note 34 of the Annual Report.
- 32 A summary of key financial information is set out below.

Statement of comprehensive revenue and expense

- 33 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:

	Actual 2018/2019	Budget 2018/2019	Actual 2017/2018
Total revenue	\$77.1M	\$67.9M	\$79.7M
Total expenditure	(\$78.5M)	(\$72.3M)	(\$76.0M)
Share of surplus from associates	\$0.3M	-	-
Operating surplus/(deficit)	(\$1.1M)	(\$4.4M)	\$3.7M
Gains on assets at fair value	\$49.9M	\$27.0M	\$49.4M

	Actual 2018/2019	Budget 2018/2019	Actual 2017/2018
Total comprehensive revenue and expense	\$48.8M	\$22.6M	\$53.1M

- 34 Total revenue was \$9.2 million over budget primarily due to increased NZTA subsidies (\$2.9 million), forestry harvesting income (\$1.1 million), grants (\$0.6 million), Venture Southland wage recoveries (\$1.1 million), interest from investing (\$0.4 million), vested assets (\$1 million) and Council's share of Venture Southland's income which was not included in the budget (\$1.5 million).
- 35 Total expenditure was \$6.2 million above budget predominantly due to the write off of Te Anau wastewater costs (\$2.2 million), discussed further below, increased depreciation (\$0.8 million), increase in employee benefit expenditure (\$1.5 million) and Council's share of Venture Southland expenditure not included in the budget (\$1.4 million). \$1.1 million of the increase in employee benefit expenditure is due to Venture Southland payroll costs (\$1.1 million) not included in the budget. These costs were fully offset by the increase in Venture Southland wage recoveries noted above.
- 36 Gains on assets was \$26.2 million greater than budget due to a significant increase in the roading revaluation as a result of current market conditions (compared to market conditions at the time the budget was established).

Statement of financial position

- 37 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 refers to what Council owns, for example infrastructure assets. Total liabilities are finance from third parties, for example accounts payable. Total equity is the net community assets (total assets less total liabilities). Key items in the statement of financial position are:

	Actual 2018/2019	Budget 2018/2019	Actual 2017/2018
Total assets	\$1,600M	\$1,553M	\$1,452M
Total liabilities	\$13.4M	\$11.0M	\$11.0M
Total equity	\$1,587M	\$1,542M	\$1,441M

- 38 Total assets are over budget primarily due to property, plant and equipment being significantly more than budgeted by \$30.3 million. This is principally as a result of the higher than budgeted revaluation of infrastructural assets.
- 39 At 30 June 2019, Council also had \$1.7 million of external borrowings. This was a short term utilisation of Council's overdraft facility due to operational cashflow requirements.

Statement of cash flows

- 40 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.

41 Overall, Council's cash position increased from June 2018 by \$4.8 million to \$15.7 million at 30 June 2019. In summary, the cash flows recorded within these categories are as follows:

Operating cash flows	Actual 2018/2019	Budget 2018/2019	Actual 2017/2018
Cash surplus/(deficit)	\$23.1M	\$21.1M	\$28.2M

Investing cash flows	Actual 2018/2019	Budget 2018/2019	Actual 2017/2018
Cash surplus/(deficit)	(\$20.4M)	(\$28.6M)	(\$27.1M)

Financing cash flows	Actual 2018/2019	Budget 2018/2019	Actual 2017/2018
Cash surplus/(deficit)	\$1.7M	-	-

42 Council's net operating cashflows were higher than budgeted predominantly due to \$2.6 million more receipts from NZ Transport Agency. Net cash outflows from investing activities were \$8.6 million lower than budgeted due unbudgeted receipts from the disposal of other assets/investments (\$6.0 million) and timing of planned capital projects (\$2.0 million).

Issues

- 43 As at the date of this report there are no significant unresolved issues in relation to the Annual Report 2018/2019. There are however, a couple of matters, which Council need to be aware of.
- 44 Council's decision to use sub-surface drip irrigation as the disposal method for the Te Anau wastewater project has resulted in a need to apply for a new consent from Environment Southland. As a result of the decision a review has been completed of costs incurred since 2013/2014. Costs totalling \$2.2 million have been written off as they related to the consent approved using centre pivot irrigation and associated costs. This has been included in the operational costs included in the Statement of Comprehensive Revenue and Expense and contributes to the overall net deficit for 2019 (before revaluation adjustments).
- 45 In prior year's Audit NZ have raised in its management report Council's accounting approach to its various interests in other entities. Further to the position papers presented to the committee over the last 12 months, staff have reflected the proposed accounting treatment in these draft financial statements, which will be formally adopted as part of the Annual Report adoption. As with previous years, Council's 42% share of Venture Southland has been proportionately consolidated and Council's portion of WasteNet costs have been accounted for. For the first time this year, Council's share in its associates (Southland Regional Heritage Committee, Emergency Management Southland and Great South) have been recognised, and Milford Community Trust has been consolidated into the group accounts.
- 46 Council's roading valuation identified an additional \$541,000 of vested assets that had not previously been recognised by Council. The annual report has been updated to include this revenue, however upon detailed investigation, the value of the assets should have actually been \$830,000. This was due to an error in the asset management system, which flowed through to

the valuation. We anticipate this matter will be included on Audit New Zealand's representation letter, and potentially management report.

- 47 Audit New Zealand requested that Council gross up the revenue and expenditure associated with the Venture Southland staff that were employed by Council. This resulted in an additional \$1.1 million of other revenue and employee benefit expense, however the overall net effect on the statement of comprehensive income and expense did not change (\$Nil effect).
- 48 During the audit process it was identified that there is additional income and expense associated with WasteNet which overall resulted in a deficit of \$2,000, of which Council should be recognising its 31% share. This matter has been considered immaterial and not adjusted in 2018/2019, however Council processes have been amended to ensure that we are reviewing this annually and incorporating into our future annual reports as required. We anticipate this matter will be included on Audit New Zealand's representation letter, and potentially management report.
- 49 Council engaged Audit New Zealand to undertake a probity audit on the Te Anau wastewater pipeline construction tender process. Audit New Zealand's fee for this work was \$16,000, which has been included in the work in progress value for this project. Audit New Zealand requested that this value be removed from work in progress and included in other expenditure. Given the immaterial value, and the flow on impact to the wider Annual Report document, staff have not made this change. We anticipate this matter will be included on Audit New Zealand's representation letter, and potentially management report.
- 50 Council staff are liaising with Venture Southland and Audit NZ in relation to accounting and disclosures required for the wind up of Venture Southland. Council's share of all Venture Southland's assets and liabilities have been recognised as current as at 30 June 2019 and a detailed disclosure on the wind up of the entity has been included in note 24 in the draft Annual Report.
- 51 During their procedures, Audit New Zealand made a number of recommendations around changes to disclosures and classifications and these have all been implemented to date. A record of such changes is available if the Council wish to understand the specific detail, however other than those specified above, they were not significant.

Factors to Consider

Legal and Statutory Requirements

- 52 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.
- 53 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.
- 54 Part 3 of Schedule 10 also outlines a number of disclosures that are required to be included in the Annual Report.
- 55 Amendments to the Local Government Act 2002 provide the inclusion of wellbeing's. In relation to annual reporting an amendment to Schedule 10 (3, 23), - Groups of activities now includes "(d) describe any identified effects that any activity within the group of activities has had on the social, economic, environmental, or cultural well-being of the community." This had been reflected throughout the Annual Report document.

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 No specific community views have been sought on the Annual Report.
- 58 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

- 59 The audit fee for the Annual Report is \$118,349 (excluding GST) plus associated disbursements.
- 60 There are no additional financial considerations associated with making a decision on whether to adopt the Annual Report.

Policy Implications

- 61 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

- 62 Under the Local Government Act 2002, the Council must prepare and adopt an Annual Report in respect of each financial year and option 1 meets those requirements.

Analysis of Options

Option 1 – Adopt the Annual Report 2018/2019, including any adjustments agreed at this meeting

Advantages	Disadvantages
<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">• no identified disadvantages.

Option 2 – Do not adopt the Annual Report 2018/2019 and request changes to the document

Advantages	Disadvantages
<ul style="list-style-type: none">• changes requested by councillors will be incorporated into the document.	<ul style="list-style-type: none">• Audit New Zealand may not have capacity to audit the changes.• any changes that Council may want to make will delay the document and it will not meet legislative timeframes.• Council may not be compliant with the legislation.

Assessment of Significance

- 63 The Annual Report 2018/2019 is considered significant under Council's significance and engagement policy because the performance of Council is of wide community interest.
- 64 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.
- 65 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

- 66 The recommended option is Option 1 – Recommend adoption of the Annual Report 2018/2019, including any adjustments agreed at this meeting.

Next Steps

- 67 Once the Annual Report is adopted, and the signed representation letter has been provided to Audit New Zealand, 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.
- 68 The summary Annual Report will be graphically designed and will be audited separately in October. Once the summary document audit is complete and any changes made, the summary will be approved by the chief executive and will also be made available to the public.

Attachments

- A Draft Annual Report - 16 September version [📄](#)



Annual Report 2018 2019 (DRAFT)

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Message from the Mayor and Chief Executive

We're pleased to introduce Southland District Council's Annual Report for 2018/2019.

This is the first year of our 2018 Long Term Plan. A lot of what we did this year was about working with our communities and focusing on the future.

This work was part of a process that started in 2015 when we began a Community Governance Project to look at the way in which we provide leadership to our communities, via our elected representative structures, and also how we support the community to create its own future via community-led development. Community-led development is about the community (and groups within it, including Council) coming together to nurture the development of their 'place'. By encouraging and supporting communities to help themselves, we believe that we can build a much stronger Southland.

Since the beginning of the 2016-2019 triennium, Council has been making changes to its governance structure – in particular, revised terms of reference for community boards and community development area subcommittees (CDAs), a revised committee structure and a new way of working with community boards.

Council is supporting community boards to focus on the future and think about wider communities of interest based on geography and issues. This acknowledges that community boards are part of the bigger District-wide picture. We've been looking at how we do things to ensure long-term sustainability and affordability of service provision across the District, and encouraging boards to lead and address various community-wide initiatives.

Previously there were some grey areas in the District which did not fall within the boundary of a local community board or CDA.

As a result of our Representation Review we have redrawn the boundaries to create nine new community boards that will enable all Southland District residents to have access to local decision-making and political representation.

It was important that the changes to our elected representative structures be synchronised with Council's approach of devolving more decision-making to communities themselves. Part of the process involves working with communities to develop future-focused community board plans that will outline the priorities that each community board has for the communities they represent. Ultimately, the goals communities set will align with Council's planning processes, helping to inform our activity management plans and Long Term Plan (LTP).

Our collaborative work with communities extended beyond traditional Council structures. In the past year we continued to participate in a range of significant multi-agency projects aimed at delivering positive outcomes for Southland District. Among these were Stewart Island/Rakiura Future Opportunities, Milford Opportunities, Predator Free Rakiura and Whakamana o te Waituna.

Council was instrumental in securing government funding for several community initiatives relating to improved tourism infrastructure and provincial growth. Among these were the Te Anau wastewater upgrade, the new car park at Lake Manapouri, new rest facilities around the Southern Scenic Route and the Stewart Island/Rakiura future opportunities work. The funding secured will help to reduce the cost to our ratepayers of providing the services and infrastructure they need.

Infrastructure replacement is an issue that Council will have to address in the 2021-2031 LTP. What has become clear is that there is a significant funding deficit in our current budgets for the replacement of infrastructure that is nearing the end of its useful life. This poses huge challenges for Council and our ratepayers and will necessitate some robust conversations and tough decisions.

An example is bridges. Southland District Council's roading network is the second largest of any territorial authority in the country and it includes 852 bridges. Of these, a total of 171 bridges are due for replacement in the next 12 years. Paying to replace all of them would impose an unrealistic burden on the District's relatively small rating base.

[Summary activity report](#)

Bridges are not the only substantial cost on Council's radar. Our transport team are working on quantifying and developing a strategy for the rehabilitation of sealed roads. How we pay for this, along with the maintenance and replacement of the many other assets Council manages on the District's behalf – including jetties, footpaths, sewerage systems, stormwater and drinking water supply systems, community facilities, parks and reserves – be a topic for discussion in our 2021-2031 LTP.

One of the implications of the government's Three Waters Review recommendations is increased resourcing challenges for local authorities. Once more detail is rolled out serious thought will have to be given to how we can deliver on the higher standards expected and the new responsibilities we will get for ensuring that all of our communities, including private suppliers, have access to high-quality drinking water. It is clear is that something had to change in the wake of the drinking water contamination and fatal gastro outbreak in Havelock North in August 2016. Southland District Council remains committed to preserving public health through delivery of safe water services.

While we are grappling with some of the infrastructure replacement challenges that lie ahead we have also been getting on with our current capital works programme. During the year we completed the sealing of some 23km of gravel road on the Catlins Alternative Coastal Route from Haldane to Curio Bay. The completion of this project represents the largest seal extension project that will be completed in this District for a very long time to come and will deliver real safety and travel benefits for road users.

In October 2018 Council also approved the final business case for the Te Anau wastewater discharge project, meaning that we can now get on with the physical works needed to develop a new disposal system at the Kepler block.

Internally, Southland District Council initiated several changes to create greater efficiencies, better delivery of projects, better management of assets and more streamlined service to our customers. Our services and assets group was realigned into a new structure, including new project delivery and community facilities teams, while our knowledge management, IT and customer support teams were rolled into a new customer delivery group.

Council has worked hard in the past year to establish a new style of working together more efficiently and effectively with our communities. We look forward to the new electoral triennium to see the fruits of these efforts helping to forge a better Southland.

Summary activity report

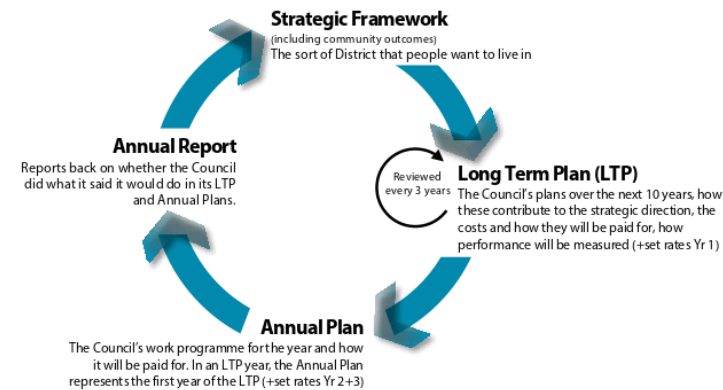
What's an Annual Report?

This Annual Report tells you and us how well we did against what we said we were going to do in the Long Term Plan (LTP) 2018-2028, how much it cost to do this and how we paid for it.

Audit New Zealand gives its opinion on whether the financial statements fairly reflect the Council's financial performance and financial position and comply with generally accepted accounting practice. Additionally, the opinion is given on how accurately we have monitored and reported on our activities and whether what we have reported on is a good reflection of our performance.

This document reports on the Council's activities during the year
1 July 2018 to 30 June 2019.

The planning cycle



Council's strategic direction

The table sets out Council's approach to planning and the strategies and proposals that are set out in this plan, as well as the key priorities we intend to focus on.

What we want to be	Vision:	Southland – one community offering endless opportunities		
	Community outcomes: What end result looks like for our community	<p>Proud, connected communities that have an attractive and affordable lifestyle</p> <p>This means Southland District is a place where people have everything they need to live, work, play and visit; where they are connected to each other, the environment and the world outside Southland; and where they can enjoy a safe and fulfilling life in our unique natural environment.</p>	<p>Resilient communities that leave a legacy for tomorrow</p> <p>This means Southland District is made up of strong communities that take a sustainable approach by considering the impact on the environment and the social, cultural and economic wellbeing of our communities now and in the future.</p>	
How we will work	Mission: How we will go about our role	Working together for a better Southland		
	Our approach: <i>The way we approach our work</i>	We will work in partnership with communities <ul style="list-style-type: none"> Consider the community in everything we do Small council, big community Acknowledge that Council doesn't always have the answer or the best ideas and that some of the best ideas come from others Support our communities to make good decisions Work to better understand our community's changing needs and priorities Recognise Council is part of the solution, not the solution Involve the community in our decisions and explain the reasons behind our decisions Have conversations with our communities Build better communication channels into our communities Debate issues openly and honestly Work together to maximise regional opportunities Be accountable for our actions 	We will constantly look for better ways <ul style="list-style-type: none"> Find ways to make it easy to do business with Council and in Southland Be open to and look for new ways of doing things Find efficiencies and don't waste money or resources Regularly review activities, services, assets and contracts to ensure efficient and effective management and delivery Focus resources on doing things that are needed and that will make a real difference Anticipate and adapt to change Develop other revenue streams to supplement rates Maximise returns from existing investments Look at initiatives to bring more people and business to Southland Collaborate with others to deliver efficiencies and work smarter Minimise the impact our activities have on the environment 	We will work as one team <ul style="list-style-type: none"> Focus on what is best for Southland's communities Understand district and local responsibilities Clearly define roles at the political and operational levels so everyone knows what is expected of them Trust each other Ensure we act as "we" not "me" Do the things we say we will and be accountable Deal with any problems honestly and up-front and admit and learn from our mistakes Fix problems rather than assign blame Make the best use of the skills and expertise our people have and seek external help when we need to Build our team capabilities Look out for each other and our health and safety

Summary activity report

The challenge:		Fundamental shifts are occurring in our communities affecting where and how people live that raise questions about how we can best achieve our shared vision.			
What we need to do	Strategic priorities: <i>What we need to focus on to ensure that we and our communities are making informed decisions to move from where we are now towards our shared vision.</i>	We need to provide strong community leadership and work with our communities on how to adapt to these changes so that the infrastructure, local services and regulatory functions we provide are appropriate and support the achievement of our shared vision			
		Improve how we work	Provide appropriate infrastructure/services	Make informed decisions	More people
		Ensuring that the business of Council is running efficiently and effectively and finding ways to do more with less. Key aspects include: Operate in a financially responsible manner Continue to adapt Doing what we say we will Business improvement work Ease of doing business Significant projects managed effectively Community partnerships Culture Focus on customer support	Ensuring that we are providing infrastructure and services that are fit for purpose for current and future community needs. Key aspects include: Ensuring infrastructure and services are cost-effectively and efficiently managed over the long-term Ensuring legislative / regulatory compliance Considering environmental sustainability and best use of natural resources Considering alternative asset / service delivery options Getting good asset data / service information (e.g. useful lives) Considering appropriate levels of service Mitigating risks – e.g. business continuity planning (natural hazards / critical lifelines) and climate change (sea level rise, rainfall) Better understanding of the future and what this means for communities	Ensuring that we have what is needed to make good decisions. Key aspects include: Building resilient communities Undertaking community engagement and partnership activities and open communication Working regionally and collaborating Community governance and representation review Developing community leadership plans	Ensuring that we build great local places where people want to live and supporting new development opportunities that will help attract more people to Southland. Key aspects include: Working with the community to create great local places Helping to build strong communities Supporting Southland Regional Development Strategy initiatives: Tourism (destination creation, management, marketing) Aquaculture Primary sector extension Digital connectivity
Consider what is appropriate, affordable, acceptable and achievable for communities long term					

Key highlights/ Executive summary

Community governance

Southland District Council (SDC) completed its six-yearly Representation Review in 2019, as well as making some key changes as part of a Community Governance Project started in 2015. As a result, Council has paved the way for a new style of providing leadership to and supporting our communities to nurture their own place in the District.

The community-led development model enables communities to have greater ability to chart their own course into the future, with Southland District Council a supportive partner.

An important change Council has made is to its community board structure, which was put in place for the October 2019 local elections.

Under the former structure around 10,000 residents of Southland District lived in areas that were not represented by one of the eight community boards. In the new determination a ninth community board has been formed and boundaries have been redrawn to allow full District-wide coverage.

The new structure comprises: one mayor, 12 councillors elected by the electors from five wards (Mararoa Waimea, Waiau Aparima, Oreti, Waihopai Toetoe and Stewart Island/Rakiura) and nine community boards: Fiordland, Northern (Parawa-Fairlight, West Dome and Mid Dome subdivisions), Oreti (Hokonui, Midlands and Makarewa subdivisions), Ardlussa, Tuatapere Te Waewae, Wallace Takitimu, Oraka Aparima, Waihopai Toetoe and Stewart Island/Rakiura.

Great South/Southland Regional Development Strategy

The transition from Venture Southland to Southland Regional Development Agency Limited, trading as Great South, was formalised on 1 July 2019.

A board for the new agency was appointed in March, chaired by former Air New Zealand and Telecom (Spark) senior manager Ian Collier.

The board members are: Dean Addie (Southland), Sarah Brown (Southland), Lucy Griffiths (Wairarapa), Maria Pera (Southland) and Joc O'Donnell (Southland).

Venture Southland chief executive Paul Casson left in June 2019 and the board appointed Ann Lockhart as the interim chief executive for the new agency.

Staff along with the assets and liabilities of Venture Southland were being transitioned into Great South. A formal sale and purchase agreement was being put in place between the four Southland councils, as majority owners, and Great South.

Bridge replacement programme

Southland District Council's roading network is the second largest of any territorial authority in the country and includes 852 bridges. Of these, a total of 171 bridges are due for replacement in the next 12 years.

In June 2019 Council approved the allocation of another \$3 million to the replacement of bridges in the current 2018-2021 LTP period. This will enable a number of other priority bridge replacements to proceed. A contract was also let for the replacement of the Pyramid Bridge, which joins the Gore and Southland districts. This work, which will be progressed and substantially completed in the 2019/2020 financial year, will restore an important link for our communities.

As part of the 2021 LTP we will be seeking feedback on whether we should be looking to increase the level of funding allocated to the replacement of bridges and how the level of funding made available might best be prioritised. It is important to recognise that the issues relating to the management of bridges is just one example of a range of infrastructure deficit issues that will need to be addressed.

[Summary activity report](#)**Stewart Island/Rakiura**

To meet a perceived shortfall in funding for tourism-related infrastructure on Stewart Island/Rakiura, councillors proposed to raise the Stewart Island visitor levy to \$15 in 2018. However, after consideration of feedback from the community they decided to retain the levy at \$5 until a sustainability review of Council services provided to the Island is completed. This review can inform future decision-making on the levy.

Management consultants Morrison Low were engaged to carry out a stocktake of the current services provided by Council to the Island, how they are funded and whether there is a funding shortfall. The consultants will consider whether there are different ways of delivering and funding these services in a more sustainable way.

In June they engaged with Council activity managers, the Stewart Island/Rakiura Community Board and other stakeholders with an interest in the outcome from this work.

Concurrently, work progressed in 2019 on the Stewart Island/Rakiura Future Opportunities Project.

The objective of this project is to enable future-focused strategic development and planning for Stewart Island/Rakiura, so that the Island, in partnership with local, regional and central government, iwi and other strategic partners, can proactively plan for managed growth and a sustainable future.

With funding assistance from the Ministry of Business, Innovation and Employment (MBIE), Council has engaged consultant Sandra James to progress community planning work she carried out in 2018. The Future Opportunities Plan is due to be submitted by 31 May 2020.

Being prepared for the big one

Emergency Management Southland is leading Project AF8, a South Island-wide project to improve readiness for a magnitude eight or greater earthquake on the Alpine Fault. This project received the 2019 BERL award for Collaborative Government Action at the annual Society of Local Government Managers Awards night. This significant project is to improve readiness for a large-scale earthquake, and is important in increasing Southland District communities' resilience to such an event.

Emergency Management Southland has also been strongly focused on working with communities to develop community-driven emergency response plans. Several were completed in 2018/2019 with more in progress and there has been very positive community attendance and feedback. There was increased engagement with tangata whenua. Annual surveys have also shown an improvement in personal awareness and responsibility as a result of the project.

Climate change research

Southland's four councils – Southland District Council, Invercargill City Council, Gore District Council and Environment Southland – jointly commissioned an independent assessment of the regional impacts of climate change for Southland. This research, carried out by NIWA, was to give the councils a better understanding of the likely impacts of climate change on their communities and to contribute to planning.

The study indicated that temperatures would generally become warmer, with an increased number of summer dry days and greater probability of drought, and there would be a long-term increase in rainfall, with mean annual river flows expected to increase, raising the likelihood of flooding. Sea level is projected to rise by up to 0.9 metres by 2090.

Three waters review

The government is reviewing how to improve the regulation and supply arrangements of drinking water, wastewater and stormwater (three waters) to better support New Zealand's prosperity, health, safety and environment. Most three waters assets and services, are owned and delivered by local councils, including Southland District Council.

The review ran in parallel to the latter stages of the Havelock North Inquiry into drinking water safety following the campylobacter outbreak in 2016.

This work has raised broader questions about the effectiveness of the regulatory regime for the three waters.

[Annual Report 2018/2019](#)[Page | 10](#)

[Summary activity report](#)

Following consultation with stakeholder groups including local government, a report released in June 2019 showed general agreement that the regulation of drinking water required urgent attention. It was expected that cabinet would announce further information about its proposals for new regulatory arrangements early in the 2019/2020 year.

Focus on business improvement

Following reviews of Council's service delivery systems in late 2018, a number of internal changes were made to provide greater efficiencies and consistency, and to support the objectives of Council's Community Governance Project. While developing the new systems Council's management team considered the changes to our governance structures through the Representation Review as well as Audit NZ's recommendations on improving project management performance and processes.

In October 2018, the Information Technology, Knowledge Management, Libraries and Customer Support teams were combined in a new group called Customer Delivery. The benefit of these teams being aligned is that staff can improve how customers and staff can access information and deliver a seamless service.

In November 2018 the Community Engineers team was disestablished and those hands-on community roles were absorbed into two newly created teams in the Services and Assets group: Project Delivery and Community Facilities. A key priority for the new Community Facilities team is to create an inventory of all the community facilities in the District and work with the community to establish consistent levels of service for those facilities and open spaces across the District.

Local government funding inquiry

Following consultation with stakeholders, the New Zealand Productivity Commission released its draft report on local government funding and financing in July. The inquiry is examining options for improving the system of local authority funding and financing, taking into account a range of factors that influence local authority costs, including:

- maintaining services in areas with declining populations; potentially higher costs related to meeting higher environmental and health standards
- costs of adapting communities and infrastructure to mitigate climate change risks and hazards
- supporting regional development and tourism
- the need to replace ageing infrastructure.

The draft report makes a number of recommendations. After further consultation, the final report is due to go to ministers on 30 November 2019.

The four well-beings

In May 2019 the Labour-led government reinstated the "four well-beings" into the Local Government Act. One of the act's main objectives is to restore the purpose of local government to be "to promote the social, economic, environmental, and cultural well-being of communities".

Southland District Council anticipated the reinstatement of this section of the act. It is consistent with our approach of supporting communities to nurture the development, health and resilience of their own places through a process of community-led development.

Te Pare o Te Rohe Pōtae o Murihiku

An elaborate carving that depicts the Southland story hangs proudly outside Southland District Council chambers. The artwork was commissioned by Council and crafted by Southland artist Steve Solomon, of Down South Whakairo. The name of the piece, Te Pare o Te Rohe Pōtae o Murihiku, translates as the door lintel of the shelter over the land of Southland, which incorporates the Maori name gifted to Southland District Council by Ngāi Tahu in 2005.

The intricate etchings within the carving – comprising tōtara, pāua shell, harakeke (flax), stone and steel, as well as feathers from native birdlife – represent Southland and its communities, as seen through the lens of Southland District Council's rebrand launched in 2017.

The carving was blessed at an unveiling ceremony on 25 September 2018.

Key projects

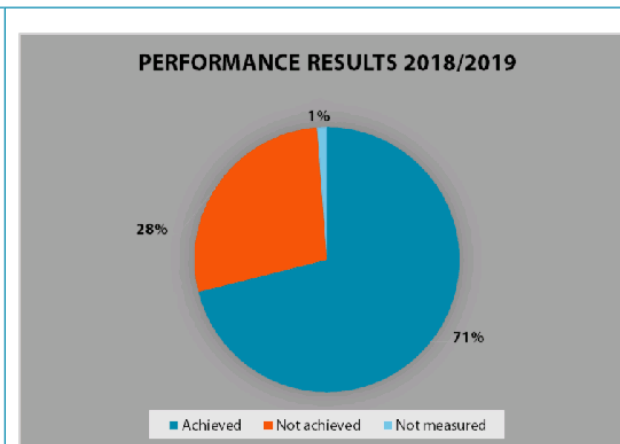
- **Te Anau wastewater upgrade project.** This \$22 million project is of significant scale and cost to the community and will require a lot of work and resource from Council. Preparation of the Kepler block dispersal site was on track to be completed at the end of the 2019 calendar year. The contract for pipeline construction and associated works was awarded to Fulton Hogan, with work scheduled to begin in late August 2019. The change in dispersal method from centre pivot irrigation to sub-surface drip irrigation requires a new resource consent, creating some uncertainty around timing of completion of the project.
- **Predator Free Rakiura.** Council is represented in the leadership group of this aspirational project to remove target predators from the main island and surrounding islands of Stewart Island/Rakiura. Bridget Carter was appointed as project manager for Predator Free Rakiura on 6 August 2018. On 13 July 2019, 13 parties including SDC, Conservation Minister Eugenie Sage and local rūnanga signed a memorandum of understanding which signals their combined commitment to developing a strategy for this project.
- **Alternative Coastal Route/Catlins Road/Southern Scenic Route completed.** Sealing the Catlins alternative coastal route is the biggest roading project ever commissioned by Southland District Council. The job cost \$9.5 million and took 18 months to complete, with just over half of the cost paid by the NZ Transport Agency. The final road markings on the last section of the newly sealed road, at the Curio Bay end, were painted on 12 November 2018. The Roding Company had the main contract for this project. The road was officially opened in a ceremony at Slope Point by Mayor Gary Tong on 6 December 2018.
- **Winton stormwater and water mains.** A major project to upgrade 1km of stormwater pipes and associated fixtures in Winton was on track to be completed early in the 2019/2020 year. Contractors Opus and Downer broke ground on 7 February 2019. The project's total cost of \$1,509,673 is being funded by a 30-year loan, with the Winton Community Board approving \$500,000 from reserves to lessen the impact of repayments on the town's ratepayers.
- **LED street lights.** Council completed a two-year project to replace most of its network of 2673 high-pressure sodium, mercury vapour and mercury halide street lights throughout the District with new LED lights. These lights are more efficient and will significantly reduce future operating and maintenance costs. A total of 2328 street lights were replaced, with the \$1.5 million cost largely funded by NZ Transport Agency.

Summary activity report

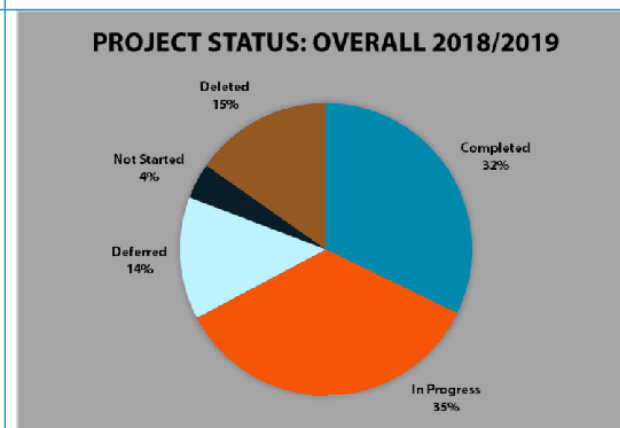
Summary activity report

The graphs and table opposite and below provide a snapshot of the status of the projects and achievements of performance targets as at 30 June 2019 for the 2018/2019 financial year. Council's 26 activities are broken down into 9 activity groups. There were 59 or 71% achieved, one or 1% not measured and 24 or 28% not achieved.

Activity Group performance results	Achieved	Not measured	Not Achieved	Total
Community Services	9	0	2	11
District Leadership	13	0	6	19
Emergency Management	2	0	0	2
Regulatory Services	10	1	2	13
Roads and Footpaths	4	0	2	6
Solid Waste	5	0	1	6
Stormwater	8	0	2	10
Sewerage	5	0	1	6
Water Supply	3	0	7	10
TOTAL	59	1	24	83



Activity Group projects status	Completed	In progress	Not started	Deferred	Deleted	Total
Community Services	33	21	13	1	18	86
District Leadership	1	4	1	1	2	9
Emergency Management Southland	0	0	0	0	0	0
Regulatory Services	0	0	0	0	0	0
Roading and Transport	10	8	4	0	3	25
Solid Waste	0	0	0	0	0	0
Stormwater	1	3	0	0	0	4
Wastewater	1	17	2	4	0	24
Water Supply	11	9	4	1	4	29
TOTAL	57	62	24	7	27	177



Financial overview

Financial overview

The financial overview provides a summary of the year-end financial results for the Southland District Council. The information contained in this overview has been extracted from the full financial statements which contain detailed information about Council's finances and service performance. The financial results include information about Council, Stewart Island Electricity Supply Authority, Council's share in Venture Southland as well as its associated entities. The table shows the financial year-end results, as at 30 June 2019 and includes comparisons from the previous financial year and the budget as outlined in the 2018-2028 Long Term Plan.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand.

Full details of Council's accounting policies can be found on pages 104-114.

The financial report has been prepared in accordance with New Zealand Generally Accepted Accounting Practise (NZ GAAP). These financial statements have been prepared in accordance with Tier 1 Public Benefit Entity ("PBE") accounting standards.

The information included in the summary report has been prepared in accordance with PBE FRS 43: Summary Financial Statements.

Definitions

NET SURPLUS/(DEFICIT) AFTER TAX

What income Council has left after operational costs are paid.

EQUITY

Net assets owned by ratepayers.

NET ASSETS

What Council has less what it owes at the end of the year.

CASHFLOW

How Council generated and used cash during the year.

FINANCIAL SUMMARY

Actual 2017/2018 (\$000)		Actual 2018/2019 (\$000)	Budget LTP 2018/2019 (\$000)
	COMPREHENSIVE REVENUE AND EXPENSE		
79,706	Revenue Earned (incl Asset Development)	77,092	67,939
(75,976)	Less Total Expenditure	(78,488)	(72,277)
(30)	Less Finance Costs	(22)	(22)
-	Share of associate's surplus/deficit	314	-
3,701	Net Surplus/(Deficit) after Tax	(1,104)	(4,360)
453	Movement in Fair Value Reserve	298	-
48,941	Movement in Asset Revaluation Reserve	49,655	26,994
53,095	Comprehensive Revenue and Expense	48,849	22,635
	CHANGES IN EQUITY		
1,484,611	Equity at Start of Year	1,537,706	1,519,351
53,095	Total Comprehensive Income	48,849	22,635
1,537,706	Equity at the End of the Year	1,586,556	1,541,985
	FINANCIAL POSITION		
1,537,706	Total Equity	1,586,556	1,541,985
26,767	Current Assets	27,426	10,698
1,522,100	Non-Current Assets	1,572,555	1,542,175
1,548,867	Total Assets	1,599,981	1,552,873
11,098	Current Liabilities	13,399	10,812
63	Non-Current Liabilities	26	75
11,161	Total Liabilities	13,426	10,888
1,537,706	Net Assets (Assets less Liabilities)	1,586,556	1,541,985
	CASH FLOWS		
28,183	Operating Cashflow	23,144	21,142
(27,071)	Investing Cashflow	(20,004)	(28,606)
-	Financing Cashflow	1,700	-
1,112	Net Cashflow Increase/(Decrease)	4,839	(7,464)
9,771	Opening Cash Balance	10,885	10,560
10,885	Closing Cash Balance	15,724	3,096

[In summary](#)

In summary

Financially 2018/2019 was a satisfactory year for Council. Revenue was higher than budgeted from more NZTA subsidies being received, due to the timing of the Alternative Coastal Route project and the Chaslands Highway slip repair, increased forestry harvesting proceeds, unplanned grants being received to fund various projects and wage recoveries for Venture Southland. Council also does not budget for the consolidation of Council's share of Venture Southland's income which adds to the increased revenue.

Operating expenditure was over budget for the year, primarily due to the write off of \$2.2 million of costs associated with Te Anau wastewater scheme, Venture Southland wage costs (recovered in full as noted above) and consolidation of Council's share of Venture Southland's expenditure. Overall Council's net deficit before tax was \$3.3 million less than budgeted.

Council continues to maintain a strong financial position with \$1.6 billion in assets and minimal liabilities. At balance date Council had \$1.7 million of short term external debt. The only significant variance from budget on the statement of financial position is property, plant and equipment which is principally due to the increase in the value of key infrastructure assets, primarily roading. More specific explanation of financial statement variances from budget can be found at note 34 of the financial statements.

Where the revenue came from

Council's consolidated revenue this year is \$77.1 million, including \$46.6 million from rates. The breakdown of this revenue is shown in the table (below).

Sources of Revenue	Actual (\$000)	% of Total Revenue
Rates Revenue	46,578	60%
NZ Transport Agency	16,011	21%
Other Revenue	12,692	16%
Other Gains/(Losses)	(1,554)	(2%)
Grants and Subsidies	1,688	2%
Interest and Dividends	573	1%
Vested Assets	1,012	1%
Development and Financial Contributions	92	0%
Total	77,092	100%

Annual Report 2018/2019

Where your rates were spent

The following table shows the breakdown of where the rates per property were spent in 2018/2019. "Other District Services" groups together the Emergency Management, Customer Support and Library activities. "Other Local Services" groups together community buildings, cemeteries, pools, public conveniences, jetties etc.

The majority of Council's expenditure (operational and capital) is on essential infrastructure such as roads, wastewater and water.

Rates Expenditure	Actual (\$000)	% of Total Rates Expenditure
Roading and Transport	14,401	31%
Stormwater, Wastewater and Water	7,960	17%
Other District Services	6,462	14%
Governance, Strategy and Communication	5,373	12%
Other Local Services	5,756	12%
Solid Waste Management	4,432	10%
Regulatory Services	1,622	3%
Grants and Donations	572	1%
Total	46,578	100%

Revenue

\$77.1 million of revenue was collected during the financial year. Overall revenue was \$9.2 million higher than budget primarily due to increased NZTA subsidies (\$2.9 million), forestry harvesting income (\$1.1 million), grants (\$0.6 million), Venture Southland wages recoveries (\$1.1 million), interest from investing (\$0.4 million), vested assets (\$1.0 million) and Council's share of Venture Southland's income which was not included in the budget (\$1.5 million).

Operational expenditure

Operating expenditure totalled \$78.5 million, with nearly half of this relating to Roading and Transport services (40%). Overall operating expenditure was over budget by \$6.2 million. This was primarily due to Council's decision to use sub-surface drip irrigation as the disposal method for the Te Anau wastewater project, which resulted in \$2.2 million of project costs being written off as they related to the consent approved using centre pivot irrigation. As a result of the higher than anticipated infrastructure valuations, Council's depreciation increased \$0.8 million. 2018/2019 also includes Venture Southland wage costs of \$1.1 million which were

Page | 15

recovered in full as noted in the revenue commentary above. Additionally the 2018/2019 actual results include Council's share of Venture Southland's expenditure (\$1.4 million) which was not included in the budget.

Net assets and equity

Overall Council's total net assets have increased by \$44.6 million from last year. This is primarily due to an increase in the valuation of Council's infrastructure.

Cash flow

Council's net operating cashflows were higher than budgeted. Receipts from NZ Transport Agency were \$2.6 million above budget primarily due to subsidies towards the Alternative Coastal Route project and the Chaslands Highway slip repair. Net cash outflows from investing activities were \$8.6 million lower than budgeted due to converting term deposits into operating cash (\$6.0 million) and the deferral/delay of some capital projects being carried forward into future financial years. Net cash from financing activities was \$1.7 million higher than budget due to short term external borrowings being required at year end. Overall, Council has ended the year with a cash balance of \$15.7 million which is \$12.6 million more than budget.

Capital expenditure

Council spent \$25.0 million on capital projects in 2018/2019. Of this total, \$18.6 million (74%) was spent on roading and transport projects throughout the District

Net assets and equity

and \$3.7 million (15%) was spent on stormwater, wastewater and water projects in local townships. The capital project spending was less than the \$27.3 million budgeted for 2018/2019 in the Long Term Plan as a number of projects were still in progress or not yet started at 30 June 2019, as well as deferrals of projects to future years. More detail on project status is included in the summary activity report on page 13.

Activity Capital Expenditure (Including Vested Assets)	Actual (\$'000)	% of Total Capital Expenditure
Roading and Transport	18,578	74%
Stormwater, Wastewater and Water	3,697	15%
Other Local Services	1,663	7%
Other District Services	836	3%
Regulatory Services	148	1%
Solid Waste Management	66	0%
Governance, Strategy and Communication	7	0%
Total	24,994	100%

Purpose

Annual Report disclosure statement/financial prudence benchmarks

Purpose

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

Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Key

■	Benchmark Met
■	Benchmark Not Met
■	Benchmark

Actual results for the 2014/2015 financial year have been compared against the benchmarks set in the 2012-2022 Long Term Plan.

Actual results for the 2015/2016, 2016/2017 and 2017/2018 financial years have been compared against the benchmarks set in the 2015-2025 Long Term Plan.

Actual results for the 2018/2019 financial years are compared against the benchmarks set in the 2018-2028 Long Term Plan.

Rates (Income) Affordability Benchmark

The Council meets the rates affordability benchmark if:

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

(a) Limit on rates

Figure 1 compares Council's actual rates income with the limits imposed in the 2012-2022, 2015-2025 and 2018-2028 Long Term Plans. The limits are indicated by the black columns in Figure 1.

This limit is set by Council.

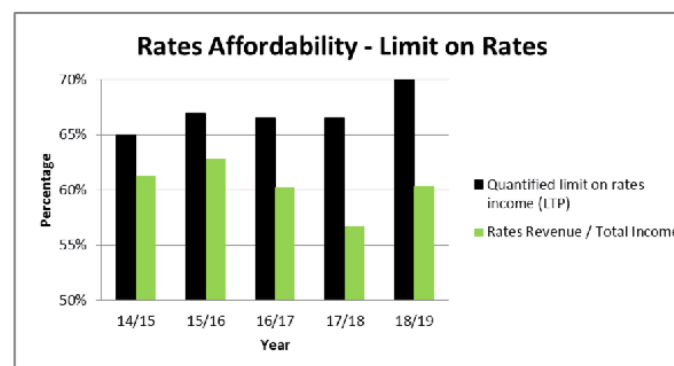


Figure 1 – Rate affordability – Limit on rates

Council has remained within the limit on rates income over the last five years. Rates revenue as a percentage of total revenue increased in the 2018/2019 year as a result of less income being received from NZTA subsidies and forestry harvesting, than in 2017/2018.

Purpose

(b) Total rates increase

Figure 2 compares Council's actual rates increases with the limit imposed in the 2012-2022, 2015-2025 and 2018-2028 Long Term Plans. The limits are indicated by the black columns in Figure 2.

This limit is set by Council.

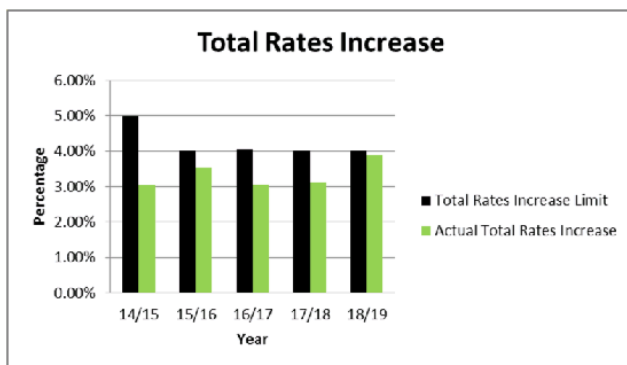


Figure 2 – Total rates increase

Council has remained within the rates increase limit over the last five years.

Debt affordability benchmark

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

Figure 3 compares Council's actual debt with a quantified limit on its borrowing contained in the Financial Strategy included in the Long Term Plan. Council meets the debt affordability benchmark if its actual borrowings are within each quantified limit on borrowing.

Council's current limit per the 2018-2028 Long Term Plan is that borrowing of external funds is limited to 100% of total revenue. This limit is set by Council.

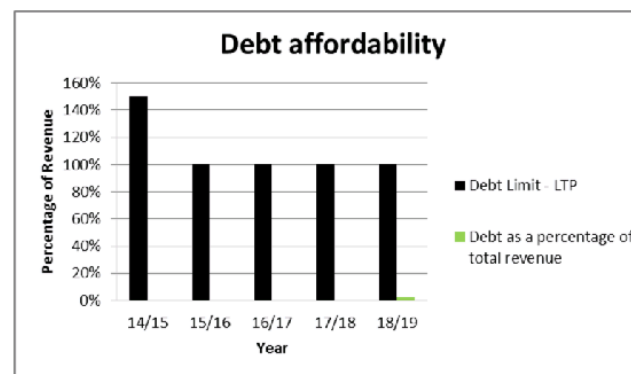


Figure 3 – Debt affordability

Given the low level of borrowing, Council continues to meet this benchmark.

Debt servicing benchmark

Debt servicing benchmark

Figure 4 displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

The limit of this benchmark is set by legislation. Council meets the debt servicing benchmark if it's borrowing costs equal or are less than 10% of its revenue.

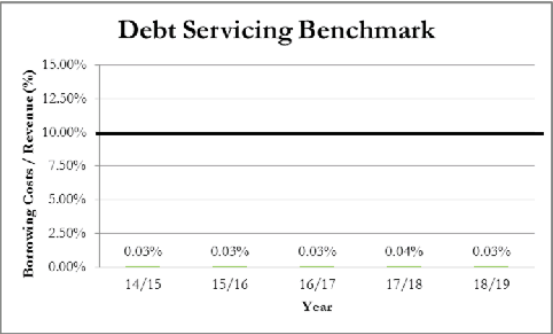


Figure 4 – Debt servicing benchmark

Given the low level of borrowing, Council continues to meet this benchmark.

Essential services benchmark

Figure 5 displays Council's capital expenditure on network services as a proportion of depreciation on the network services. Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. This limit is set by legislation.

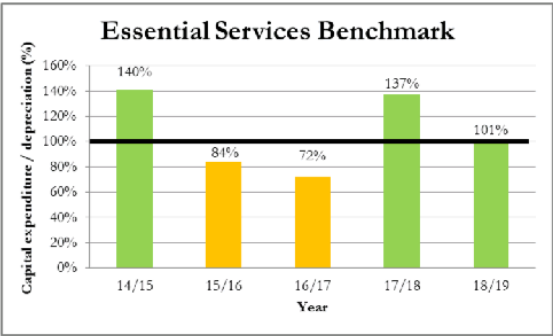


Figure 5 – Essential Services Benchmark
As asset lives are up to 100 years, there will be years that Council's capital renewal programme is less than depreciation.

Balanced budget benchmark

Balanced budget benchmark

Figure 6 displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

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

This limit is set by legislation.

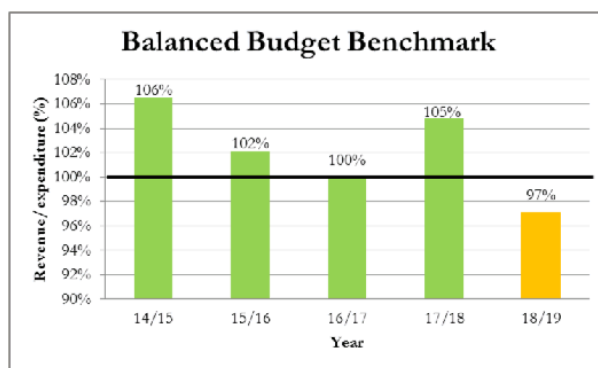


Figure 6 – Balanced budget

Council did not meet the balanced budget in 2018/2019 as a result of the write off of \$2.2 million of historical costs associated with choosing a different disposal method for the Te Anau wastewater project.

Operations control benchmark

Figure 7 displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

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

The limit is set by legislation.

The years that Council did not meet the benchmark, cash from revenue other than rates was lower than anticipated, however overall cash reserves were sufficient to cover the shortfall.

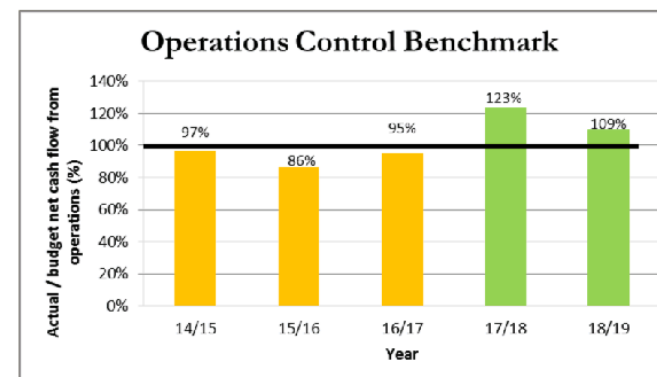


Figure 7 – Operations Control

Debt control benchmark

Figure 8 displays Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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

This limit is set by legislation.

Council maintains a strong balance sheet position with financial assets currently exceeding financial liabilities. In the 2018-2028 Long Term Plan Council was planning to require external debt in 2018/2019 however this was not required to the extent budgeted. Accordingly in 2018/2019 Council had an actual net financial asset balance of \$7.9 million, compared to a planned net financial liability balance of \$3.7 million.

Debt control benchmark

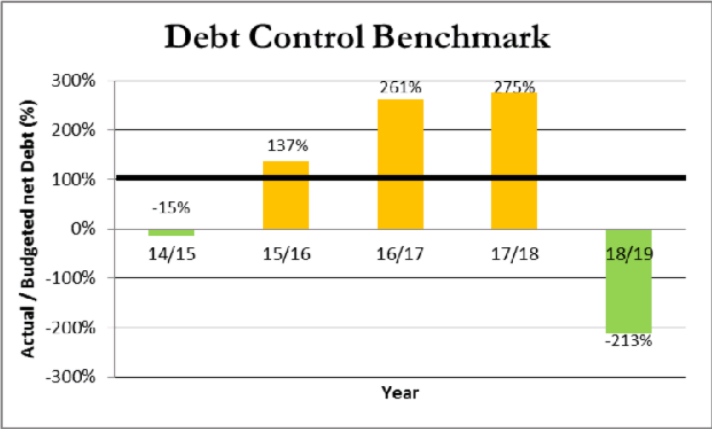


Figure 8 – Debt Control

[Debt control benchmark](#)

Shared services Annual Report statement

Council fully participates in relevant shared service arrangements via a Memorandum of Understanding with the other local authorities locally and nationally. There is better value obtained through those services than trying to undertake the work on our own. The following are examples of some of those collaborations.

Building control

Four southern territorial authorities continue to work closely together on building control matters in terms of both information sharing and staff exchanges to support each other at busy times.

Southland District Council (SDC), Gore District Council (GDC), Invercargill City Council (ICC) and Clutha District Council (CDC) are participating in this initiative.

The councils share a combined process and quality manual as well as shared regulation forms. The shared manual and forms standardise the consent processing methodology and quality assurance processes and has been the subject of a formal IANZ reaccreditation reviews with all four councils. IANZ has complimented the shared manual approach and referred several other building consent authorities to seek a copy of the manual.

The subsequent step was consideration of a shared approach to building consent fees across the four councils, which is being considered as part of the Southland Regional Development Strategy Ease of Doing Business Action Team work. The investigation on the concept of standardised building consent fees was progressed during 2018/2019 and each of the councils has agreed in principle to support a combined fee structure. It is expected that such a structure will be implemented in the 2019/2020 year at the earliest.

Emergency Management Southland

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

It focuses on ensuring communities are prepared for emergencies and are able to respond to and recover when these events happen.

In 2018/2019 EMS led Project AF8, a South Island-wide project to improve readiness for a magnitude eight or greater earthquake on the Alpine Fault.

EMS was strongly focused on working with communities to develop community-driven emergency response plans. Several were completed in 2018/2019 with more under way and there was a good level of community engagement.

Information technology

The IT Shared Services Operations Subcommittee has over the past 12 months undertaken some activities which will have a positive outcome to all the member councils and the ability to provide a more collaborative platform moving forward. Shared services projects that were completed during the past year were:

- continuation of the CommVault offsite Backup and Recovery project; including a full health check of the system, ensuring that we are staying compliant with upgrades to the latest releases.
- discussions continued around a collaborative approach to the delivery of a Southland-wide spatial and ePlan solution.
- discussions were held on establishing a shared training resource.
- work progressed on developing a shared portal for solicitors to enable them to perform rates searching across Southland region from one single platform., for conveyancing purposes.

Debt control benchmark

Iwi liaison

All four Southland councils continue to fund and support Te Ao Mārama Inc, the agency approved by Te Runanga o Ngāi Tahu to act on iwi liaison matters in Murihiku/Southland under the Resource Management Act 1991 and the Local Government Act 2002.

Since Te Ao Mārama's inception, Queenstown Lakes District Council, Otago Regional Council and Clutha District Council have also joined in supporting the agency.

The papatipu rūnanga and participant councils continue to meet quarterly at the Te Roopū Taiao hui, which provides for excellent partnership and exchange of information.

Library consortium

The consortium came together to share a range of services during 2014/2015. These originally included the Symphony Library Management system which allowed access to the complete catalogues of Dunedin, Invercargill, Queenstown Lakes, Central Otago and Southland District Libraries for all residents.

Differing demands by various councils saw a very amicable split from this in 2016/2017 although all members are still using the Symphony management system. Southland District, Dunedin City, Central Otago and Queenstown Lakes Districts have joined the national consortium, Kōtui, which provides enhanced support, searching and ongoing enhancements.

A range of other opportunities are also being explored between the districts, including integrated holiday and reading programmes, requests and holds able to be placed across boundaries and the possibility of staff exchanges. Purchase of large print, audio and ebook collections have long been shared by the consortium and these collections are exchanged, or made available, to all members. Authors visits are co-ordinated to minimise costs/travel and accommodation.

Although consortium membership remains unchanged, member authorities do some things slightly differently. However, this is unlikely to impact upon the level of service members of the public receive.

Southland District Council borrowers are able to access all catalogues through their local branch. Reciprocal membership is available at all libraries from Waitaki south for any resident of those local authorities.

Training and professional development is at the forefront of SouthLib activities as this reduces costs, allows access to national and international speakers and offers benchmarking opportunities, which would possibly be outside the scope of a single authority. This also allows for networking and a spirit of collegiality for staff who often work in isolation.

Regional development

The transition from Venture Southland to the new Southland Regional Development Agency, Great South, was formalised on 1 July 2019.

This was the result of a significant community collaborative project – the Southland Regional Development Strategy – published in October 2015 by the Southland Mayoral Forum.

The major goal of the strategy and its subsequent action plan is to increase the Southland population by 10,000 more people by 2025, through creating more jobs and taking up more development opportunities.

In 2018/2019 the four Southland councils – Southland District Council, Invercargill City Council, Gore District Council and Environment Southland – along with the other shareholders the Southland Chamber of Commerce, Southern Institute of Technology, Invercargill Licensing Trust, Mātāura Licensing Trust and Community Trust South formally approved the Joint Shareholders Agreement and constitutional documents that allowed the legal formation of the new company.

Debt control benchmark

A board for the new agency was appointed in March, and a formal sale and purchase agreement was put in place between the four Southland councils, as majority owners, and Great South. Staff along with the assets and liabilities of Venture Southland were transitioned into Great South.

[Debt control benchmark](#)

Opportunities for Māori to contribute to decision-making

Approximately 10% of Southland District's population is Māori. Council acknowledges the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu rūnanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku/Southland.

Southland District Council was officially gifted its Māori name 'Te Rohe Pōtae o Murihiku' at a naming ceremony at Takutai o te Titi marae at Colac Bay/Ōraka in November 2005, strengthening links between Council and the tangata whenua and emphasising the importance of Council's partnership with Ngāi Tahu. The Māori name acknowledges Council's role as an all-embracing shelter ("umbrella/lid") for its District.

Charter of understanding

To help promote and develop its relationship with Māori, the seven local authorities (Southland District Council, Invercargill City Council, Queenstown Lakes District Council, Gore District Council, Clutha District Council, Otago Regional Council and Environment Southland) are active participants and signatories to the charter of understanding 'He Huarahi mō Ngā Uri Whakatapu – A pathway for the generations coming through' with Te Ao Mārama Incorporated. The charter of understanding provides:

- the basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku to assist in developing the capacity of Māori to contribute to decision-making processes
- a foundation for consultation on a range of local government issues
- for the recognition and willingness of Te Ao Mārama to assist all councils in consultation with ngā matawaka living in Murihiku. This is important in terms of Māori contribution to decision-making in the Southland District. The Local Government Act 2002 responsibilities of councils in relation to Māori are with all Māori and not solely the local iwi.

Te Roopū Taiao is the collaborative structure put in place to give effect to the Charter of Understanding and the obligations of the parties to the charter. Councillors and Council staff involved in resource management regularly attend Te Roopū Taiao meetings. Te Roopū Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives and meetings are usually held quarterly, with minutes reported back to participant councils.

A number of councils throughout New Zealand have resolved to make representation provisions which provide for specific seats for Māori on councils and associated committees. Southland District Council engaged in 2018 with Te Ao Mārama on this matter as part of its Representation Review process. Te Ao Mārama representatives expressed no desire at that stage to alter the existing participation/representation arrangements to create specific seats/representation for Māori. However, it is important that Council remains receptive to further dialogue on such matters in the future if it will enhance Māori participation in Council's decision-making processes.

Debt control benchmark

Fostering Māori capacity

Initiatives	Status	Progress
Continue to engage Te Ao Mārama as a partner during its decision making and consultation processes	Ongoing	Te Ao Mārama representatives were part of the hearing committee which heard 2018-2028 LTP submissions.
Provide for a representative from Te Ao Mārama for the duration of the District plan submission hearings in conjunction with the Resource Management committee	Completed	The District Plan hearing process has now concluded. However, Resource Management staff have been liaising closely with Te Ao Mārama on various proposed District Plan Changes such as the Dark Skies Plan Change for Rakiura
Continue to hold regular liaison meetings between Te Ao Mārama and Council executive and senior managers	Ongoing	Regular meetings held and Council senior managers also attend Te Rōpu Taiao
Provide an interpreter on request should Māori wish to present submissions to Council in Te Reo Māori	Ongoing	Interpretation service available on request
Provide a standing invitation to all Māori to attend Council meetings and hearings to become familiar with Council protocol	Ongoing	Standing invitation in place
Give consideration to appointment of Iwi representatives to act as hearing commissioners on key issues such as major resource consent applications that have issues of Iwi significance.	Ongoing	This is considered on a case by case basis. Where Te Ao Mārama is a submitter, then the choice of Iwi representative needs to recognise the need to avoid any real or perceived conflicts of interest
Maintain existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties and integrate protocols into the organisation	Ongoing	The charter of understanding/He Huarahi mo Nga Uri Whakatapu, which is the foundation document for the relationship was comprehensively reviewed in 2016. The Charter has now been in existence for 25 years and this was recognised at the recent New Zealand Planning Institute Awards with a Best Practice Commendation in 2019.
Regularly refer to and report against Te Tangi a Tauria, the new Ngāi Tahu Murihiku Resource Management Plan when assessing resource consent applications	Ongoing	Resource management staff consistently refer to relevant Te Tangi a Tauria content when processing and reporting on relevant resource consent applications
Maintain its commitment to ongoing funding of Te Ao Mārama Incorporated, the Ngāi Tahu (Murihiku) Resource Management Agency	Complete	Ongoing funding for Te Ao Mārama has been included in the 2018-2028 Long Term Plan, and will also be provided for in the 2021-2031 Long Term Plan
Continue to train new staff and councillors on marae protocol, local history and related legislation	Incomplete	There has been no formal training in this area beyond the informal monthly contact sessions referred to below.
Continue to provide regular contact sessions for SDC staff to interact with Te Ao Mārama staff on topical matters of mutual interest, to maintain and enhance the relationship between the agencies	Ongoing	Contact sessions held every month in 2018/2019. These have been very well attended by staff with high interest and the sessions are now usually fully booked
Display Ngāi Tahu taonga items, following agreement with Murihiku Ngāi Tahu Papatipu Rūnanga at its Invercargill office and all area offices, to acknowledge the strength and importance of its relationship with Ngāi Tahu.	Ongoing	The carving is in place at the entrance to the Council Chamber and a blessing ceremony held.

Compliance

Statement of compliance and responsibility

Compliance

The Council and management of Southland District Council hereby confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

The Council and management of Southland District Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.

The Council and management of Southland District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Southland District Council, the annual financial statements for the year ended 30 June 2019 fairly reflect the financial position and operations of Southland District Council.

Gary Tong
MAYOR
Date:

Steve Ruru
CHIEF EXECUTIVE
Date:

Responsibility

Audit Report – to be provided by Audit NZ September 2019

Other Information- About Council

Role of Council

Council works towards its vision in its plans, strategies and policies and also through the activities outlined in its Long Term Plan. The purpose of Council is:

- to enable democratic local decision-making and action by and on behalf of communities
- to meet current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions cost effectively for households and businesses.

To accomplish this, Council has overall responsibility and accountability in a variety of roles, including:

- planning the District's strategic direction alongside local communities as part of developing the Long Term Plan
- facilitating solutions to local issues and needs
- advocacy on behalf of the local community with central government, other local authorities and agencies
- providing prudent stewardship and the efficient and effective use of resources within the District in a sustainable way
- risk management
- management of local infrastructure including network infrastructure (eg roads, wastewater disposal, water, stormwater) and community infrastructure (eg libraries, reserves and recreational facilities)
- administering various legal and regulatory requirements
- ensuring the integrity of management control systems
- informing and reporting to communities, ratepayers and residents.

Governance systems

Council

Council consists of a Mayor and 12 Councillors elected by Southland District residents/ratepayers every three years. Council believes its democratic election ensures it is able to operate in the best interests of the District. Council is responsible for:

- representing the interests of the District
- developing and approving Council policy
- determining the expenditure and funding requirements of Council through the planning process
- monitoring the performance of Council against its stated objectives and policies
- employing, overseeing and monitoring the chief executive's performance. Under the Local Government Act the local authority employs the chief executive, who in turn employs all other staff on its behalf.

Council committees

Committees have been established by Council to assist with conducting the business of Council; these are listed below on page 31.

Community boards

In the 2018/2019 year Council had eight community boards which prepare local budgets, recommend local rates and make decisions on issues specifically delegated by Council. Following Council's Representation Review completed in 2019 ahead of the year's local elections, the number of community boards will increase to nine, allowing District-wide

Governance systems

access to local decision-making. Council has a policy of decentralising responsibilities, where practical, to ensure local input into decision-making and the setting of priorities for issues of local concern.

Community development area subcommittees

Throughout the District, 19 community development area subcommittees (CDAs) have been identified and established, which include local townships and surrounding areas. The purpose of CDAs is to further encourage local input in addressing the needs of local communities and assessing priorities. Subcommittees operate with powers mainly limited to recommendations to Council.

Water supply subcommittees

Council has constituted three water supply subcommittees, which are each responsible for the overall governance of the respective water supply scheme and set priorities for the operations of the schemes in accordance with the policies of Council.

Youth Council

Southland District Youth Council is made up of up to 12 secondary school-aged representatives from the six secondary schools, who live across the District and meet every three months.

Hall committees and reserve subcommittees

Council has a working relationship with all community centre, hall committees and reserve subcommittees. This relationship varies from operational to rates collection only.

Council committees (until October 2019)

Council committees (until October 2019)

			Council (Mayor and 12 Councillors)	
<i>Community Boards and Committees</i>			<i>Council Committees</i>	<i>Joint Committees</i>
Edendale-Wyndham Otautau Stewart Island/Rakiura Riverton/Aparima Te Anau Tuatapere Wallacetown Winton			Executive Committee Chair: Mayor G Tong Regulatory and Consents Committee Chair: Cr MacPherson Services and Assets Committee Chair: Cr Dillon Finance and Audit Committee Chair: Cr Kremer Community and Policy Committee Chair: Cr Keast Te Anau Wastewater Discharge Project Committee Chair: Mayor G Tong	Venture Southland Advisory Subcommittee Venture Southland Joint Committee Southland Civil Defence Emergency Management Group WasteNet (WasteNet Management Advisory Group) Southland Regional Heritage Committee Southland Regional Land Transport Committee
<i>Community Development Area Subcommittees</i>			<i>Council Membership on external organisations</i>	<i>Council Subcommittees</i>
Athol Balfour Browns Centre Bush/Limehills Colac Bay Dipton Garston	Gorge Road Lumsden Manapouri Mossburn Nightcaps Ohai	Orepuki Riversdale Thornbury Tokanui Waikaia Woodlands	Age Concern Southland Destination Fiordland Discover Fiordland Heritage Trust Gore and Districts Community Counselling Centre Inc Milford Sound Tourism Limited Pioneer Women's Memorial Trust (Gore) Predator Free Rakiura Governance Group Rakiura Heritage Centre Trust Regional Community Road Safety Network Shared Services Forum Southland Community Wastebusters Trust Southland Indoor Leisure Centre Charitable Trust Southland Medical Foundation Southland Regional Heritage Building and Preservation Trust Te Roopu Taiao Waiau Working Party Waituna Partners Group	Ohai Railway Fund Riverton Harbour Stewart Island Jetties Around the Mountains Cycle Trail Project Stewart Island/Rakiura Visitor Levy Committee Northern Southland Development Fund Ohai and Nightcaps District Doctors House and Surgery
<i>Water Supply Subcommittees</i>			<i>Council-Controlled Organisations</i>	<i>Youth Representation</i>
Te Anau Basin Five Rivers Matuku			Southland Museum and Art Gallery Trust Milford Community Trust	Southland District Youth Council

Council operations

Council has appointed a chief executive to be in charge of its operations and has delegated certain powers of management to that position. The chief executive implements and manages Council's policies and objectives within the budgetary constraints established by Council. The chief executive is responsible for:

- implementing the decisions of Council
- providing advice to Council and community boards
- ensuring that all responsibilities, duties and powers delegated to the chief executive or to any person employed by the chief executive, or imposed or conferred by any act, regulation or bylaw, are properly performed or exercised.
- managing the activities of Council effectively and efficiently.
- maintaining systems to enable effective planning and accurate reporting of the financial and service performance of Council.
- providing leadership for Council staff.

- employing staff (including negotiation of the terms of employment for the staff).

The management of Council is structured under six groups. Each group is led by a Group Manager or Chief Officer and their areas of responsibility are shown in the table. The six groups are:

- People and Capability
- Environmental Services
- Customer Support
- Community and Futures
- Services and Assets
- Finance

The Executive Leadership Team (comprising the chief executive, four group managers the chief financial officer and, the people and capability manager) reviews all general organisation issues, providing a link between Council and staff.

Organisational structure

Steve Ruru Chief Executive					
Janet Ellis <i>People and Capability Manager</i>	Bruce Halligan <i>Group Manager Environmental Services</i>	Trudie Hurst <i>Group Manager Customer Delivery</i>	Rex Capil <i>Group Manager Community and Futures</i>	Matt Russell <i>Group Manager Services and Assets</i>	Anne Robson <i>Chief Financial Officer</i>
Health and Safety People and Capability	Building Control Dog and Animal Control Environmental Health Emergency Management Iwi Liaison Liquor Licensing Resource Management	Customer Support Library Services Information Technology Knowledge Management Digital Assets	Communications Community Development Governance Grants and Donations Strategy and Policy	Cemeteries Community Facilities Community Housing Forestry Parks and Reserves Public Conveniences Rooding and Transport Sewerage Stormwater Solid Waste Management Stewart Island Electrical Supply Authority (SIESA) Te Anau Airport Manapouri Water Supply Work Schemes	Finance

Council activities

This section provides an overview of Council's activities, organised within Council's nine groups of activities. Four of these groups are mandatory under the Local Government Act – roads and footpaths, wastewater, stormwater and water supply.

GROUP OF ACTIVITIES	ACTIVITIES	
Community services	Community assistance (includes grants, work schemes) Cemeteries Community facilities (includes community centres, Council offices/buildings and water structures) Community housing	Library services Parks and reserves Public toilets Stewart Island Electricity Supply Authority Te Anau Airport Manapouri
District leadership	Community futures (includes community planning and economic development) Customer support Corporate support (includes people and capability, communications and engagement, strategy and policy, finance, information management)	Forestry Representation and advocacy
Emergency management	Emergency management	
Regulatory services	Animal control Environmental health	Building control Resource management (includes District planning)
Roads and footpaths	Roads and footpaths (includes parking) Bridges	Around the Mountains Cycle Trail
Solid waste	Refuse, recycling and greenwaste	
Stormwater	Stormwater	
Wastewater	Wastewater (also known as sewerage)	
Water supply	Drinking water supplies	Rural (stock) water supplies

Community services

What we deliver

The community services group of activities includes the following:

Council Activities

- o Community assistance (includes community funding, work schemes)
- o Cemeteries
- o Community facilities (including community centres, offices and buildings, water structures)
- o Community housing
- o Library services
- o Parks and reserves (open spaces)
- o Public toilets
- o Stewart Island Electricity Supply Authority
- o Te Anau Airport Manapouri

Why we do it

This group of activities provides funding or facilities that enable communities and visitors to participate in a range of recreational, educational, sporting, commercial and social/cultural activities. This enables communities to be more socially connected and active and makes Southland a desirable place to live. Some of these activities, including electricity supply, water structures, open spaces and airports, are also important economically to support the operation of local businesses and industries, which in turn contributes to sustaining our local communities. There are also benefits to the environment by controlling access to sensitive water and coastal environments, reducing the likelihood of human waste impacting on the environment and raising community appreciation (and use) of our unique natural areas.

Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle. Its secondary outcome is resilient communities that leave a legacy for tomorrow.

Identified effects

Providing community service facilities may result in environmental impacts such as solid waste, energy use or spray drift, or pests in parks and reserves. Council seeks to minimise these negative effects by ensuring operations are managed effectively; and that any waste is minimised and energy and water are conserved. Other possible negative effects from these activities could include traffic and noise affecting neighbours of community facilities and the cost of facility upgrades being beyond the ability of the community to pay.

How well we did– Key highlights and performance results

Community assistance

Southland District Council provides grants and donations to many organisations throughout Southland through its Community Initiatives Fund, Regional Heritage Fund, scholarships, and other funds managed on behalf of organisations such as Creative New Zealand and Sport New Zealand.

Grants given out through the initiatives fund totalled \$222,717. Ninety-one groups or organisations and six individuals received scholarships.

Council's work scheme programme provides community service clients with a way of completing their court-directed community service sentences. The scheme also makes it possible for small communities to undertake projects they would otherwise not be able to due to costs or lack of resources.

Projects included:

- construction of a shelter and picnic tables for the Around the Mountains Cycle Trail
- noxious plant control (cutting gorse and broom along fence lines) and track maintenance at Kamahi and Mores reserves
- the team also helps out with the maintenance of the lawns and gardens at some of the community housing units.

Cemeteries

There are a number of Council-owned cemeteries within the District along with some owned and managed by local cemetery trusts. This activity relates to the Council-owned cemeteries.

Projects included:

- A new beam and information kiosk was installed at Centre Hill cemetery at Mossburn in October 2018.
- New cemetery beams at Winton were completed in March 2019
- Work progressed on updating the information panels at East Winton cemetery. This is due to be completed in 2019/2020.
- A memorial wall was installed at Halfmoon Bay Cemetery on Stewart Island/Rakiura in May 2019.
- The Riverton/Aparima Community Board was involved in a community project to relocate the historic Wild Bush/Waipango School memorial gates to the Riverton Cemetery. These were formally rededicated on 13 April 2019.

Community facilities (includes community centres, Council offices/buildings and water structures)

- Council continues to undertake maintenance on all of its community facilities. However, a number of facilities get very little use. With an ageing population in the District, priorities and demand for use of some community facilities have changed. There is generally less enthusiasm from people to take on roles that support the running of these facilities. Most of the District's halls were built in the 1950s and although they are structurally sound they are not necessarily fit for purpose any more. Council is taking inventory of all of these facilities as part of a wider review of all community facilities and open spaces in the District. The objective is to define a minimum level of service that is consistent for all Council facilities across the District.
- Council undertook a number of programmed external painting projects on facilities throughout the year, as well as some unplanned internal maintenance.
- Council's Invercargill office building requires significant maintenance and upgrading work to address seismic, fire and accessibility issues, as well as appropriate heating and ventilation. Council is looking at various options, including rebuilding or leasing new premises. A business case has not been developed yet, but it is assumed that the cost of a new building would provide better value than extensive maintenance and refurbishment of the existing building. \$10.5 million has been budgeted in years 5 and 6 of the 2018-2028 Long Term Plan for this project. However, it is early days and Council won't make a decision on this until the business case is completed and all the information is known.
- Council manages a variety of water structures throughout the district.

Community housing

- Council continues to have high occupancy of 90% to 95% in its stock of 69 community housing units. As a result there is a large number of reactive call-outs that the community facilities and property teams have to respond to. The units are generally well maintained and meet current legislative requirements. Most of the tenants are long term, which makes it difficult to carry out major refurbishment without requiring the tenant to move out while the work is being done.

Council Activities

- Some units had a total refit towards the end of the financial year after long-term tenants passed away. Others have had minor repairs such as carpet replacement, painting and new appliances. Council is working towards having consistency across all units so that any future maintenance is standardised.

Library services

- There was a major issue at the Winton office/library where a biological assessment revealed toxic mould spores were present throughout the building. This prompted the closure of the building while future investigation was undertaken to determine the extent of the work that would be required to fix the problem. In the meantime the Council area office and library operated out of the supper room at the Winton Memorial Hall before relocating to longer term temporary premises in the Winton RSA hall. Regular users of the library have been largely supportive of Council staff affected by the changes during this difficult time, which is greatly appreciated.
- Southland District Libraries joined the national Kōtui library network at the beginning of the 2018/2019 financial year. This service links more than 30 libraries around New Zealand with shared access to software, cataloguing and records, as well as technical support.
- The libraries continued to run their popular Stepping Up programme providing digital literacy classes for seniors. Other programmes or services include Wriggle and Rhyme and Spark Jump.
- Southland District Libraries user numbers remained steady over the year, bucking a national trend of declining library foot traffic. Aotearoa People's Network Kaharoa (APNK) computer usage within the libraries is dropping quite quickly but more people are accessing the free wifi offered at libraries using their own devices.

Parks and reserves

- Council continues to invest in its open spaces with new playground equipment installed at Thornbury, an upgrade to the trail from the Te Anau marina to the mouth of the Upukerora River and the re-roofing of a shelter at Riverton. Council is also assisting community groups to install a skate park at Tokanui and a loop track at Gorge Road.
- Trees have featured highly on the list of issues that Council dealt with throughout the year, with a number of old large shelter belts and individual trees having to be removed because of the health and safety risk they pose to the community.

Public toilets

- Council applied for and received \$427,681 from the government's Tourism Infrastructure Fund for work to upgrade toilet facilities at Waikawa, Monkey Island, Clifden Bridge and Te Anau. The projects at Waikawa and Te Anau have been completed. The Clifden Bridge and Monkey Island projects span into the next financial year. The toilet at Colac Bay was replaced and officially opened by the mayor in early July. Council is providing a consistent look and feel to the new facilities in terms of construction but the exteriors will have a local flavour that is provided by the addition of a graphic wrap around the walls.

Stewart Island Electricity Supply Authority

- SIESA's network is powered by five diesel generators at a central power station and the power is delivered by 30km of overhead lines, 10km of underground cables and 35 distribution transformers. Globally, there has been an increase in the cost of diesel. However, despite this, the fuel efficiency of the generators increased during the year.
- A project to replace red-tagged power poles was completed.
- Replacement diesel tanks are to be scheduled to be installed in the new financial year.

Te Anau Airport Manapouri

- The airport runway was crack sealed and the runway markings were re-sprayed.
- The building was re-oiled and the security system was replaced.
- Large aircraft numbers using the airport were up 13% from the previous year.
- Smaller aircrafts numbers were on average with the previous five years
- The airport is working towards its Part 139 certification. This will enable larger passenger and freight flights into and from the aerodrome providing an expanded market opportunity for this facility.

Performance results

Key performance indicator results

The community services activity group has 11 KPIs and 11 targets. Nine were achieved and two not achieved. Of the two targets not achieved, work was in progress to improve the standards.

Performance measures

Provide facilities communities need and support the community to participate in a range of recreational, educational, sporting, commercial and social/cultural activities			
Level of Service (LoS) 22: Facilities are fit purpose, in appropriate locations and managed cost-effectively (community facilities)			
Key Performance Indicator	Target	Result	How Council performed
KPI 22.1: Percentage of facilities that meet desired standards ¹ : (a) community centres (b) wharves/jetties	a) 100% b) 100%	a) 96.77% b) 90.91%	a) Not achieved The Winton office/library is currently not at the required standard. Toxic mould spores have been found in the building and Council is currently assessing the cost of remedial action to bring the building back up to standard. (2018/2019: New measure) b) Not achieved Riverton 5 out of 6 – One of the Council structures is non-compliant due to an ongoing access issue which has meant we are unable to repair the structure. We are working to resolve this with the adjoining owner. Stewart Island - The Ulva Island structure is awaiting a pending Tourism Infrastructure Fund (TIF) application to get funding to rebuild. (2018/2019: New measure)
KPI 22.2: Community housing occupancy rate	90%	91.3%	Achieved Community housing occupancy was in high demand. (2018/2019: New measure)
KPI 22.3: Community housing net cost (rates)	\$0	\$0	Achieved The overall budget was in credit so there was no funding required from rates for this activity for this year. The purpose of the KPI is to not have an impact on rates (2018/2019: New measure)
KPI 22.4: Cemetery interment net cost (rates)	\$0	\$0	Achieved The overall budget was in credit so there was no funding required from rates for this

Council Activities

			activity for this year. The purpose of the KPI is to not have an impact on rates (2018/2019: New measure)
KPI 22.6: Number of unplanned interruptions to Stewart Island electricity supply	≤6	5	Achieved There were five for the year. (2017/2018: Achieved - 3)
1 – Meeting required standards for community centres and wharves/jetties are those achieving a condition rating of 2 - Minor Defects Only (IIMM manual).			
A network of open spaces and facilities that celebrate and enhance our natural environment that can be appreciated and enjoyed by current and future generations			
Level of Service (LoS) 23: Facilities are fit for purpose, in appropriate locations and managed cost effectively (parks, reserves and public toilets)			
Key Performance Indicator	Target	Result	How Council performed
KPI 23.1: Percentage of facilities that meet desired standards ¹ : (a) parks/reserves (b) playgrounds (c) sportsfields (d) public toilets	95%	100%	Achieved All met the desired standards. (2018/2019: New measure)
KPI 23.2: Complete open space strategy implementation plan within budget for: (a) open space projects (b) public toilet projects	Implementation plan to be developed	Implemented plan has been developed	a) Achieved An implementation plan has been developed. Increased funding was agreed for open spaces in the 2018 LTP. Work has started on the development of the levels of service delivery that is part of the implementation plan. (2018/2019: New measure) b) Achieved An implementation plan has been developed. Increased funding was agreed for open spaces in the 2018 LTP. Work has started on the development of the levels of service delivery that is part of the implementation plan. (2018/2019: New measure)
KPI 23.3: Number of complaints about public toilets	≤ 25	16	Achieved There were 16 complaints about cleanliness of toilets for the year. (2018/2019: New measure)
1 – Desired standards relates to those set under the contract and includes a range of factors such as lawn mowing, weed removal and equipment inspection and maintenance.			
Connect residents to local, national and global communities, information and ideas			
Level of Service (LoS) 24: Provide easy access to information, resources and tools (Library Service)			
Key Performance Indicator	Target	Result	How Council performed
KPI 24.1: Active ¹ library membership per capita	Establish baseline	17.51%	Achieved This was a new KPI for libraries to look at the number of active members rather than measuring only books issued to borrowers. Libraries are more than a book repository. An active member is considered any user that has used their library card within the previous 12 months. Our active membership has remained steady across the 12 months from July 2018 to June 2019. This is counter to the national trend which has shown a decline in library membership nationwide. This year we have created the benchmark and aim to grow our active members over the next year. (2018/2019: New measure)
1 – Definition of an "active" member is customer using their library card to issue books, access online databases or register for a library programme			

Council Activities

Grants and donations

	2018/2019 Actual \$(000)	2018/2019 Budget (LTP)\$(000)
Grants		
Citizens Advice Bureau	2	2
Cycling Southland Incorporated	3	3
Gore Counselling Service	1	1
High Values Area	15	15
Hollyford Conservation Trust	10	10
IWI Funding	41	41
Life Education Trust	5	5
Loss and Grief Centre	13	15
Miscellaneous Grants	3	9
Safe Swim Programme	23	23
Southern REAP	10	10
Southland Indoor Leisure Centre (Stadium maintenance)	75	75
Southland Regional Heritage Committee	557	557
Southland Safer Communities	10	10
St John Ambulance	-	1
Toimata Foundation (formally EnviroSchools Programme)	10	10
Waituna Partnership	25	25
Warm Homes Trust	30	35
		2018/2019 Budget (LTP)\$(000)
Scholarships		
Bursaries	6	7
Community Service Award	-	1
Debating Competition	-	1
Outward Bound	1	8
Funding Assistance for Council Activities		
Dog and Animal Control	38	38
Contribution Parks & Reserves	15	15
Holiday Programmes	30	30
Museum Services	31	31
Santa Parade	-	5
Allocation Grants		
Community Initiative	111	109
Creative Communities	26	21
District Heritage	64	63
John Beange	2	1
Northern Southland Development Fund	9	10
Ohai Railway Fund	40	55
Sport NZ	11	13

Funding impact statement – community services

2017/2018 Budget (AP) (\$000)		2017/2018 Actual (\$000)	2018/2019 Actual (\$000)	2018/2019 Budget (LTP) (\$000)
	Sources of operating funding			
2,163	General rates, uniform annual general charges, rates penalties	2,162	2,484	2,481
2,749	Targeted rates	2,756	2,616	2,616
70	Subsidies and grants for operating purposes	156	77	61
1,314	Fees and charges	1,338	1,368	1,287
3,072	Internal charges and overheads recovered	3,040	3,280	3,294
694	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	799	800	762
10,062	Total operating funding	10,251	10,624	10,502
	Applications of operating funding			
6,329	Payments to staff and suppliers	5,888	6,976	6,649
-	Finance costs	-	-	-
2,100	Internal charges and overheads applied	2,018	2,081	2,142
1,242	Other operating funding applications	1,255	1,378	1,280
9,670	Total applications of operating funding	9,162	10,435	10,017
391	Surplus (deficit) of operating funding	1,090	188	431
	Sources of capital funding			
34	Subsidies and grants for capital expenditure	11	286	309
16	Development and financial contributions	19	-	64
2,059	Increase (decrease) in debt	(147)	276	636
10	Gross proceeds from sale of assets	319	81	60
-	Lump sum contributions	-	-	-
2,118	Total sources of capital funding	202	643	1,068
	Applications of capital funding			
	Capital expenditure			
25	▪ to meet additional demand	104	-	64
2,768	▪ to improve the level of service	321	765	399
1,125	▪ to replace existing assets	269	636	2,551
(1,107)	Increase (decrease) in reserves	902	(220)	(1,214)

Council Activities

(300)	Increase (decrease) in investments	(304)	(350)	(300)
2,510	Total applications of capital funding	1,292	832	1,499
(391)	Surplus (deficit) of capital funding	(1,090)	(188)	(431)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Funding impact statement – budget variations

Total operating funding was higher than budgeted due to an increase in fees and charges received while payments to staff and suppliers are above budget due to a restructure of services and assets staff. Capital expenditure to replace existing assets is lower than budgeted due to delays in SIESA operations projects and the majority of the new toilet upgrade projects not being completed at the end of the financial year. Additionally, the upgrade of the Invercargill office has been deferred by Council.

District leadership

What we deliver

The District leadership group of activities includes the following:

- community futures (includes community planning and economic and social development)
- customer and corporate support (includes customer support, people and capability, communications, strategy and policy, financial management, information management)
- forestry
- representation and advocacy

Community futures

Council supports collaborative partnerships with local community organisations and key national and regional agencies/stakeholders that support the District's communities and that add value to residents' quality of life and visitor experiences. This includes Council's investment in regional economic and tourism development and local community development opportunities. At a regional level, Council is involved in regional development initiatives encompassing economic development, attracting business and providing and promoting quality visitor experiences.

Customer and corporate support

Customer support provides the community with frontline support and assistance to get answers to their inquiries, register their dogs, apply for building and resource consents or alcohol and food licences, action LIM (Land Information Memorandum) and PIM (Project Information Memorandum) requests and access many other Council-related services. The activity is provided through various channels including phone, email and post, as well as face to face through our offices and libraries in Invercargill, Lumsden, Oban, Otautau, Riverton, Te Anau, Winton and Wyndham.

The corporate support activity includes communication and engagement as well as the more internal functions such as strategy and policy, people and capability, finance and information management, which provide support to the overall operation of Council.

Forestry

Council operates a sustainable forestry business, undertaking forestry establishment, silviculture and harvesting. Council aims to successfully grow, harvest and market plantations of forests to provide the best possible return. The provision of a return relates to the maintenance of an alternative income stream to offset rates. The estate is spread across four forests with a total legal area of 1,839 hectares.

Representation and advocacy

Council encourages decision-making at a range of levels – centrally by Council and at local levels, through community boards, community development area subcommittees and other subcommittees. Council also seeks input from young people in the District through the Youth Council and supports other representative groups such as the Milford Community Trust and the South Catlins Charitable Trust, Predator Free Rakiura and the Northern Southland Community Resource Centre Charitable Trust.

Council plays a strong advocacy role in representing local interests by way of submissions, deputations and lobbying to regional and central government and other relevant agencies. Council is proactive in ensuring there is appropriate representation on national working parties and organisations so that a southern and/or rural voice is heard. Key aspects of the activity include three-yearly elections for the mayor, councillors, community boards and community development area subcommittees and six-yearly representation reviews to determine the representation structure.

Why we do it

These activities help make it easier for people to access Council's services, understand the issues surrounding Council's activities and provide opportunities to participate meaningfully in shaping the District's services, facilities, policies, spaces and places, and, ultimately improve the quality of life in the District. They encourage collaboration and partnerships, not only so communities can achieve more, but also to strengthen community connections, understanding and self-reliance.

Forestry operates as a commercial-type investment with the income helping to reduce the level of rates required.

Community outcomes

The primary outcome of this activity group is "proud, connected communities that have an attractive and affordable lifestyle". Its secondary outcome is "resilient communities that leave a legacy for tomorrow".

Identified effects

There are no significant negative effects from Council's District leadership activities.

How well we did – Key highlights and performance results

Community futures

Community planning

- Three community liaison officers (CLOs) joined Council in June 2019. Their role is to work with communities and community boards at a local level, allowing the community partnership leaders (CPLs) to focus more on strategic planning and working with central government agencies on behalf of communities. The CPLs also source funding for community growth projects. The CLOs will have a key role in embedding Council's new community governance structure effective from October 2019, and helping to build capacity and capability for community organisations to become more self-sufficient.
- Council staff worked on development of plans for Southland District's nine community boards. Once adopted, these will align communities' own aspirations with Council's 2021-2031 Long Term Plan. The process involved extensive consultation and engagement with all layers of communities, from youth to business to iwi.
- Research was carried out into issues related to the aged in Southland's communities. This is a significant work stream for the District as we prepare for an increasing number of senior people in our population.
- Staff supported the process to secure funding from the Tourism Infrastructure Fund for the Te Anau wastewater project, and a range of Southern Scenic Route projects related to new toilets and open spaces.
- Funding was secured from the Provincial Growth Fund for the Stewart Island/Rakiura Future Opportunities project, and applications were lodged for the Milford Opportunities and a Stewart Island/Rakiura wind energy project.
- Staff were involved in the successful application to have Stewart Island/Rakiura recognised as an international Dark Sky Sanctuary, and the now-completed upgrade of the Lumsden railway precinct.
- The team has had ongoing involvement with the development of the Te Anau wastewater sub-surface drip irrigation resource consent.

Council Activities

- Staff helped with local community projects and worked alongside communities to help bring in changes that Council is trying to achieve.
- The team built positive relationships with communities and other stakeholders through regular meetings, and helped to link people to the right contacts to assist with work they are doing.

Venture Southland

With the support of Southland District Council and the region's other local authorities, Venture Southland continued to play a leading role in the region's economic and social development, helping to put Southland on the map for businesses, locals and potential visitors. During the year, work towards the establishment of a Southland Regional Development Agency (Great South) continued with Venture Southland supporting many of the projects identified in the regional strategy and action plan. To support this, work involved providing regional statistics, helping to drive population growth, promoting the Southland destination and growing business and the local economy.

Venture Southland worked alongside Council to develop strong and empowered communities that embody the region's proud community spirit. This involved working with community groups to build capacity and capability, delivering community initiatives to increase education and supporting community groups to access funding.

Work was carried out a wide range of sectors.

- Venture Southland was involved in Stewart Island/Rakiura's successful bid to be recognised as an International Dark Sky Sanctuary, just the fifth in the world to be granted this status by the International Dark Sky Association.
- To help to combat the impacts of climate change on the region, and encourage businesses to embrace sustainable and environmentally focused initiatives, Carbon Neutral Advantage was launched in October 2018, the first regional project of its kind. The three-year project aims to reduce carbon emissions in Southland.
- The Southland Housing Action Forum was established in July 2018 to evaluate the current state of housing in the region and determine if Southland is able to cater for current and future housing demand. To assist the forum in its evaluation, Venture Southland co-ordinated an assessment of Southland housing needs, obtaining information from the social, business and real estate sectors to build on the Southland Community Housing Strategy which was commissioned by Invercargill City Council in 2017.
- During the year Venture Southland organised events including ILT Kidzone, the Burt Munro Challenge and NetHui Southland, where Southland was selected as one of three regions to participate in the 2018 InternetNZ Roadtrip, alongside Manawatu and the West Coast.
- Venture Southland helped to research the challenges facing community organisations and representatives of the volunteer sector in being able to deliver services to Southland District. It was identified that many groups struggle to fulfil secretarial and treasurer duties due to declining volunteer capacity and issues recruiting and retaining new volunteers. To try to mitigate this, Venture Southland staff initiated a "shared service" pilot which was trialled in the Edendale/Wyndham area. The pilot saw one person employed to provide services to six groups in the Wyndham/Edendale area, including carrying out secretarial duties, providing funding support, event planning, answering sponsorship requests and delivering pre-season planning. The results of the pilot are being reviewed.
- One of the major events for the year was the community engagement workshop hosted by Paul Schmitz, an internationally recognised senior advisor for The Collective Impact Forum who was previously advisor for the Obama Whitehouse. The workshop emphasised that community engagement matters now more than ever, and gave participants the tools needed to enhance their knowledge and skills, making a plan for their future community engagement. The workshop was organised by Venture Southland in partnership with Inspiring Communities, Southland Community Education, Southland District Council and Invercargill City Council and had a strong turnout of both community groups and local authorities.
- During the year staff worked with a number of groups, providing project management, planning and facilitation and advice to support these groups to lead and be successful with their own projects. A major component of this is supporting groups to access funding, with staff helping to administer the funds and scholarships offered by Southland District Council.

Customer support

- Council engaged a new after-hours call centre provider, Palmerston North City Council, which took over the role on 1 April 2019. PNCC contracts this service out to 31 organisations throughout New Zealand. The main reason for choosing this service was to create consistency for our customers by having the same Council knowledge base available 24 hours a day, seven days a week. PNCC also provides an emergency management plan, enabling Council's 0800 number to remain functional in the event of an emergency occurring within Southland District.
- A new technical administration group, Technical Support Partners (TSP), was created to support various functions of the Environmental Health team and enable better coverage and crossover of knowledge in the regulatory area, as well as improve processes. The TSPs remain linked to the Customer Support Partners (CSP) team, enabling efficiencies to be made by reallocating some roles.
- The CSPs took on a new role of entering building inspection bookings into the request for service (RFS) system and building inspections calendar. This improves tracking and accuracy and supports the Building Solutions team by managing the large volume of calls received for inspections.
- CSPs' calls are now monitored for quality and accuracy. Call data is recorded in a monthly service report, analysed and discussed with the team member. Recordings of calls and RFSes are also reviewed randomly. The greater transparency has created better call standards for customers, along with consistent standards of information taken and entered into the RFS system.

Corporate support

People and capability

- The people and capability team reviewed the internal system for pre-qualifying contractors and updated Council's approved contractors ready for implementation of a new health and safety management system in 2019/2020.
- Council staff have been undertaking an e-learning health and safety programme to create a better understanding of Council's Health and Safety Framework.
- The team reviewed wellbeing initiatives within the organisation in preparation for adjusting the wellbeing programme in 2019/2020 to better reflect the organisation's needs.
- Work continued on updating Council's Health and Safety Plan, progressing critical risk prevention controls for working alone, motor vehicle accident and contractor injury.
- The team delivered a major organisational development programme to improve collaboration, partnerships and behaviour both at an individual and team level to enhance the organisational climate and progress a collectively powerful organisation.
- The team invested in coaching programmes at a team leader/executive level.
- Organisational reviews were carried out in a number of areas of the business.
- Projects to address changes in the Employment Relations Act and Inland Revenue reporting requirements were carried out.
- People changes were managed as the Venture Southland business model transitioned to the new Southland Regional Development Agency, Great South.

Communications and engagement

- A key element of Southland District Council's new brand, launched in October 2017, was the development by communications and engagement staff of the Southland District Story, a short narrative that outlines Council's purpose and place in the District it serves. Its theme of putting the focus on "our people, our places" is continued in what is proving to be a popular online video series – Our People, Our Places - My Southland Story – produced in collaboration with renowned Southland videographer James Jubb. Mr Jubb's short documentary-style videos, uploaded on SDC's Facebook page, the mysouthlandstory website, YouTube and Instagram, tell the stories of regular Southlanders doing exceptional things. Since the series was launched in December 2018, the videos have been viewed tens of thousands of times by people

Council Activities

throughout New Zealand and around the world, helping to promote Southland District as a great place to work and play.

- SDC's communications team filmed and produced many other video clips for online engagement throughout the year, but none had greater reach than the short film video "Diamonds are forever", which was viewed 18,000 times. This video, scripted and directed by a communications team member, used sophisticated production values and a comical twist to heighten interest and awareness of dog registration season, which ran through June and July 2019. Dog registration season went well, with more dogs registered online and more dogs registered earlier than in previous years.
- Another prominent project the comms team was involved in was the installation of the new public toilet at Colac Bay. This facility was named a finalist in the Best Loo category of the Keep New Zealand Beautiful Society's Beautiful Awards for 2019. A communications team staff member designed the striking graphic art panels wrapped around the facility, which incorporate local images and references. The graphic style is being replicated but individualised for other toilet blocks being installed around the Southern Scenic Route.

Strategy and policy

- The Long Term Plan provides an opportunity for Council to take a long-term view of our activities, their impact on the District, and on present and future communities. Council is required to have a 10-year plan in place at all times as it is the primary way Council is held accountable to its communities. The plan describes the activities and service levels Council intends to provide, sets out the accompanying budgets, and highlights key issues and aspirations for the District. The Long Term Plan 2018-2028 was adopted by Council on 20 June 2018, and work is currently well under way for the Long Term Plan 2021-2031.
- Council is focused on providing the best value for money to its ratepayers and residents and a robust framework for performance has been established to support this. The Corporate Performance Framework (CPF) aligns Council's intended high-level direction (expressed through its vision, community outcomes and strategic objectives) to the ground-floor activities and outcomes delivered by teams and individuals. The framework was adopted by Council as part of the Long Term Plan 2018-2028 process.
- The Risk Management Framework was adopted by Council in 2018/2019. The new policy and framework will be implemented in 2019/2020.
- Council staff developed and adopted a Delegations Manual that consolidates delegations across the organisation. Delegations and terms of reference for committees of Council and community boards were previously contained in various documents.
- Council has numerous policies and bylaws that it must maintain within the legislative timeframes. Council has identified a lack of District strategies that we would align our work to. There are a number of regional strategies, and Council is looking towards identifying and developing appropriate District strategies that will help guide future decision-making.
- Council has undertaken big picture research and analysis that will inform the future work and thinking of Council as part of the 2021-2031 LTP. The Community Futures Research and Analysis Work Programme is part of the Council's executive leadership team business plan, and identified as one of six prioritised strategic projects.

Finance

- The finance team established a debt recovery policy, which was adopted by Council. It outlines how it will collect various debts, including rates. The policy establishes timeframes for forwarding debts to debt collection agencies and is available to the public online on Council's website.
- A policy on insurance went to Council on 24 July for adoption. The policy comments on Council's risks, including cyber liability risk. The policy provides for coverage for the restoration of data and defence costs. Cyber risk is a growing trend in this area.

Council Activities

- A project was created to enable Stewart Island Electricity Supply Authority (SIESA) invoices to be sent by email, which previously could not be done. The project was a success and invoices are now sent as an email attachment to customers. Feedback from customers has been positive.
- A project to provide water billing invoices as an email attachment to customers was completed. There was also a promotion to encourage customers to use direct debit as this method is the most efficient method for Council to receive money.
- The team supported the development of the Annual Plan 2019/2020 and worked with activity managers to undertake a comprehensive review of the capital project work plans.
- The finance team supported the development of the Pre-Election Report ahead of the 2019 local elections.

Information management

Council has increased resourcing in the information management team, enabling a reduction in some outstanding work and providing an increased level of service to the organisation. The focus has been to move from a reactive team to being more proactive, and looking for business improvement opportunities.

Key projects included:

- Council introduced new CAMMS project management software to improve project management and provide increased visibility of project status to the organisation.
- System integration between Pathway and records management software RM8 is in progress. This will allow Council to have a single source of information.
- New firewall equipment to improve perimeter security and increase visibility of network traffic was installed. These firewalls provide a robust solution in stopping external threats and strengthens our cyber security.
- The Land Information Memorandum (LIMs) function was transferred from the building solutions team to knowledge management following completion of the project to digitise all Council's paper building records.
- New Cloud-based phone system configuration was completed, with deployment occurring in August 2019.
- Improvements have been made to security systems and consolidation of computer infrastructure to remove complexity.
- There was an increase in demand for more electronic processing solutions, digital information and reporting. A higher level of system integration is being asked for. Staff are more aware of the positive impact that technology can provide.
- There is an increased interest in Cloud services, particularly from a business resilience perspective. Key vendors are now offering their software as a service, which will allow Council to focus on improving our levels of service to the community rather than focusing on internal maintenance of software.
- There is an increased demand for mobile solutions, which would allow staff to be more effective.
- The main focus has been on the internal team to enable it to provide a higher level of service. A number of management changes during the year impacted on staff. However, the team is now settled and has a clear direction. New roles have helped to reduce pressure within the team and allowed better leverage of existing skills, as well as identifying areas for improvement.

Forestry

- Harvesting was completed in October 2018 and was 16% above budget.
- Planting was carried out at Ohai and Waikaia.
- High prices for logs continued for the financial year. This led to a better-than-expected year-end net position of \$1.3 million.

Representation and advocacy

- The key highlight of the year, which will inform the next triennium, is the completion of the Community Governance Project and the Representation Review. This was the culmination of work begun in 2015. Following Council's adoption of the final proposal in July 2018, eight appeals or objections were received, as allowed by the Local Electoral Act 2001. The Local Government Commission held a hearing in December 2018 and issued its determination in March 2019. Council provided advice and assistance to the commission. The commission noted that the context for the Representation Review and related Community Governance Review was to modernise Council's approach to community governance, and enable community-led development. This is a key pillar of the Representation Review. The broad strategic change is about empowering and encouraging communities to contribute to their own futures outside of formal Council structures. The change would also enable democratic local decision-making through community boards covering the whole of Southland District. The commission agreed with Council that there should be nine community boards across the District and in order to allay concerns about an effective voice for some small communities decided to establish electoral subdivisions in two of the nine boards.
- The new ward and community board boundaries are the basis for the local elections to be held in October 2019. As noted, Council is using this opportunity as a way of examining its processes to enable local communities to plan for their future and enable local decision-making at an appropriate level.

Performance results

Key performance indicator results

This activity group has a total of 19 KPIs. Of these, 13 targets were achieved and six not achieved.

Performance measures

Enable democratic local decision making and by, and on behalf of, communities (Representation and Advocacy)			
Level of Service (LoS) 25: Make decisions in an open, transparent manner			
Key Performance Indicator	Target	Result	How Council performed
KPI 25.1: Percentage of residents that: (a) have confidence in Council decision-making (b) feel that Council decision-making reflects local and District needs	a) 85% b) 85%	a) 75% b) 75%	<p>a) Not achieved</p> <p>75% of those surveyed were either very confident or somewhat confident in Council decision-making. This is still a very high figure proportionately for councils in New Zealand. We are continually looking at ways to improve this. Feedback from this survey noted that some residents felt like Council decision-making was not based on community feedback or there was little consultation.</p> <p>b) Not achieved</p> <p>Council did not meet the target of 85% of residents who feel that Council decision-making reflects local and District needs. Council reached 75%. This is still a high figure. The changes to the governance structure with nine community boards to enable local decision-making across the District will have a positive influence in reflecting local and District needs.</p> <p>(2018/2019: New measure)</p>

Council Activities

KPI 25.2: Proportion of main items held in open meetings ¹	85%	83.05%	Not achieved The figure of 83.05% does not meet the target of 85%. This is based on the number of public-excluded items on an agenda compared with the number of open items. This is determined by staff across the organisation when reports are put through and there are very good reasons why items need to be held in public excluded. Transparency and accountability is important in local government and this KPI serves as a reminder that we are striving for that. From time to time there will be Council business that does need to be considered in public excluded but staff try to balance that with the need for transparency and confidence in Council decision-making. (2018/2019: New measure)
<i>1 - This refers to the main business topics on the full Council agenda and existing four Standing Committees</i>			
Support collaborative partnerships with the community and key agencies/stakeholders in the district and region that add to the quality of life in Southland (Community Futures)			
Level of Service (LoS) 19: Proactively engage/plan with the community			
Key Performance indicator	Target	Result	How Council performed
KPI 19.1: Number of Community Conversations held	≥ 10	14	Achieved There were 14 face-to-face engagement activities that were held with the public where formal feedback was sought. There were other engagement methods such as surveys, consultation, and informal meetings with the community that have not been included in this result. (2018/2019: New measure)
KPI 19.2: Number of community leadership plan processes held/completed	3	0	Not achieved This work has been replaced by the development of nine community board plans that will reflect Council's new governance structure. It is intended that these plans will be completed in the early part of 2020 so as to be used to inform the development of Council's Activity Management Plans and the 2021-31 Long Term Plan. The community leadership team is continuing to work with the strategy and policy team to develop a plan for Southland's ageing residents. (2018/2019: New measure)
KPI 20.1: Percentage of funds distributed through contestable community grants and funding schemes that comply with grant criteria	Target to be set following fund review	100%	Achieved All grants met criteria. (2018/2019: New measure)
Key Performance indicator	Target	Result	How Council performed
KPI 21.1: Southland regional unemployment rate	Below national average	3.4%	Achieved The Southland unemployment rate for March 2019 was 3.4% compared with the national rate of 4.2%. This KPI has therefore been achieved as a result of a number of the attraction and retention initiatives being carried out across the Southland region. This is based off Statistics New Zealand figures. (2017/2018: Achieved – 4.1%)

Council Activities

KPI 21.2: Southland regional GDP	Increase on prior year	5.82	Achieved Southland GDP \$5.826B (March 2018 vs \$5.439B (March 2017). This KPI has been achieved as there has been a 7.1% increase in GDP from 2017 to 2018. This is based off Statistics New Zealand figures. (2017/2018: Achieved – 7.9%)
Positive, consistent customer experience so our customers only have to ask us once (Customer Support)			
Level of Service (LoS) 3: Provide a positive and consistent experience			
Key Performance indicator	Target	Result	How Council performed
KPI 3.1: Percentage of requests for service resolved within service levels	80%	87%	Achieved This measure is important to provide Council with the confidence staff are able to resolve requests for service within our service level the majority of the time. There are always exceptions due to the often complex nature of some matters and activity managers receive weekly reporting and support to keep matters front of mind. While the customer delivery group cannot directly influence the outcome of a request for service, we act on behalf of our customers to follow up outstanding issues. (2017/2018: New measure)
Pro-active communication and engagement that ensures information provided by Council is easily accessible, relevant and timely (Communications and Engagement)			
Level of Service (LoS) 27: Engage and communicate with the community			
Key Performance indicator	Target	Result	How Council performed
KPI 27.1: Level of public attendance at engagement activities/opportunities	≥ 200 people in total attending Council Community Conversations per annum	312	Achieved Engagement activities included: bridge meetings, community groups meetings, meetings with Young Farmers, surveying of attendees at A & P Show and cluster meetings about community board plans. (2018/2019: New measure)
KPI 27.2: Percentage of residents who are satisfied with Council communications	50%	51%	Achieved The Annual Residents' Survey showed that 51% residents were satisfied with Council communications. 15% were dissatisfied or very dissatisfied and 34% either did not know or were neutral. The comments included that Council could do more engagement on local projects, while others said that the community did not want to engage with Council. (2018/2019: New measure)
Customer and business aligned, service orientated and leaders in providing the best services available (Corporate Support)			
Level of Service (LoS) 30: Operate in a financially prudent manner (Financial Management)			
Key Performance indicator	Target	Result	How Council performed

Council Activities

KPI 30.1: Rates income complies with the limits set in the financial strategy (Affordability benchmark/rates benchmark ¹) as follows: (a) rates increase over prior year (b) rates as a proportion of total revenue	a) \leq LGC ¹ + 2% b) \leq 70%	a) 3.67% b) 62%	a) Achieved The actual percentage is as published in the 2018-2028 Long Term Plan. b) Achieved Rates share of revenue is lower than benchmark and budget, due to additional income from other sources being received during the year. The key source of this income was NZTA, for the Catlins alternative coastal route, as well as forestry harvesting and interest. (2018/2019: New measure)
KPI 30.2: Debt complies with the limits set in the council's financial strategy (Affordability benchmark/debt benchmark ¹) as follows: (a) external debt as a proportion of total revenue	a) \leq 100%	a) 2.25%	Achieved Council has an overdraft of \$1.7M as at 30 June 2019 due to cashflow at 30 June 2019 (2018/2019: New measure)
KPI 30.3: Revenue (excluding income from development and financial contributions, revaluations and vested assets) exceeds operating expenditure (Sustainability benchmark/balanced budget benchmark ¹)	\geq 100%	97.47%	Not achieved The actual result was less than the target principally due to \$2.2M extraordinary cost associated with the Te Anau wastewater project being written off at 30 June 2019. (2018/2019: New measure)
KPI 30.4: Capital expenditure on the five network infrastructure services equals or exceeds depreciation on those five services (Sustainability benchmark/balanced budget benchmark ¹)	\geq 100%	\geq 100.75%	Achieved The actual result is reduced by the write off of \$2.2M extraordinary cost associated with the Te Anau wastewater project in 2019 (2018/2019: New measure)
KPI 30.5: Borrowing costs are less than 10% of operating revenue (Sustainability benchmark/Debt servicing benchmark ¹)	< 10%	0.03%	Achieved Costs relate to both interest charges and the cost of having an overdraft facility (2018/2019: New measure)
KPI 30.6: Net cash flow from operations equals or exceeds budget (Predictability benchmark/operations control benchmark ¹)	Actual compared to budget (budget: \$21.14M)	\$23.14M	Achieved The actual net cash flow is higher than budgeted due to the receipt of unbudgeted income from other sources including forestry harvesting, grants, interest received etc (2018/2019: New measure)
KPI 30.7: Net debt is less than or equal to forecast net debt in the local authority's long term plan (Predictability benchmark/Debt control benchmark ¹)	Actual compared to budget (budget: \$0)	\$1.7M	Not achieved Council's only debt is in relation to a \$5M overdraft facility that it has for cashflow purposes. At the 30 June 2019 \$1.7M was borrowed. This was repaid in full by 31 July 2019. (2018/2019: New measure)
1 - These measures relate to the Local Government (Financial Reporting and Prudence) Regulations 2014 2 - LGC is the Local Government Cost Index			

Funding impact statement – District leadership

2017/2018 Budget (AP) (\$000)		2017/2018 Actual (\$000)	2018/2019 Actual (\$000)	2018/2019 Budget (LTP) (\$000)
	Sources of operating funding			
10,552	General rates, uniform annual general charges, rates penalties	10,513	11,848	11,817
779	Targeted rates	780	808	812
84	Subsidies and grants for operating purposes	357	266	84
11	Fees and charges	48	49	29
14,713	Internal charges and overheads recovered	15,636	14,779	15,078
4,655	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	7,049	4,990	3,243
30,793	Total operating funding	34,382	32,741	31,063
	Applications of operating funding			
15,885	Payments to staff and suppliers	18,234	16,149	15,744
-	Finance costs	30	22	22
11,188	Internal charges and overheads applied	12,324	12,497	12,010
2,316	Other operating funding applications	2,431	2,124	2,329
29,388	Total applications of operating funding	33,019	30,792	30,105
1,405	Surplus (deficit) of operating funding	1,363	1,950	959
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	7	-
-	Development and financial contributions	10	9	-
1,457	Increase (decrease) in debt	548	39	732
50	Gross proceeds from sale of assets	40	189	88
-	Lump sum contributions	-	-	-
1,507	Total sources of capital funding	659	244	820
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	17	-	-
2,050	▪ to improve the level of service	(1,185)	298	104
178	▪ to replace existing assets	548	370	1,495
384	Increase (decrease) in reserves	2,200	1,131	(120)
300	Increase (decrease) in investments	381	394	300
2,912	Total applications of capital funding	1,961	2,194	1,779

Council Activities

(1,405)	Surplus (deficit) of capital funding	(1,363)	(1,950)	(959)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Funding impact statement – budget variations

Other receipts were higher than budgeted due to increased forestry harvesting. Accordingly, payments to staff and suppliers are also higher than budgeted due to increased harvesting costs. Capital expenditure to replace existing assets was lower than budget due to progress on the core system review in the current year as well as a deferral of computer hardware replacements.

Emergency management

What we deliver

The activity focuses on communities being prepared, responding to and recovering from emergencies when they happen. Emergency Management Southland (working for a joint committee of the four Southland councils) co-ordinates Council's Civil Defence Emergency Management work across the 4Rs (reduction, readiness, response and recovery). It involves creating community and agency response plans, developing communication networks, carrying out planning and education so people can better understand the risks and training to increase the community's readiness to respond.

Why we do it

The activity puts plans in place to ensure people are safe and connected in an emergency and helps build community resilience by preparing, responding and recovering effectively from emergency events. Co-ordinated planning and increasing community awareness also reduce the potential for damage in emergencies, and a speedy response mitigates the effects of damage where possible.

Community outcomes

The primary outcome is "proud connected communities that have an attractive and affordable lifestyle". The secondary outcome is "resilient communities that leave a legacy for tomorrow".

Identified effects

A lack of co-ordination, adequate resourcing or communication could compromise an effective emergency response. Actions taken to respond to emergencies could also potentially affect the environment, although these are mitigated wherever possible.

How well we did – Key highlights and performance results

Emergency Management Southland

- Project AF8, a Southland-led, South Island-wide project to improve readiness for a magnitude eight or greater earthquake on the Alpine Fault, received the 2019 Business and Economic Research Limited (BERL) award for Collaborative Government Action at the annual Society of Local Government Managers Awards night. Other highlights from this year include the release of the SAFER (South Island Alpine Fault Earthquake Response) Framework, running a "science beneath our feet" roadshow in schools and communities across the South Island and working towards a national Alpine Fault exercise in 2020.
- A programme of community response planning is being undertaken throughout Southland. This planning will increase the capacity and capability of each community during an emergency response and empower communities to support themselves, their family/whanau and their wider community. While this planning is community led and owned – based on the needs and wants identified by each community – the delivery of the programme is planned and co-ordinated by Emergency Management

Council Activities

Southland. Thirteen plans were completed for the year, including nine within Southland District (Winton, Riverton/Aparima, Edendale, Stewart Island/Rakiura, Te Anau, Tuatapere, Wyndham, Edendale and Otautau).

- Two exercises were held in the Emergency Management Southland (EMS) co-ordination centre in 2019/2020, with scenarios based on a flood in the Mataura River catchment and a fire at Otatara. There was excellent involvement with all EMS's partner agencies and as always processes were improved following debriefs. EMS assisted MPI with its mycoplasma bovis response and deployed staff to the Tasman fire.
- Various emergency management plans were reviewed and significantly updated, including the Flood Response Plan, Group Recovery Plan, Group Welfare Plan, Otago / Southland Fuel Plan and the Otago / Southland Air Operations Plan.
- Changes to the Civil Defence and Emergency Management Act are possible. The government has signalled a commitment to create a National Emergency Management Agency through the 2019 budget. This follows previous technical advisory group recommendations after several major events such as the Kaikoura earthquake and the Port Hills fire regarding the need for greater national leadership and co-ordination. While it is early days yet, Emergency Management Southland staff will be keeping a watching brief on developments.
- The Emergency Management Southland staff structure was revised to better reflect its functions and duties under the Civil Defence Emergency Management Act 2002. EMS work streams are based on the "4Rs" (reduction, readiness, response and recovery) as well as meeting the needs of the governance structure laid out in the legislation. After 10 years of operation EMS reviewed and renewed the Joint Agreement on Civil Defence, which is its founding document.

Angus McKay, Emergency Management Southland group manager/controller, and Chris Hawker, director of Emergency Management Otago, with the 2019 BERL Award at the New Zealand Society of Local Government Management (SOLGM) awards night.



Performance results

Key performance indicator results

This activity has two KPIs and two targets. Both targets were achieved. There were no projects for this activity group.

Performance measures

Safer, strong communities understanding and managing their hazards			
Level of Service (LoS) 26: Build community resilience to emergency events			
Key Performance indicator	Target	Result	How Council performed
KPI 26.1: Number of Southland communities covered by a Community Response Plan	Increase on prior year	13	Achieved A programme of Community Response Planning is being undertaken throughout Southland. This planning will increase the capacity and capability of each community during an emergency response and empower communities to support themselves, their family/whanau and their wider community. While this planning is community led and owned – based on the needs and wants identified by each community – the delivery of the programme is planned and co-ordinated by Emergency Management Southland. The target is to produce eight community plans per year over the first three years of the LTP. (2018/2019: New measure)
KPI 26.2: Percentage of surveyed households that have an emergency plan (written or verbal)	57%	60%	Achieved For the questions have you made a plan or had a family discussion about what to do in an emergency 60% of the survey participants had undertaken one or both planning options. (2018/2019: New measure)

Funding impact statement – emergency management

2017/2018 Budget (AP) (\$000)		2017/2018 Actual (\$000)	2018/2019 Actual (\$000)	2018/2019 Budget (LTP) (\$000)
	Sources of operating funding			
390	General rates, uniform annual general charges, rates penalties	388	423	422
-	- Targeted rates	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-
-	- Fees and charges	-	-	-
1	Internal charges and overheads recovered	3	3	3
25	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	14	1	13
415	Total operating funding	406	428	439
	Applications of operating funding			
-	- Payments to staff and suppliers	-	-	-
-	- Finance costs	-	-	-
148	Internal charges and overheads applied	137	128	143
267	Other operating funding applications	257	296	296
415	Total applications of operating funding	394	424	439
-	Surplus (deficit) of operating funding	12	4	-
	Sources of capital funding			
-	- Subsidies and grants for capital expenditure	-	-	-
-	- Development and financial contributions	-	-	-
-	- Increase (decrease) in debt	-	-	-
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
-	Total sources of capital funding	-	-	-
	Applications of capital funding			
	Capital expenditure			
-	- to meet additional demand	-	-	-
-	- to improve the level of service	-	-	-
-	- to replace existing assets	-	-	-
-	- Increase (decrease) in reserves	1	4	-
-	- Increase (decrease) in investments	10	-	-
-	Total applications of capital funding	12	4	-

Council Activities

-	Surplus (deficit) of capital funding	(12)	(4)	-
-	Funding balance	-	-	-

*¹ includes all other operating funding from sources not identified above.***Funding impact statement – budget variations**

There were no significant variances between the budget and actual results.

Regulatory services

What we deliver

Council performs regulatory functions to control a range of activities taking place in the District. The rules are based on legislation that provides Council with a framework to work within. This group is concerned with consenting, monitoring and enforcement functions across a wide cross-section of statutes, focusing on protecting public health, maintaining a safe environment and amenity and processing consents.

Regulatory services includes the following activities provided by Council:

- animal control
- building control
- environmental health
- resource management

Animal control

Animal control involves registering dogs, investigating complaints about dogs and wandering stock, formulating and enforcing animal control policy, dealing with nuisance dogs, and promoting responsible dog ownership.

Building control

Building control exists to ensure that all buildings in the District are safe and healthy. The activity involves processing and granting building consents, inspecting and monitoring building work, issuing Code Compliance Certificates (CCCs), issuing Certificates of Public Use (CPUs), processing Land and Project Information Memorandums, providing advice on building-related matters and enforcing numerous other provisions under the Building Act 2004. The activity is also responsible for amusement device inspections under the Machinery Act. Council operates a shared services agreement with Gore, Clutha and Central Otago District Councils, which enables staff to fill in where specialist staff are not available in-house or are absent on leave.

Environmental health

Environmental health is concerned with all aspects of the natural and built environment that may affect human health. Key activities include alcohol and food licensing as well as public health services including the regulation of noise, nuisances, freedom camping and hazardous substances.

Resource management

The resource management activity involves the development and review of the District Plan (which sets out the objectives, policies and rules and methods for land use and development in the District), monitoring compliance with the District Plan and processing resource consent applications.

Why we do it

Regulatory services play an important part in ensuring that Southland's built and natural environment is safe for residents and for visitors. The activities are focused on ensuring that:

Council Activities

- building or land developments are managed in a safe and sustainable way and land is used appropriately through enforcing building and planning rules and legislation
- the natural and built environment is protected and enhanced to promote sustainable development
- negative effect of activities that may occur in the District are minimised or managed (eg, noise, animals, overhanging trees)
- commercial food premises practise a high standard of hygiene
- communities and individuals are kept safe from nuisances.

Community outcomes

The primary outcome of this activity group is “proud, connected communities that have an attractive and affordable lifestyle”. Its secondary outcome is “resilient communities that leave a legacy for tomorrow”.

Identified effects

The building control and resource management activities exist to mitigate and manage risks from development, construction, weathertight home issues and earthquakes. Development and construction, if not well managed, can have negative effects on the environment and social well-being, as well as the safety of individuals. Development in the wrong areas or the wrong types of development can place strain on infrastructure and reduce people’s ability to access services and enjoy the opportunities the District offers. Poor development and construction of individual buildings can reduce the attractiveness of the District and the ‘sense of place’ that people identify with, and can also have a direct impact on safety.

How well we did - Key highlights and performance results

Resource management

Key highlights

- Council initiated a plan change to the Operative Southland District Plan to incorporate some more stringent lighting controls for Stewart Island/Rakiura. The plan change was scoped and an analysis was put to Council with a recommendation that the plan change be publicly notified. The plan change was notified in September 2019.
- A District Plan Effectiveness report was finalised in the last quarter of 2018/2019. It identified that the District Plan is functioning well and existing RM policy work streams are aligned well to identify and respond to trends. It provides a number of recommendations to address these trends which will inform future decision-making about changes to the plan and other non-statutory measures.
- Phase one of internal process improvements for resource consent management were implemented. This involved optimising the process flow for consents and improved data capture.
- The National Planning Standards under the Resource Management Act came into force in April 2019. The standards require national consistency for plan structure, format, certain definitions and electronic functionality. Wider work has begun to understand the impacts of the Planning Standards on the District Plan.
- A regional planning group has been established with Environment Southland, Invercargill City Council, Gore District Council and Te Ao Marama Incorporated to jointly fund and manage regional work streams for climate change, landscapes and biodiversity. To date the Southland Climate Change Impacts Assessment is the only report

that has been finished. It was released in May/June to the various councils. This report is the first step in understanding the potential impacts of climate change on the region and various other work streams will stem from this report.

- Resource management applications processed in 2018/2019 (consents/certificates/approvals) remain relatively consistent with previous years at 315. In the 2017/2018 year 276 applications were processed.

Building control

Key highlights

- The successful reaccreditation of the Building Control Authority (BCA) by International Accreditation New Zealand (IANZ) in 2019 was the highlight for the Building Solutions team this year.
- With the assistance of Council's newly appointed quality assurance lead, 80% of Council's procedures as building control authority (BCA) were adjusted to ensure alignment to the significant Ministry of Business, Innovation and Employment (MBIE) revisions that came into effect in July 2017. Changes of this magnitude created a challenging environment for the building team, who worked a significant amount of paid and unpaid overtime to ensure the continued, timely delivery of the BCA function.
- While some of the more challenging scenarios the team encountered resulted in statutory timeframes being exceeded, there has been an overall reduction in the average time taken to process building consents, which is a positive trend.
- For the first time, Council engaged an external contractor during the 2018/2019 year to enable Council's BCA work output to be scaled in response to the ebbs and flows of the industry. This new arrangement has successfully supported the processing of higher volumes of consents during peak times of the year and is a positive risk mitigation arrangement that is now in place for future.
- 870 consents issued before the 2018/2019 period received inspections during the 2018/2019 year. This is a significant 'tail' of work that has been completed with funding paid for in prior years, especially considering that only 503 consents issued during the 2018/2019 requested and received inspections.
- A total of 917 new building consents were issued in the 2018/2019 year. Of those 307 are more complex (206 commercial and 101 a combination of residential 2 and residential 3 building categories) and will require multiple inspections before being signed off. With up to 17 different inspection types possible per complex consent the 2018/2019 year has set up a body of work which the building team is preparing to deliver during 2019/2020.
- The building solutions team cleared a key milestone for Council in 2018/2019. Having performed a full evaluation of Southland's high-risk seismic area within MBIE's specified timeframe, the team completed its evaluation of buildings in this area for being potentially earthquake-prone using the methodology provided by MBIE.
- After the resignation of the team leader Building Solutions and analysis of time-recording data captured during the year, the capacity of the team was evaluated and expanded. The team leader role was disestablished and replaced by both an operational manager and technical lead role. The new manager position was quickly filled, with the role starting on 1 July 2019.
- With strong encouragement from the industry, significant investigation into electronic lodgement and processing options was undertaken during the year, resulting in a comprehensive business case being created. This has positioned the team positively to head into 2019/2020 ready for the selection and implementation of a digital solution.
- MBIE announced six key changes to the Building Code on 27 June 2019. These are all positive changes to better support industry stakeholders, including amendments that ensure homeowners can more easily comply with the new Healthy Homes Standards and collating existing documents to create less ambiguity and confusion across the sector about which Fire Acceptable Solution document to use. Further changes to the Building Code are being planned for release in 2019/2020.

Animal control

Key highlights

- A large focus has been increasing the number of dogs that are registered using “Payit” on Council’s website. Work included developing new dogs’ online registration, use of bulk emails to our dog owners, introducing a dog changes system on our website, an improved communications campaign, and adding an iPad as an incentive to register online. All these initiatives have proven successful with more dogs being registered online.
- A questionnaire has been added to Council’s systems to drill down into the circumstances behind dog attacks that will provide useful data going forwards, both for reporting and also analysis.
- Three years ago a common type of dog attack incident was a dog escaping its property and attacking a dog/person walking by. This has largely been eliminated due to proactive work by officers, and also possibly the impact of the new discounts that promote containment.
- Work streams have been started concerning those who do not claim the fencing discount, and dogs that continue to not be microchipped despite our incentives to do so.

Environmental health

Key highlights

- The Local Alcohol Policy is being reviewed by the Southland District and Invercargill City Councils. Gore District Council resolved to discontinue having a combined policy with the two other councils. Council’s Board and Gambling Venue policies are also being reviewed.
- Considerable work has been completed to improve visibility of key processes, to enable effective tracking and notifications to ensure the smooth running of services.
- Along with the new technical support partner team, the environmental health team contracted food verification services in the short term.
- A backlog of licensees has continued through the year, concerning licensees who await their renewals. Staff were working to resolve this in the 2019/2020 year, with staff resourcing issues having been resolved.
- Implementation of the Food Act 2014 has continued to be a focus for the team. The last group of businesses that were required to transition to the new system have done so, the due date being March 2019.
- The team is leading a work stream arising from a Southland/Otago workshop, concerning recreational water signage. This work also has significant implications on other signage used by the team, for example relating to freedom camping or dog control.
- The two shared freedom camping services continued last season, in the Catlins and Te Anau. Intelligence has improved with the Campermate app releasing data to councils for their use. A ranger service was planned for Lumsden and Dipton, but did not eventuate as it was not considered necessary at the time.

Performance results**Key performance indicator results**

This activity has nine KPIs and 13 targets. Eleven of the targets were achieved and two not achieved.

Performance measures

A safe built environment (Building Control)			
Level of Service (LoS) 13: A safe built environment for the community to use			
Key Performance indicator	Target	Result	How Council performed
KPI 13.1: Average time ¹ to process applications for: (a) Building consents (b) LIM (c) PIM	a) ≤ 18 working days b) ≤ 9 working days c) ≤ 9 working days	a) 15 b) 6 c) 13	<p>a) Achieved</p> <p>The team have made a procedural change during the year to enable faster processing and issuing of simple consents.</p> <p>This has improved both the customers' experience and supported this significant reduction to the team's average processing timeframe. As a result, the year-end average was 15.41 days. It should be noted that this average does not relate to statutory compliance to which the team has delivered 94.2%. This means that 54 of the 937 Building Consents issued during the year were issued outside of statutory timeframe. It is also noted that external contractors are still being engaged periodically to support the team's workload.</p> <p>(2018/2019: New measure)</p> <p>b) Achieved</p> <p>LIMs are a priority document for Council as they enable customers to purchase property with confidence. While the statutory timeframe to issue a LIM is 10 working days, Council teams always aim to exceed this. Due to this prioritisation, the annual average is reduced further to six days.</p> <p>(2018/2019: New measure)</p> <p>c) Not achieved</p> <p>PIMs have a 20-day statutory timeframe and are therefore prioritised along with Building Consent applications. This makes nine days a very ambitious KPI. The annual average processing time was 12.79 days, showing a strong commitment by the team to meet its internally set KPIs.</p> <p>(2018/2019: New measure)</p>
KPI 13.2: Maintain accreditation ² as a Building Consent Authority	Retain accreditation	Accreditation retained	<p>Achieved</p> <p>Council received its re accreditation certificate from IANZ at the start of June 2019</p> <p>(2017/2018: Internal KPI – Achieved – Yes)</p>
<p>1 - The Building Act/Code interpretation of "working days" is expected to change during the period which will affect performance reporting</p> <p>2 - BCA accreditation auditors have determined substantive compliance for meeting legislative timeframes to be in the 95% to 100% range</p>			
Ensure the development of the District and use of its resources is carried out in a sustainable manner, compatible with community values while not compromising environmental bottom lines (Resource Management)			
Level of Service (LoS) 9: Efficient and cost effective processing of resource consent applications			

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KPI 9.1: Median time to process non-notified consent applications	≤ 18 working days	19 working days	Not achieved The median for the year is 19 days. Current practice is to provide the consent applicant with a draft decision to review prior to it being issued. This practice occurs without putting the consent on hold and therefore adds days to the processing clock. In this reporting period, 315 consents were processed, 80 of which were processed over 20 working days. Of these 80 consents 57 agreed to extending the 20 working day processing timeframe and 23 did not and were provided a discount. (2018/2019: New measure)
KPI 9.2: Median charge per non-notified resource consent application	≤ \$1,000	\$834	Achieved - The median for the year is \$834. This is a satisfactory result and is only a minor cost factor to consider as part of a development. (2018/2019: New measure)
Level of Service (LoS) 10: Maintain an up-to-date and responsive regulatory policy environment			
KPI 10.1: Report ¹ two-yearly on the District Plan effectiveness	Adopt effectiveness report	Report adopted	Achieved The report was completed and presented to the Regulatory and Consents Committee meeting on 11 July and to the 24 July 2019 Council meeting. (2017/2018: Not measured)
<i>1. Reports on the effectiveness of the District Plan are prepared every 2 years with information gathered in the intervening year</i>			
Encourage responsible animal ownership and protect the public from harm (Animal Control)			
Level of Service (LoS) 11: Effective and appropriate control of animals that minimises potential for public harm			
KPI 11.1: Number of serious injuries to the public from dog attacks	0	0	Achieved There have been no reports of a serious dog attack on a person this year. There was one minor attack, and one moderate attack. (2018/2019: New measure)
KPI 11.2: Percentage of non-working dogs subject to the responsible owner category	85%	90%	Achieved The percentage has increased this year, factors include adding the discount back after the two year probationary period, and active promotion of microchipping. (2018/2019: New measure)
Enhance the health, safety and well-being of the community, through the effective implementation of a range of public health related legislation (Environmental Health)			
Level of Service (LoS) 12: Effective and appropriate control of activities that minimise the potential for public harm			
KPI 12.1: Number of incidents ¹ of foodborne illness believed ² to be caused by food sold at a Council-verified business	0	0	Achieved There have been no incidents of foodborne illness caused by food sold at a Council-verified business. (2018/2019: New measure)
KPI 12.2: Number of alcohol licensees that fail a controlled purchase operation ³	≤10%	0	Not measured No controlled purchase operations (CPOs) have been conducted this year. CPOs are conducted in partnership between the police, Council, and Public Health South. These agencies are aiming to schedule CPOs in the coming year. (2018/2019: New measure)
<i>1 - "Incident" means illness arising from a common food source that has made one or more people ill, and includes an outbreak (more than 2 people ill). 2 - "Believed" means that there is strong evidence suggesting the cause is the business concerned. The term 'suspected' would be used when there is weak evidence linking a food business to the incident.</i>			

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3 - Police is the lead agency in conducting CPOs. The police confirmed the intention to continue CPOs over the three-year period 2018 to 2021, being an effective way to test compliance.

Funding impact statement – regulatory services

2017/2018 Budget (AP) (\$000)		2017/2018 Actual (\$000)	2018/2019 Actual (\$000)	2018/2019 Budget (LTP) (\$000)
	Sources of operating funding			
1,744	General rates, uniform annual general charges, rates penalties	1,753	1,622	1,617
-	Targeted rates	-	-	-
4	Subsidies and grants for operating purposes	11	13	15
2,322	Fees and charges	2,146	2,258	2,209
388	Internal charges and overheads recovered	349	308	298
102	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	97	79	68
4,560	Total operating funding	4,356	4,281	4,207
	Applications of operating funding			
3,029	Payments to staff and suppliers	2,602	2,788	2,977
-	Finance costs	-	-	-
1,514	Internal charges and overheads applied	1,495	1,232	1,223
2	Other operating funding applications	(27)	2	2
4,545	Total applications of operating funding	4,070	4,021	4,202
15	Surplus (deficit) of operating funding	286	259	5
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
-	Increase (decrease) in debt	26	43	(13)
8	Gross proceeds from sale of assets	10	33	10
-	Lump sum contributions	-	-	-
8	Total sources of capital funding	36	76	(3)
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
-	▪ to improve the level of service	23	5	-
34	▪ to replace existing assets	108	143	35
(11)	Increase (decrease) in reserves	192	187	(33)
-	Increase (decrease) in investments	-	-	-
23	Total applications of capital funding	322	335	2

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(15)	Surplus (deficit) of capital funding	(286)	(259)	(5)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Funding impact statement – budget variations

Payments to staff and suppliers are less than budgeted due to staff vacancies and general consultancy and specific project work being lower than expected or deferred. Capital expenditure to replace existing assets is higher than budgeted as a result of Council purchasing vehicles rather than leasing.

Roading and footpaths

What we deliver

The Southland roading network is the second largest of any territorial authority in the country. The network consists of a total of 4,967km of roads, 852 bridges, 207km of footpaths, 236 stock underpasses and 2,450 streetlights. There are also eight State Highways in the District (1, 6, 94, 95, 96, 97, 98 and 99). These are managed by the NZ Transport Agency (NZTA) and are not part of Council's network.

Roading and footpaths delivers both assets (such as roads, signs, bridges and lighting) and non-asset functions (such as road safety promotion). Overall management of the facilities is provided by Council, with operational work carried out by contractors.

Funding for the management and maintenance of the roading and footpaths network is provided from rates, loans and user charges, together with financial assistance received from central government through NZTA.

The roading network maintenance is operated under an "alliance" model, a form of collaborative partnership contract between Council and contractors. Council also utilises engineering professional services to help develop and deliver its renewal and capital programmes.

The footpath network is operated by Council with input from local community boards and community development area subcommittees. Contractors are used for specific maintenance and renewal projects.

Council also operates the Around the Mountains Cycle Trail that runs from Kingston to Walter Peak Station on the shores of Lake Wakatipu. The majority of other off-road walkways and cycleways are managed under Council's parks and reserves activity.

Why we do it

The roading network is crucial infrastructure for the District. It aims to provide a safe and integrated corridor, enabling goods and services to move throughout the District, supporting people's ability to live, work, visit and travel safely throughout Southland.

Community outcomes

The primary outcome of this activity group is "Proud, connected communities that have an attractive and affordable lifestyle". The secondary outcome is "resilient communities that leave a legacy for tomorrow".

Identified effects

While the roading and footpaths activity plays an integral part in Southland District, there are inherently some significant negative effects on the community's well-being associated with it.

Council has processes in place to reduce the likeliness of their occurrence. An example of a significant negative effect is fatalities.

The possibility of these occurring is reduced through maintenance, renewals and road safety strategies. Other negative effects that could arise from the roads are economic effects such as travel delays as a result of road construction or upgrade works. Negative environmental effects could also occur, such as excessive noise, dust, contamination of waterways by stormwater discharge from road surfaces and environmental degradation from road construction or upgrade works.

How well we did – Key highlights and performance results

Key highlights

- Bridge assets was a prominent area of focus in the 2018/2019 year and will continue to be leading up to the next long term plan. The work carried out to date has highlighted the need for major investment over the coming years. A number of public bridge site meetings occurred at sites where safety concerns had necessitated the closure of ageing posted structures. Three bridges currently closed may re-open to light vehicles following the installation of gantry-type structures which would prevent heavy vehicles from using the bridges.
- Just over 9km of sealed road pavement rehabilitation was completed, which was more than originally programmed.
- The annual resurfacing programme was also a success with just over 1,000,000m², or 15.5km, of road, being resurfaced.
- 2018/19 was the first year that the Government Policy Statement on Land Transport came into effect. The main change is the government focus and investment in road safety, along with a shift towards mode neutrality. This means that for the first time footpath maintenance and renewal has attracted a subsidy from the NZ Transport Agency.
- A review of Southland District speed limits is under way, and pre-consultation has been carried out. Formal consultation will take place during the remainder of 2019.
- The team's scheduled programme of works has largely been delivered or exceeded, such as the pavement rehabilitation, but other areas such as seal widening were consolidated from small packages of work over three years into one larger package of works to be delivered in the 2019/2020 construction season.
- Tourism growth continues. This is evident in other investment being carried out such as new toilets installed on the Southern Scenic Route.
- The Around the Mountains Cycle Trail has continued to see growth in the number of users, which is expected to continue into 2019/2020. Six toilets and five shelters have been installed from Mount Nicholas Station to Centre Hill, with additional signage installed. The road down to the Centre Hill terminal has been shape-corrected with culverts installed and running course conducive to cycling applied. The appointment of a trail manager also has also seen a greater focus on marketing and promotion of the trail.

Key projects

- The Pyramid Bridge replacement was put out to tender and a contract was awarded in late July 2019.
- The Chaslands Highway slip repair was completed in May/June 2019. Technically, this was a very challenging repair to carry out.
- The Alternative Coastal Route seal extension project was completed, with the official opening held on 6 December 2018. Feedback has been very positive and the number of crashes has reduced significantly.
- Otapiri Gorge area had a significant weather event in late November early/December which resulted in significant emergency works being required. Renewal work which had been carried out the year before was damaged in the flooding.
- Council completed a two-year project to replace most of its network of 2673 high-pressure sodium, mercury vapour and mercury halide street lights throughout the District with new LED lights. These lights are more efficient and will significantly reduce future operating and maintenance costs. A total of 2328 street lights were replaced, with the \$1.5 million cost largely funded by NZ Transport Agency.

Performance results

Key performance indicator results

This activity has six KPIs and six targets. The activity achieved four of the targets and two were not achieved.

Performance measures

A safe and integrated corridor that enables people, goods and services to move throughout Southland and makes it easy to live, work, play and visit here			
Level of Service (LoS) 16: Roads are fit for purpose and provide for comfortable and efficient travel			
Key performance indicator	Target	Result	How Council performed
KPI 16.1: Average quality of ride on sealed local roads (MM 2: road condition)	Smooth Travel Exposure ¹ ≥ 97%	99%	Achieved High-speed data collected by WDM for Council sealed roads has been uploaded into RAMM database (Road Assessment Maintenance and Management). This information has been used to calculate result. (2017/2018: Not measured) (2016/2017: Achieved - 100%)
KPI 16.2: Percentage of sealed local road network resurfaced (MM 3: renewal program)	7.3% (equates to ≥970,000 m ² per annum)	7.47%	Achieved Finished sealing for the 2018/2019 season and exceeded the target of 7.30%. Total kilometres sealed was 155km. Note that Stewart Island/Rakiura roads were not included. (2017/2018: Achieved - 104%)
KPI 16.3: Percentage of customer service requests responded to within required timeframes ² (MM 5: response to service requests)	≥90%	80%	Not achieved This fell short of target of 90%. June was a large month with lots of winter-related requests. There were also a number of request completed on time in the field but not closed off in the system. Processes will be reviewed to assess how this can be improved. (2017/2018: Not achieved - 83%)
KPI 16.4: Percentage of gravel road tests where road roughness ³ meets acceptable standards	≥85%	88.1%	Achieved This was carried out between 8 January and 28 March. The overall result for the District was a score of 88.1% good or satisfactory. Note that Stewart Island/Rakiura roads were not included. (2017/2018: Achieved - 91%)
Level of Service (LoS) 17: A safe roading network			
KPI 17.1: Annual change in the number of fatalities and serious injury crashes (MM 1: road safety)	≤14	16	Not achieved We have not achieved a reduction in the number of serious and fatal injury crashes for 2018/2019 (by two crashes). More crashes may get uploaded into the CAS database for 2018/2019 year at a later date by police. The crashes will be reviewed to assess if any trend can be established which Council can positively influence going forward. (2017/2018: Not achieved - 21)
Level of Service (LoS) 18: Footpaths are safe, well designed and well maintained			
KPI 18.1: Percentage of footpaths in reasonable or better condition ⁴ (MM 4: footpath condition)	≥70%	81.5%	Achieved The footpath rating was completed in May by WSP Opus. The result indicates that 81.5% of footpaths are in good condition, which exceeds the target of 70%. (2017/2018: Achieved - 95%)
<p>1 - Smooth travel exposure is an Index that determines the proportion of travel on sealed roads which are smoother than a defined threshold.</p> <p>2 - Timeframes for responding to requests related to roads and footpaths vary from 24 hours to up to 60 days depending on the urgency and risk associated with the request. Overall around 80% of the Council's requests for service have a target timeframe of 10 days or less. The Roads and Footpaths AMP includes more detail about the individual request types and timeframes.</p> <p>3 - Road roughness is measured by RoadRoid testing.</p> <p>4 - Footpaths are assessed and given a condition rating that uses a visual rating scale of 1-5 where 1 is the highest (3 is reasonable). The percentage is calculated according to the length of the network that</p>			

Council Activities

meets or exceeds the average of all condition ratings.

Funding impact statement – roading and footpaths

2017/2018 Budget (AP) (\$000)		2017/2018 Actual (\$000)	2018/2019 Actual (\$000)	2018/2019 Budget (LTP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	283	285
14,215	Targeted rates	14,236	14,117	14,076
6,110	Subsidies and grants for operating purposes	6,509	8,009	5,870
16	Fees and charges	15	10	12
244	Internal charges and overheads recovered	195	451	337
536	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	1,154	885	918
21,120	Total operating funding	22,109	23,754	21,499
	Applications of operating funding			
11,917	Payments to staff and suppliers	12,088	12,696	12,631
-	Finance costs	-	-	-
1,362	Internal charges and overheads applied	1,325	970	1,493
-	Other operating funding applications	78	104	52
13,279	Total applications of operating funding	13,491	13,770	14,177
7,841	Surplus (deficit) of operating funding	8,618	9,985	7,322
	Sources of capital funding			
11,289	Subsidies and grants for capital expenditure	12,714	8,405	7,350
95	Development and financial contributions	-	12	-
2,150	Increase (decrease) in debt	8,058	(319)	4,731
3	Gross proceeds from sale of assets	224	23	10
-	Lump sum contributions	-	-	-
13,536	Total sources of capital funding	20,996	8,122	12,090
	Applications of capital funding			
	Capital expenditure			
107	▪ to meet additional demand	910	302	95
9,030	▪ to improve the level of service	9,875	2,664	2,519
13,661	▪ to replace existing assets	14,055	15,071	12,329
(1,421)	Increase (decrease) in reserves	4,774	69	4,469

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-	Increase (decrease) in investments	-	1	-
21,377	Total applications of capital funding	29,614	18,107	19,413
(7,841)	Surplus (deficit) of capital funding	(8,618)	(9,985)	(7,322)
-	Funding balance	-	-	-

1. ¹ includes all other operating finding from sources not identified above.

Funding impact statement – budget variations

Subsidies and grants for operating purposes are higher than expected due to the repair of the slip on the Chaslands Highway, which was 100% funded by NZTA. Internal charges were lower than budget due to a change in requirements from NZTA which resulted in time being directly charged. Subsidies and grants for capital expenditure are higher than expected due to the completion of the construction works on the Alternative Coastal Route, a project which has occurred over multiple years. This project was funded via internal debt when the majority of the project was completed (2017/18), accordingly resulting in a lower than expected level of debt in the current year. The increase in capital expenditure for demand is the Accelerated LED replacement programme, which was partially carried forward from 2017/18. The increase in replacement of existing assets is predominately the completion of the Chaslands Highway slip and the Alternative Coastal Route.

Solid waste

What we deliver

Council provides a kerbside collection service on alternative weeks for rubbish and recyclables to be picked up from all townships within the District, as well as voluntary collection to properties on collection routes in rural areas. Stewart Island/Rakiura is serviced by a weekly kerbside refuse bag, recycling and food scrap collection. There are also seven waste transfer stations for disposal of rubbish, greenwaste, hazardous waste and collection of recyclables, 11 recycling drop-off centres and two greenwaste-only sites throughout the District. Regional waste is transported to the regional landfill operated by AB Lime at Kings Bend (near Winton) for disposal.

The activity also provides for ongoing waste minimisation education activities throughout the region through WasteNet Southland, a joint committee of Southland District Council, Invercargill City Council and Gore District Council.

Why we do it

The activity provides controlled, convenient and reliable waste disposal options which help to make it easy for people to dispose of their waste and contributes to making the District a clean and desirable place to live. The activity also helps to reduce the impact waste disposal has on the environment by diverting waste from landfill and ensuring that any waste sent to landfill is disposed of and managed appropriately so that people living here now and in the future can grow and prosper without compromising the District's natural environment.

Community outcomes

The primary outcomes of this activity group are "Resilient communities that leave a legacy for tomorrow" and "Proud, connected communities that have an attractive and affordable lifestyle".

Identified effects

The waste the District produces is in itself a negative effect on the environment. Council's solid waste activity is aimed at dealing with these negative effects in ways that cause the least possible long term-harm. Negative effects from landfills can include leachate and production of gases. Council manages closed landfills with the aim of reducing or mitigating these effects where possible. Council is taking steps to reduce the amount of waste disposed of at landfills in accordance with the Regional Waste Management and Minimisation Plan. Pests and rodents could potentially become a problem but there are pest control methods in place to manage this. The potential impacts of this activity are mitigated through efficient management and cleaning of transfer sites.

How well we did – Key highlights and performance results

Key highlights

- An extension of the kerbside collections and transfer station operations contract for another eight years was awarded to Bond Contracts.
- The WasteNet regional contract for recycling material services is held by Southland disAbility Enterprises (SdE). The contract was due to finish in June 2019 but has been extended for 12 months until 30 June 2020. The final arrangements for this contract are to be confirmed.

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- **The three strikes policy** addresses contamination in kerbside recycling. Under the policy, WasteNet officers collect the bin and, if the contents are deemed bad enough, the bin will not be emptied. If three instances of contamination occur at a specific address, the service will be suspended. There have been regular bin inspections and a number of repeat offenders have had their service withdrawn.
- Appeals to the proposed Southland Water and Land Plan are currently under way.

Performance results

Key performance indicator results

This activity has six KPIs and six targets. Five targets were achieved and one was not achieved. For the target that was not achieved, Council and WasteNet will carry out further educational initiatives to encourage people to recycle appropriately.

Performance measures

Protect public health and reduce environmental impacts through waste collection, disposal, reduction, reuse and recycling			
Level of Service (LoS) 14: Provide convenient and reliable rubbish and recycling services			
Key performance indicator	Target	Result	How Council performed
KPI 14.1: Percentage of resident satisfaction with the services provided (refuse and recycling):			
(a) wheelie bins (rubbish and recycling)	a) 90%	a) 90%	Achieved This is measured annually through the Residents' Survey. (2017/2018: Not measured)
(b) transfer station locations	b) 80%	b) 91%	Achieved This is measured annually through the Residents' Survey. (2017/2018: Not measured)
(c) transfer station hours	c) 80%	c) 85%	Achieved This is measured annually through the Residents' Survey. (2017/2018: Not measured)
(d) recycle locations	d) 80%	d) 89%	Achieved This is measured annually through the Residents' Survey. (2017/2018: Not measured)
Level of Service (LoS) 15: Minimise the amount of waste going to landfill			
Key performance indicator	Target	Result	How Council performed
KPI 15.1: Amount of waste:	a) 40%	a) 35.3%	Not achieved Council and WasteNet will carry out further educational initiatives to encourage people to recycle appropriately. (2018/2019: New measure)
(a) diverted from landfill (tonnes) as a percentage of total waste ¹			
(b) maximum per property disposed of to landfill	b) 650 kg per property	b) 588 kg	Achieved The total for the year is 588kg with target achieved. (2018/2019: New measure)
¹ - Total waste diverted by weight includes material from drop-off centres, (yellow) recycling wheelie bins, greenwaste sites and scrap metal. Weight calculations are estimated based on the number of collection containers processed multiplied by an average weight for different material types			

Funding impact statement – solid waste

2017/2018 Budget (AP) (\$000)		2017/2018 Actual (\$000)	2018/2019 Actual (\$000)	2018/2019 Budget (LTP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
4,316	Targeted rates	4,316	4,432	4,426
88	Subsidies and grants for operating purposes	120	120	88
227	Fees and charges	283	305	192
244	Internal charges and overheads recovered	254	252	255
21	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	68	46	12
4,896	Total operating funding	5,040	5,155	4,973
	Applications of operating funding			
3,360	Payments to staff and suppliers	3,389	3,676	3,403
-	Finance costs	-	-	-
1,190	Internal charges and overheads applied	1,172	1,175	1,191
-	Other operating funding applications	17	1	-
4,551	Total applications of operating funding	4,578	4,851	4,594
345	Surplus (deficit) of operating funding	462	304	379
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	-	-
(326)	Increase (decrease) in debt	(343)	(351)	(292)
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
(326)	Total sources of capital funding	(343)	(351)	(292)
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
-	▪ to improve the level of service	50	50	-
-	▪ to replace existing assets	-	16	58
20	Increase (decrease) in reserves	86	(112)	28
-	Increase (decrease) in investments	(16)	-	-
20	Total applications of capital funding	119	(47)	87

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(345)	Surplus (deficit) of capital funding	(462)	(304)	(379)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Funding impact statement – budget variations

Subsidies and grants for operating purposes are higher than budget due to additional Waste Minimisation Levy received from the Ministry for the Environment. Actual refuse fees are higher than budgeted resulting in higher fees and charges. Payments to staff and suppliers are over budget with additional costs incurred for recycling and disposal to landfill. Capital expenditure in this activity relates to replacement/additional wheelie bins acquired during the year.

Stormwater

What we deliver

Council provides stormwater infrastructure in 25 townships that deal with rainfall and dispose of surface water through a mix of piped reticulation, open ditches, drains and soakholes. The infrastructure is designed to cater for an average 10-year flood event (ie, the scale of a flood that is predicted to occur once a decade).

Why we do it

Stormwater systems safeguard people and properties from flooding via the collection and redirection of rainwater. These systems ensure rainfall is quickly and efficiently removed and reduce risks to public health and safety. The collection, treatment and disposal of stormwater also helps to control the level of pollutants being discharged to waterways and groundwater.

Community Outcomes

This primary outcome of this activity is "Proud, connected communities that have an attractive and affordable lifestyle". The secondary outcome is "Resilient communities that leave a legacy for tomorrow".

Identified effects

Severe storm events which exceed stormwater system design standards may result in localised flooding or overflows that adversely impact property or result in pollutants entering waterways and groundwater.

How well we did – Key highlights and performance results

Key highlights

- There are now four resource consents granted and in place which cover 17 towns within the District. The consents have a risk based approach of high, medium or low risk. Monitoring is required and undertaken to ensure compliance. These include separate consents for Winton and Te Anau townships.
- There will be implications for the stormwater activity at a regional level as a result of the Southland Water and Land Plan becoming operative. Where stormwater discharges contain contaminants above consented limits these will need to be investigated to minimised and may possibly require further treatment. These limits may also change over time as individual limits are developed for each catchment.
- Central government is also reviewing how to improve the regulation and supply arrangements of drinking water, wastewater and stormwater (three waters) to better support New Zealand's prosperity, health, safety and environment. Most three waters assets and services, but not all, are owned and delivered by local councils. The Three Waters Review is a cross-agency initiative led by the Minister of Local Government. An announcement was made in July 2019 that announced a dedicated water regulator and new water regulations from mid-2020 to ensure safe drinking water around the country and prevent sewage ending up on beaches, in rivers and in lakes.

Key projects

- An upgrade project at Wallacetown was completed.

Council Activities

- A major project to upgrade 1km of stormwater pipes and associated fixtures in Winton was on track to be completed early in the 2019/2020 year. Contractors Opus and Downer broke ground on 7 February 2019. The project's total cost of \$1,876,500 is being funded by a 30-year loan, with the Winton Community Board approving \$500,000 from reserves to lessen the impact of repayments on the town's ratepayers.

Performance results

Key performance indicator results

This activity has five KPIs with 10 targets. Eight targets were achieved, two were not achieved.

Performance measures

Reliable stormwater collection, treatment and disposal that protects people and property from flooding and minimises the impact of any discharges on the environment			
Level of Service (LoS) 7: Provide a reliable stormwater system			
Key performance indicator	Target	Result	How Council performed
KPI 7.1: Overflows resulting from the stormwater system that result in flooding of a habitable floor: (a) total number per year (b) number per 1000 properties connected (MM1: system and adequacy)	a) ≤ 5 b) ≤ 1	a) 0 b) 0	Achieved There were no internal flooding events that affected habitable floors. (2017/2018: Achieved – a & b – 0)
KPI 7.2: Median response time between the time of notification and the time when service personnel reach the site when habitable floors are affected by flooding resulting from faults in the stormwater system (MM3: response to stormwater issues)	≤ 2 hours	0	Achieved The mandatory measure methodology defines flooding events as those that affect "habitable floors". There was no flooding of habitable floors for the year and as such the result is reported as achieved. (2017/2018: Achieved – 0)
KPI 7.3: Complaints about the stormwater system (a) number per 1000 properties connected (MM4: Customer satisfaction) (b) total number per year	a) ≤ 15 per 1000 properties b) ≤ 60	a) 9 per 1000 properties b) 62	Achieved (2017/2018: Achieved – 12) Not achieved There were 62 requests for the year as a result of localised rainfall events (2017/2018: Not achieved – 80)
Level of Service (LoS) 8: Deliver to the required environmental standard			
KPI 8.1: Compliance with the resource consents for stormwater system discharges, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received in relation to those resource consents. (MM2: Management of environmental	a) 0 b) 0 c) 0 d) 0	a) 0 b) 0 c) 0 d) 0	a) Achieved No abatement notices issued. (2017/2018: Not measured) b) Achieved No infringements issued. (2017/2018: Not measured) c) Achieved No enforcement orders issued. (2017/2018: Not measured)

Council Activities

impacts)			d) Achieved No convictions (2017/2018: Not measured)
KPI 8.2: Average annual cost per property connected ¹ (incl GST)	\$82	\$110	Not achieved The number of connections have been less than expected causing the cost per connection to be higher. (2018/2019: New measure)
<i>1 – Cost per stormwater connection is the total budgeted expenditure divided by total number of rating units. For years 2-10 the number of rating units have been estimated using the annual change forecasted the LTP rating unit assumption.</i>			

Funding impact statement – stormwater

2017/2018 Budget (AP) (\$000)		2017/2018 Actual (\$000)	2018/2019 Actual (\$000)	2018/2019 Budget (LTP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
342	Targeted rates	342	335	339
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	2	1	-
60	Internal charges and overheads recovered	51	52	58
-	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	-	-	-
402	Total operating funding	395	388	397
	Applications of operating funding			
142	Payments to staff and suppliers	172	109	164
-	Finance costs	-	-	-
114	Internal charges and overheads applied	112	109	111
-	Other operating funding applications	1	-	-
256	Total applications of operating funding	284	218	276
146	Surplus (deficit) of operating funding	111	170	121
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	135	-
-	Development and financial contributions	-	-	-
(15)	Increase (decrease) in debt	(16)	398	732
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
(15)	Total sources of capital funding	(16)	532	732
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	-	-
20	▪ to improve the level of service	7	6	35
80	▪ to replace existing assets	80	745	1,000
(25)	Increase (decrease) in reserves	14	(49)	(181)
55	Increase (decrease) in investments	(7)	-	-
130	Total applications of capital funding	95	703	854

Council Activities

(146)	Surplus (deficit) of capital funding	(111)	(170)	(121)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Funding impact statement – budget variations

Payments to staff and suppliers are under budget with less maintenance required during the year than was expected. Subsidies and grants for capital expenditure are higher than budget as NZTA has provided a contribution to the Winton stormwater main replacement. Capital expenditure to replace existing assets is under budget with the Winton replacement being completed over two years combined with a lower than expected tender price.

Wastewater

What we deliver

This activity provides and manages wastewater collection, treatment and disposal facilities for properties connected to one of the Council's 19 wastewater schemes.

Why we do it

The activity allows for the convenient treatment and disposal of wastewater which helps to protect public health from the spread of disease, protects residents' quality of life by keeping communities clean and reduces the effects of wastewater discharges into the environment. It also helps to facilitate economic growth by providing core infrastructure for industry and businesses.

Community outcomes

This primary outcome of this activity is "Proud, connected communities that have an attractive and affordable lifestyle". The secondary outcome is "Resilient communities that leave a legacy for tomorrow".

Identified effects

If not dealt with appropriately, wastewater can have significant negative effects on public health and the environment. Council's work is aimed at dealing with these negative effects in ways that cause the least possible harm. Wastewater is treated to make it safe for disposal. With these major infrastructure assets, the negative effects from service failure are far more serious than the effects from service provision. Council manages its assets to avoid service failures by carrying out a programme of regular monitoring and maintenance, and by prioritising critical work.

How well we did – Key highlights and performance results

Key highlights

- There will be implications at a regional level when the Southland Water and Land Plan becomes operative. The Southland Water and Land Plan requires improvement in discharge quality. The plan further requires discharges to land to be considered. This will be a significant impact in areas where soil characteristics may not easily allow this to happen.
- Central government is reviewing how to improve the regulation and supply arrangements of drinking water, wastewater and stormwater (three waters) to better support New Zealand's prosperity, health, safety and environment. Most three waters assets and services, but not all, are owned and delivered by local councils. The Three Waters Review is a cross-agency initiative led by the Minister of Local Government. An announcement was made in July 2019 that announced a dedicated water regulator and new water regulations from mid-2020 to ensure safe drinking water around the country and prevent sewage ending up on beaches, in rivers and in lakes.
- The Tokanui wastewater scheme resource consent was granted after hearing in May 2019.

Key Projects

- **Te Anau wastewater treatment upgrade** – Preparation of the Kepler block dispersal site is on track to be completed at the end of the 2019 calendar year. The contract for pipeline construction and associated works was awarded to Fulton Hogan, and work began in the first quarter of the 2019. Work is also progressing on the

development of the Kepler site and design requirements at the oxidation ponds. The consent for the sub-surface irrigation field has been lodged with Environment Southland.

- A Stewart Island project is also under way to improve the layout and performance of the wastewater disposal area.

Performance results

Key performance indicator results

This activity has five KPIs with six targets. The activity achieved five targets and one target was not achieved.

Performance measures

We want to provide reliable wastewater collection and treatment that protects public health and the environment			
Level of Service (LoS) 1: Provide reliable wastewater collection and treatment that protects public health			
Key Performance indicator	Target	Result	How Council performed
KPI 1.1: Number of dry weather overflows per 1000 wastewater connections ¹ (MM1: system and adequacy)	≤ 1	Less than 1	Achieved The result was 0.32 which is 0 when expressed as a whole number per 1000 connections. (2017/2018: Achieved – 0.44)
KPI 1.2: Median response and resolution times ² for sewage overflows resulting from blockages or other faults with the sewerage system: (a) between the time of notification and the time when service personnel reach the site; and (b) between the time of notification and resolution of the blockage or other fault (MM3: fault response times)	a) ≤ 1 hour b) ≤ 6 hours	a) 47 minutes b) 28 hours and 44 minutes	a) Achieved The result is .79 or 47 minutes Actual number below target for the year (2017/2018: Achieved – 19 mins) b) Not achieved the result was 28.74 or 28 hours and 44 minutes Median resolution times of six hours were not achieved due to weather events, shutdowns required for further investigation and fixes. The final result of 28.74 hours relates to the work carried out after blockage or fault was identified and planned to be fixed. (2017/2018: Achieved – 4hr 14min)
KPI 1.3: Total number of sewerage system complaints about: (a) odour (b) faults (c) blockages (d) the way Council responds to any of these issues (MM4: customer satisfaction)	≤ 8 per 1,000 connections	7	Achieved There were 67 calls in the sewerage system throughout the year, but eight of these were found not to be Council responsibility and resulted in a year-end performance score of 7.15. (2017/2018: Achieved – 5)
Level of Service (LoS) 2: Deliver to the required Environmental standard			
Key Performance indicator	Target	Result	How Council performed
KPI 2.1: Compliance with resource consents for wastewater discharges, measured by the total number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received in relation to the resource consents (MM 2: discharge compliance)	0	0	Achieved No compliance breaches (2017/2018: Achieved – 0)

Council Activities

KPI 2.2: Annual cost per wastewater connection (incl GST) ³	\$607	\$559	Achieved Costs for the year are under budget primarily due to funds allowed for investigation into alternative disposal methods not being fully utilised during the year. (2018/2019: New measure)
<i>1 - "Dry Weather" is defined as a period of 72 hours prior to an event of no catchment rainfall. 2 - In accordance with operations and maintenance contract timeframes. 3 - Cost per wastewater connection is the total budgeted expenditure divided by total number of rating units. For years 2-10 the number of rating units have been estimated using the annual change forecasted the LTP rating unit assumption.</i>			

Funding impact statement – wastewater

2017/2018 Budget (AP)(\$000)		2017/2018 Actual (\$000)	2018/2019 Actual (\$000)	2018/2019 Budget (LTP)(\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
4,007	Targeted rates	4,186	4,116	4,059
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	12	14	-
139	Internal charges and overheads recovered	134	140	141
61	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	(426)	29	58
4,207	Total operating funding	3,907	4,299	4,258
	Applications of operating funding			
2,259	Payments to staff and suppliers	2,154	4,335	2,311
-	Finance costs	-	-	-
615	Internal charges and overheads applied	517	522	533
-	Other operating funding applications	-	-	-
2,874	Total applications of operating funding	2,671	4,857	2,843
1,334	Surplus (deficit) of operating funding	1,236	(558)	1,414
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	64	-
1,667	Increase (decrease) in debt	234	1,042	4,552
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
1,667	Total sources of capital funding	234	1,106	4,552
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	805	1,963
1,061	▪ to improve the level of service	1,264	202	3,865
844	▪ to replace existing assets	315	(135)	507
1,096	Increase (decrease) in reserves	(110)	(349)	(368)
-	Increase (decrease) in investments	-	25	-
3,000	Total applications of capital funding	1,470	548	5,967
(1,334)	Surplus (deficit) of capital funding	(1,236)	558	(1,414)

Council Activities

-	Funding balance	-	-	-
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¹ includes all other operating finding from sources not identified above.

[^] relates to the write-off of costs associated with Te Anau wastewater project, refer below for more detail.

Funding impact statement – budget variations

Targeted rates are higher than budgeted as a number of ratepayers have chosen to repay their Sewerage Loan Targeted rate in full during the year.

Council decision to use sub-surface drip irrigation as the disposal method for the Te Anau wastewater project has resulted in a need to apply for a new consent from Environment Southland delaying parts of the project being started. This decision has also required in a review of costs incurred since 2013/2014 and being included as capital expenditure. Costs totalling \$2.2 million have been written off as they related to the consent approved using centre pivot irrigation and association costs. This has impacted on payments to staff and suppliers and capital expenditure. The delay of the project has resulted in less debt required in the current year.

Water supply

What we deliver

The activity provides drinkable water to 12 supplies including 10 townships and two rural water supplies as well as water for stock use for nine rural water supplies. The activity involves managing water sources, treatment, storage and distribution. The township supplies are generally on-demand at the tap. The rural drinking and stockwater schemes are trickle-feed supplies to private storage tanks.

Why we do it

The provision of drinkable water is a fundamental requirement of life and supports healthy living. Water is also necessary to provide critical public services and enable economic growth. Industries, businesses, hospitals and schools all require water to operate. It also provides for firefighting capacity in most urban reticulated areas to improve public safety.

Community outcomes

This primary outcome of this activity is "Proud, connected communities that have an attractive and affordable lifestyle". The secondary outcome is "Resilient communities that leave a legacy for tomorrow".

Identified effects

The treatment of drinking water and maintenance of pipes and pumps is crucial to ensuring that water supplies are managed appropriately and do not pose risks to public health through lack of treatment or supply failures, which could also have a negative impact on commercial/industrial users. Managing water use in a sustainable way helps to minimise adverse impacts on the environment, discourages water wastage and ensures water is directed to the best purposes.

How well we did – Key highlights and performance results

Key highlights

- There will be implications at a regional level when the Southland Water and Land Plan becomes operative. The Proposed Water and Land Plan allows for provision of Community Water Supplies however may restrict additional increases in the amount abstracted specifically in the Waiau catchment where any increases may fall into non-complying activity status. This may potentially affect 4 community takes and 7 stock takes.
- Central government is reviewing how to improve the regulation and supply arrangements of drinking water, wastewater and stormwater (three waters) to better support New Zealand's prosperity, health, safety and environment. Most three waters assets and services, but not all, are owned and delivered by local councils. The Three Waters Review is a cross-agency initiative led by the Minister of Local Government. An announcement was made in July 2019 that announced a dedicated water regulator and new water regulations from mid-2020 to ensure safe drinking water around the country and prevent sewage ending up on beaches, in rivers and in lakes. The announcement included:
 - a dedicated water regulator
 - a new Water Services Bill
 - extending regulatory coverage to all water suppliers, except individual household self-suppliers
 - strengthened government stewardship of wastewater and stormwater services, with regional councils remaining primary regulators for the environment
 - transitional arrangements of up to five years to allow water suppliers to adjust to the regulations, if necessary with support from the new regulator

- the final form, scope and location of the regulator will be the subject of advice due with cabinet later in the year.

Key projects

As mentioned in the LTP, Council is nearing the end of a major upgrade programme of water sources, treatment and storage to meet the drinking water standards.

- The project to upgrade the Eastern Bush/Otahu Flat rural water supply over multiple years from 2018-2020 (\$1.5 million) to improve the water intake and install additional treatment processes is still in progress. When that work is done, all water treatment plants will have multiple barriers to protect public health.
- A major project to upgrade 1km of water main pipes and associated fixtures in Winton was on track to be completed early in the 2019/2020 year.
- A water mains upgrade project in Otatautau is scheduled to begin in 2019/2020.

Performance results

Key performance indicator results

This activity has six KPIs and 10 targets. The activity achieved three targets, seven targets were not achieved and one was awaiting data. Of those not achieved reasons included; a high volume of calls in Te Anau over summer, water quality issues, high turbidity readings gaps in data for very short periods of time resulting in being unable to demonstrate full compliance with protozoal measures under the drinking water standards. One was an area with high water losses, one had high demand in summer and quality issues.

Performance measures

We want to provide reliable water supplies that are safe to drink and have adequate supply for use			
Level of Service (LoS 4): Provide a reliable and adequate supply of water			
Key Performance indicator	Target	Result	How Council performed
KPI 4.1: Median response and resolution times for drinking water supply faults or unplanned interruptions: (a) to attend <u>urgent</u> call-outs ¹ (b) to resolve <u>urgent</u> call-outs ¹ (c) to attend <u>non-urgent</u> call outs ¹ (d) to resolve <u>non-urgent</u> call-outs ¹ (MM3: fault response times)	a) ≤ 1 hour b) ≤ 6 hours c) ≤ 4 hours d) ≤ 24 hours	a) 9 minutes b) 5 hours, 59 minutes c) 50 minutes d) 26 hours, 5 minutes	a) Achieved 0.15 hrs (2017/2018: Achieved –28 mins) b) Achieved 5.98 hours to resolve urgent drinking water requests. (2017/2018: Achieved –5hrs, 4 mins) c) Achieved Median 0.83 hrs. (2017/2018: Achieved –1hr, 31mins) d) Not achieved Median is 26.08. Target narrowly exceeded due to a high volume of calls over summer in the Te Anau region. (2017/2018: Achieved –22hr 54min)
KPI 4.2: Total number of drinking water complaints regarding: (a) clarity (b) taste (c) odour (d) pressure or flow (e) continuity of supply, and (f) the way Council responds to any of these issues (MM4: customer satisfaction)	≤10 per 1,000 connections	14	Not Achieved The final result is per 1,000 connections. There was high demand in summer due Te Anau requirements. There was also a high number of water quality issues reported in Riverton which has been changed to river source to address the quality issues. (2017/2018: Achieved –14)
Level of Service (LoS 5): Provide safe drinking water			
KPI 5.1: Extent of compliance with drinking water standards:	a) 100%	a) 91%	a) Not achieved

Council Activities

(a) bacteria (b) protozoal (MM1: safety of drinking water)	b) 100%	b) 91%	<p>Council's testing indicates 91% compliance with standards. Ten out of 11 were compliant. See the table below for details. Please note these are interim results to be confirmed by the Drinking Water Assessor report and are reported on by plant basis</p> <table><tr><th>Plant</th><th>Met</th><th>Reason</th></tr><tr><td>Edendale</td><td>Y</td><td></td></tr><tr><td>Eastern Bush/Otahu Flat</td><td>N</td><td>Eastern Bush water treatment plant has been assessed as not meeting bacterial standards as a result of high turbidity levels in the source water at times. However, it is noted that Council testing has not detected the presence of E. coli in any of the samples analysed. The water is chlorinated before passing into distribution. A new treatment plant is to be built commencing 2019/20.</td></tr><tr><td>Lumsden/Balfour</td><td>Y</td><td></td></tr><tr><td>Manapouri</td><td>Y</td><td></td></tr><tr><td>Mossburn</td><td>Y</td><td></td></tr><tr><td>Ohai/Nightcaps</td><td>Y</td><td></td></tr><tr><td>Otautau</td><td>Y</td><td></td></tr><tr><td>Riverton</td><td>Y</td><td></td></tr><tr><td>Te Anau</td><td>Y</td><td></td></tr><tr><td>Tuatapere</td><td>Y</td><td></td></tr><tr><td>Winton</td><td>Y</td><td></td></tr></table> <p>(2017/2018: a) Achieved – 100%)</p> <p>b) Not Achieved</p> <p>To be advised Dependent on Drinking Water Assessor report results published in October. Council's testing indicates a possible interim result of 9/11 schemes (interim result in August).</p> <table><tr><th>Plant</th><th>Met</th><th>Reason</th></tr><tr><td>Edendale</td><td>N</td><td></td></tr><tr><td>Eastern Bush/Otahu Flat</td><td>N</td><td>Currently there is no protozoal treatment in place. A new plant to be built starting in the 2019/2020 financial year.</td></tr><tr><td>Lumsden/Balfour</td><td>Y</td><td></td></tr><tr><td>Manapouri</td><td>Y</td><td></td></tr><tr><td>Mossburn</td><td>Y</td><td></td></tr><tr><td>Ohai/Nightcaps</td><td>Y</td><td></td></tr><tr><td>Otautau</td><td>Y</td><td></td></tr><tr><td>Riverton</td><td>Y</td><td></td></tr><tr><td>Tuatapere</td><td>Y</td><td></td></tr><tr><td>Winton</td><td>Y</td><td></td></tr></table> <p>(2017/2018: b) Not achieved – 73%)</p>	Plant	Met	Reason	Edendale	Y		Eastern Bush/Otahu Flat	N	Eastern Bush water treatment plant has been assessed as not meeting bacterial standards as a result of high turbidity levels in the source water at times. However, it is noted that Council testing has not detected the presence of E. coli in any of the samples analysed. The water is chlorinated before passing into distribution. A new treatment plant is to be built commencing 2019/20.	Lumsden/Balfour	Y		Manapouri	Y		Mossburn	Y		Ohai/Nightcaps	Y		Otautau	Y		Riverton	Y		Te Anau	Y		Tuatapere	Y		Winton	Y		Plant	Met	Reason	Edendale	N		Eastern Bush/Otahu Flat	N	Currently there is no protozoal treatment in place. A new plant to be built starting in the 2019/2020 financial year.	Lumsden/Balfour	Y		Manapouri	Y		Mossburn	Y		Ohai/Nightcaps	Y		Otautau	Y		Riverton	Y		Tuatapere	Y		Winton	Y	
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Tuatapere	Y																																																																							
Winton	Y																																																																							
Level of Service (LoS 6): Provide a well maintained and managed reticulation network																																																																								
KPI 6.1: Percentage of water lost ² from the reticulation network	≤25%	27.46%	Not Achieved																																																																					

Council Activities

(MM2: reticulated network maintenance)			This is the annualised water loss as at 30 June 2019. Significant leakage detection and water main renewal work programmed to address loss. (2017/2018: Not achieved –31.1%)
KPI 6.2: Average consumption of water per resident per day (MM5: demand management)	≤ 850 litres per person per day	924 litres/person per day	Not achieved The target from the Department of Internal Affairs is 850 litres per person per year. The gross consumption of water is 931 litres per person per year. The actual net use per person per year is 672 litres based on net water produced. A consultant has been hired to ensure that Council has to report on the gross consumption of water. (2017/2018: Not achieved – 751 litres)
KPI 6.3: Annual cost per connection (incl GST) ³	\$631	\$673	Not achieved Additional costs have been incurred during the year for maintenance across the district. (2018/2019: New measure)
<p>1 - Attendance means from the time that the Council receives notification to the time that service personnel reach the site. Resolution means from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption. "Urgent" is considered complete loss of drinking-water to an urban drinking water supply. "Non-urgent" includes all other fault/interruptions to an urban drinking water supply</p> <p>2 - The water loss calculation is the weighted averaged percentage loss reduction per urban drinking water supply</p> <p>3 - Cost per water connection is the total budgeted expenditure divided by total number of rating units. For years 2-10 the number of rating units have been estimated using the annual change forecasted the LTP rating unit assumption. Please note that this includes both expenditure and connections for urban water schemes and rural water.</p>			

Funding impact statement – water supply

2017/2018 Budget (AP) (\$000)		2017/2018 Actual (\$000)	2018/2019 Actual (\$000)	2018/2019 Budget (LTP) (\$000)
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	-
3,867	Targeted rates	3,852	3,832	3,829
-	Subsidies and grants for operating purposes	-	-	-
-	Fees and charges	15	5	-
40	Internal charges and overheads recovered	48	46	46
18	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	6	1	1
3,925	Total operating funding	3,920	3,884	3,876
	Applications of operating funding			
2,164	Payments to staff and suppliers	2,213	2,367	2,245
-	Finance costs	-	-	-
760	Internal charges and overheads applied	615	608	665
-	Other operating funding applications	(4)	(2)	-
2,924	Total applications of operating funding	2,843	2,974	2,910
1,001	Surplus (deficit) of operating funding	1,097	910	966
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	-
-	Development and financial contributions	-	7	-
2,627	Increase (decrease) in debt	467	1,081	1,084
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
2,627	Total sources of capital funding	467	1,088	1,084
	Applications of capital funding			
	Capital expenditure			
-	▪ to meet additional demand	-	11	-
1,893	▪ to improve the level of service	251	561	1,433
1,744	▪ to replace existing assets	1,592	1,463	322
(9)	Increase (decrease) in reserves	(279)	(37)	295
-	Increase (decrease) in investments	-	-	-

Council Activities

3,628	Total applications of capital funding	1,564	1,999	2,050
(1,001)	Surplus (deficit) of capital funding	(1,097)	(910)	(966)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

Funding impact statement – budget variations

Payments to staff and suppliers are higher than budgeted due to additional monitoring and maintenance costs during the year offset by lower electricity costs. Internal charges and overheads applied are lower than budget as the actual internal loans at the start of the financial year were lower than budgeted. Capital expenditure is under budget for the year with work in Eastern Bush deferred to future years, work at Winton continuing into 2019/2020 and an unbudgeted project in Te Anau to replace laterals being undertaken.

Council-controlled organisations

Milford Community Trust

Southland District Council, Environment Southland and the Department of Conservation jointly established the trust in 2007 to provide leadership and governance for the Milford community. It allows the Milford community to determine its priorities and provides an avenue for local consultation and engagement, as well as public meetings. Milford covers the developed area of land and adjacent coastal marine area at the end of State Highway 94 at the head of Milford Sound. The Milford community covers residents of Milford, the holders of concessions from the Crown operating at Milford and iwi. The activities of the trust contribute towards the achievement of the community outcome, proud, connected communities. The trust has adopted a statement of intent that outlines the strategic goals, specific focus areas and activities proposed for 2018-2021.

Ownership and control of the organisation

The trust was formed as a Council-controlled organisation (CCO). It contributes to the Southland District Council community outcome of “proud, connected communities that have an attractive and affordable lifestyle”. The Milford Community Trust is an incorporated charitable trust. This structure was chosen because it creates an obligation for trustees towards the trust beneficiaries, who in this case are the Milford community. In addition, an incorporated charitable trust can continue in perpetuity for the benefit of the future Milford community.

Significant policies

The trust reviewed and approved its Suspected Fraud Policy and also updated its Financial Delegations Policy in 2018/2019. Council itself does not have any significant policies in relation to the ownership and control of the organisation except for the trust deed, which sets out the way the business of the trust is to be conducted. Southland District Council has not developed policies specific to the operation and governance of the Milford Community Trust.

Nature and scope of activities

This extract is from the statement of intent and is subject to change after consultation with stakeholders. Milford Community Trust’s vision is the long-term sustainability of Milford Sound/Piopiotaahi with a community focus. Outputs from the Milford Community Trust activity primarily contribute to the achievement of supporting our communities. We want Southland’s communities to be desirable places to grow up, work, run a business, live, raise a family, retire and enjoy a safe and satisfying life.

Strategic goals and focus areas

Vision: Long-term sustainability of Milford Sound / Piopiotaahi, with a community focus		
Provide leadership and governance for the Milford community in Milford Sound/Piopiotaahi	Advocate for the general benefit of the Milford community	Co-ordinate and communicate with all parties having interests in Milford Sound/Piopiotaahi.
Advocating for better planning to address specific issues: highway safety, control of illegal camping, toilet facilities, community facilities, coordinated emergency response, and recognition of the area’s World Heritage status.	Advocate on behalf of the Milford community to central government, Environment Southland, Department of Conservation, Southland District Council, Iwi and other authorities.	Communicate the roles of the Trust and other authorities more clearly to the Milford community. Affirm the trust role as a voice for the Milford community.

Council Activities

Vision: Long-term sustainability of Milford Sound / Piopiotahi, with a community focus		
		<p>Maintain closer relationships with Milford infrastructure providers.</p> <p>Provide clear information to concessionaires regarding intentions and implementation of Trust policies.</p> <p>Consult with the community and concessionaires to develop a strategic project plan for the Trust to deliver for the benefit of the community.</p>

Planned activities/services 2018/2019

- Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound.
- Provide funding for medical support, services and facilities for Milford Emergency Response Team station.
- Purchase of emergency response equipment as required.
- Advocate the continuation of maintaining beautification and roading issues within the Village and Deepwater Basin.
- Assist the Milford Community Association with the ongoing development of the Cleddau Village Recreation Area to accommodate the community centre.
- Advocate with other organisations for public toilets and shelter at the airport and completion of the walking track to the Lodge.
- Jointly fund a walking track from the airport to Deepwater Basin Road linking the overflow parking and Cleddau village.

Projects

- The walkway project was completed.
- A business case for the recreation centre project has been completed and the project is now progressing with the detailed design and consenting.

Performance measures

Level of Service	Key Performance Indicator	Target	Result	How Council performed
Maintain a structure that facilitates local decision-making.	Number of Milford Community Trust meetings held annually.	4	4	Achieved Four meetings were held in 2018/19 - September, December, April, and June (2017/2018 : Achieved)
Keep the Milford community informed about Trust plans and outcomes	Number of public forums held in Milford each year:	1	1	Achieved A meeting was held in Milford Sound, Piopiotahi, on 7 December 2018. Six people attended a public meet forum following the meeting. (2017/18 : Achieved)

	2018/2019	2018/2019
	Actual	Budget
	\$	\$
Income		
Concessionaires income	136,893	136,893
Interest	6,943	-
Trustee Fees Forgiven	3,600	-
Total Income	147,436	136,893
Operational Costs:		
Management/administration ¹	23,393	36,395
Operations and Maintenance	-	15,000
Projects and Grants:		
Walkway (capital project)	86,934	130,000
Emergency Services Provider	-	42,000
Medical Clinic	-	26,000
Total Expenses	110,327	249,395
Surplus/(Deficit)	37,109	17,498
Net Assets	363,512	173,807

¹ Management/Administration costs include Chairperson's fees, Trustees' fees, mileage allowances, insurance, accommodation costs and general meeting costs.

Operations and maintenance expenditure includes consent fees. There was no actual spend in 2018/2019 as Department of Conservation and Environment Southland are still finalising their approach.

Costs in relation to the Emergency Service Provider were met by Fire & Emergency New Zealand so the Trust did not need to provide this funding in 2018/2019.

The Trust had included a capital project to construct a walkway from the airport to Deepwater Basin Road in 2018/2019. The trust has budgeted \$130,000 to go towards the project (using reserves held), this project came in under budget at \$86,934.

Milford Community Trust Representatives		
Designation	Name	Term Expires
Independent Chair	<i>Vacant</i>	
Mararoa/Waimea Ward Councillor (Interim Chair)	Ebel Kremer	October 2019
Milford Community Association Elected Representative	Brad Johnston	30 June 2020
Milford community appointee	Tim Holland	30 June 2020
Milford community appointee	Jason Steele	30 June 2018
Milford community appointee	<i>Vacant</i>	
Milford community appointee	Roscoe Gaudin	30 June 2019

Further details about the trust's activities and budgets can be found in its Statement of Intent 2018-2021.

Sources of funding

Southland District Council: Council will provide administration and technical advice to support the trust and independent chairperson. This administrative portion of the operations will be funded by Council the same as in any other community in the District with community boards and community development area subcommittees.

Milford community: The operational and project costs are those which the Milford Community Trust considers will provide benefit for all concessionaires at Milford and should be recovered from the Milford concessionaires through the Implied Concession Activity Fee, apportioned as per the Department of Conservation apportionment of cost schedule. The costs indicated above in the supporting forecasted accounts are funded from the annual implied concession activity fee and monies held.

The value of the annual concession to be charged will continue to be reviewed each year. For 2018/2019, the total amount sought from concessionaires was \$136,894 excluding GST. Any surplus funds will be held by the trust in its bank account for future project funding.

Southland Museum and Art Gallery Trust (SMAG)

The Southland Museum and Art Gallery Trust's mission is to preserve and tell the story of Southland – the experience of people and places over time – and inspire Southlanders to explore and understand the world around them. The Southland Museum and Art Gallery Trust contributes towards the achievement of the community outcome of “supporting our communities”. The current museum facility was closed indefinitely on 13 April 2018 for health and safety reasons. The trust is now working through options for the redevelopment of the facility and working with Invercargill City Council on the delivery of an interim museum experience based in the Invercargill central business district.

The trust board has eight members and three ex officio members who represent the contributing authorities. The board also has the authority to appoint additional members whose skills and experiences benefit the trust and its functions.

Organisation	Invercargill City Council	Gore District Council	Southland District Council	Tangata Whenua	Trustee Appointments	Friends of the Museum	Ex Officio
Representatives	Cr T Biddle Cr D J Ludlow Cr R R Amundsen	Vacant	Cr G Macpherson Cr N Paterson	Vacant	Gwen Neave Vacant	Jim Watson	Manager – David Luoni Secretary/Treasurer – ICC Director of Finance and Corporate Services

Significant policies and objectives

Council itself does not have any significant policies in relation to the ownership and control of the organisation except for the trust deed which sets out the way the business of the trust is to be conducted.

Nature and scope of activities

The Southland Museum and Art Gallery is in Queens Park. The original museum on the site was built in 1942. Various single-storey extensions were added between 1960 and 1980. The pyramid was constructed in 1990 over all existing buildings to give an approximate floor area of 4,500 square metres, including the observatory. There are more than 71,000 items held in the collections, some of which are important in terms of regional, national and international significance. In the Long Term Plan as part of an intended development plan there were several projects scheduled in the 2018/2019 year. However, closure of the facility has meant that these have not occurred.

The scope and nature of the activities that the Southland Museum and Art Gallery Trust intended to provide was to focus the museum as a regional facility in the community and to provide a variety of experiences to the people of Southland that they would not otherwise have access to. The trust is focused on ensuring appropriate guardianship of these post closure of the current facility and while future options are worked through.

Outputs planned

Strategies to achieve Outputs	2018/2019 Target	2018/2019 Result
The collections: Caring for, developing, and researching collections		
<i>The collection is developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage</i>		
Collection management policies are reviewed as required. Number reviewed annually	One review annually	Kōiwi Tangata, Natural History and Hazardous Materials policies developed

Council Activities

New acquisitions are considered according to the Collection Management Policy. Compliance achieved annually.	100% of objects acquired are considered	Collection policy applied to all new acquisitions
New acquisitions are entered into Vernon CMS (Collection Management System). Achieved annually.	100% entered & minimal backlog of items	10% entered with a backlog of 2,120 items
Existing CMS records are to be reviewed and updated as funds are available. Achieved annually.	Stage One: 15,000 items.	Stage One: 1,072 items completed in 2018/2019 (6,445 total items completed)
Collections items to have digital images made as funds are available. Achieved annually.	Stage Three: 0 items (focus on stages one & two)	Stage three: 0 items completed in 2018/2019 (595 total items completed)
<i>Collections are maintained in optimal conditions for their long term preservation</i>		
Storage space is kept at temperature of 19°C±1°C, percentage of time in range.	100%	50% of the time
Storage space is kept at humidity of 50%±5%, percentage of time in range.	100%	26% of the time
Storage space is monitored for infestation by pests and moulds. No. of reports annually.	Minimum pests, moulds and pollutants found	Few sightings
A procedure to minimise deterioration by light is followed.	Followed	Achieved (Followed)
A procedure to avoid loss or damage to objects in the collection or on loan is followed.	Followed No of incident reports	Achieved (Followed)
The community: Engaging communities, including iwi, in exploring the culture and heritage of Southland		
<i>Maintain strong relationships with iwi over issues relating to the collections, exhibitions and tuatara management</i>		
Iwi Liaison Komiti meet regularly. Meeting achieved annually.	Four meetings	Four meetings
<i>Promotion of the Southland Museum and Art Gallery as a quality venue to visit for residents and visitors</i>		
Visitor numbers achieved annually.	200,000	
Promotion of museum attractions and activities by website and Facebook and print media. No. achieved annually.	No target	Postponed until branding launch (estimated to be in November 2019)
Provide outreach to other museums and related organisations in the region. . No. achieved annually.	No target	223 hours
Develop a Marketing Strategy.	Complete by June 2019	Communications strategy prepared and presented June 2019
The experience: Providing access to the collections and telling the Story of Southland through exhibitions, events, publications and learning programmes		
<i>Development and implementation of an annual visitor experience programme</i>		
Deliver semi-permanent exhibitions annually. (Current exhibitions: Roaring 40's, History, Natural History, Maori, Victoriana, Tuatara).	six	n/a Museum closed
Renew semi-permanent exhibitions annually.	one	n/a Museum closed
Open a temporary museum presence within the city. (Note this a new target for 2018/2019 due to the museum closure)	Complete by Dec 2018	Not achieved. Awaiting building consent for potential venue. Exhibition planning is well advanced with potential opening of venue by December 2019.
Deliver short-term exhibitions annually.	Two	Nil as museum presence is not open
<i>Development and delivery of inspiring education programmes to school children for the Ministry of Education contract for LEOTC (Learning Experiences Outside the Classroom)</i>		
No. of students participating annually.	4,000	1409**

Council Activities

No. of schools participating annually.	50 primary, 8 secondary	27 primary, 5 secondary**
No. of new education programmes delivered annually.	20	N/A**
** LEOTC contract expired on the 31 December 2018 and was not renewed.		
The Development: Planning, consulting and establishing a future direction.		
Commission a review of the resources of SMAGTB, the expectations placed on SMAGTB and identify gaps, priorities, opportunities and realistic expectations. (Note this a new target for 2018/2019 due to the museum closure)	Complete by Dec 2018	Consultant's report and recommendations received in June 2019.
Conduct a review of the governance of SMAGTB (Note this a new target for 2018/2019 due to the museum closure)	Complete by Dec 2018	Independent report commissioned by Invercargill City Council and presented to SMAGTB in February 2019. Currently being considered by Board and funding partners.
Carry out consultation with the community to generate a future vision for a museum (Note this a new target for 2018/2019 due to the museum closure)	Complete by Dec 2018	Completed and the resulting report entitled 'Our Tale' was presented in August 2018.
Begin developing plans for a future museum on the current site (Note this a new target for 2018/2019 due to the museum closure)	In process by June 2019	Subject to ratification by the SMAGTB and funding partners.

Financial summary

	Actual 2018/2019
	\$
Revenue	
Grants and donations revenue	1,206,270
Interest revenue	7,465
Revenue from providing services	972,179
Total Revenue	2,185,914
Expenses	
Cost of providing services	2,194,819
Depreciation of property, plant and equipment	9,489
Impairment loss	-
Audit fees	7,458
Total Expenses	2,211,766

Council Activities

Total Surplus / (Deficit)	(25,852)
Net Assets	1,321,744

Sources of funding

Grants received from Southland Regional Heritage Committee and Invercargill City Council are the primary sources of funding to the trust.

Southland Regional Development Agency Limited (trading As Great South)

Great South's vision is "better lives through sustainable development". Its goals are to diversify the Southland economy, create exciting jobs, grow innovative businesses and grow the population.

The company was formed as a result of the Southland Regional Development Strategy and its Action Plan. In 2015, it was identified that in order to encourage Southland's future prosperity, a renewed focus on regional development was required. To embrace this new focus, and address the challenges identified in the Southland Regional Development Strategy, it was recommended that a regional agency was established to implement change and build on the foundation laid by Venture Southland (the previous economic development agency for Southland).

As a result, Great South came into effect on 1 July 2019 and is tasked with building the future prosperity of Southland and making sure that this region is able to compete on both the national and international stage.

Great South's objective is to drive economic, social and cultural growth and to provide a unified voice for the Southland region.

Great South is a council-controlled organisation as defined in Section 6 of the Local Government Act 2002. The board has six independent directors, who are responsible for the strategic direction of Great South and a chief executive who is responsible for the day-to-day operations. Great South's class A shareholders are Southland District Council, Invercargill City Council, Gore District Council and Environment Southland; its class B shareholders are Invercargill Licensing Trust, Mātaura Licensing Trust, Southland Chamber of Commerce and Southern Institute of Technology; and Community Trust South is a non-shareholder member.

Outputs planned

Please note that these performance measures are for 2019 onwards and are not covered in the 2018/2019 year.

Strategies to achieve outputs	Outcome	2019/2022 Target
Diversify our economy		
Develop satellite ground station services	Contracts for Earth observation and satellite ground station services will encourage investment from outside of the region and assist with land-use decision-making	Increase ground station revenue
Extend the primary sector	New initiatives that encourage land use activity and reduce the environmental impact of farming will help to successfully extend Southland's primary sector	Establish governance groups for specific projects
Support the aquaculture industry	Development of Southland's aquaculture industry will create a competitive advantage of international scale for the Southland region	Assist with attracting investment opportunities
Promote regional talent pathways	The attraction, development and retention of regional talent will fill skills shortages and strengthen local business	Increase regional talent pathways
Enable digital connectivity	Development of Southland's connection services will help to increase regional connectivity and support rural businesses	Advocate for improved digital enablement
Grow innovative business		
Manage business development programmes	Supporting businesses to expand, innovate and succeed will encourage the ease of doing business across Southland and enhance the region's reputation as business friendly	Increase number of businesses actively engaged with
Develop Southland's workforce		

Council Activities

Manage the development of career pathway programmes	Delivering national contract programmes focused on Southland youth and skilled migrants is vital for growing Southland's future labour market	Maintain participation in Southland Youth Futures career exploration activities Increase number of job-seeking migrants engaged with
Attract visitors to Southland		
Champion the Southland Murihiku Destination Strategy	Positioning Southland as a preferred tourism destination through the development of new commissionable products, accommodation offerings and events will attract visitors to Southland and support the region's economic growth	Increase number of commercial tourism products Increase number of destination events in Southland
Manage Regional Tourism Organisation services	Partnering with media, trade and industry representatives to promote the Southland region will help increase Southland's exposure to national and international markets	Increase visitor nights Increase tourism expenditure Increase website traffic and usage
Attract events and conferences to Southland	Hosting events and conferences in Southland will add vibrancy to the region through increased visitation and economic benefit	Increase destination events Increase number of conferences held in Southland
Grow the population		
Support the delivery of events across the Southland region	Events add diversity to the Southland region and contribute to the overall wellbeing of the region's residents	Increase number of groups supported with event delivery
Co-ordinating the Welcoming Communities programme	Developing a welcoming community for newcomers will build capability of the host and newcomer communities and support the region's social and economic development	Southland accreditation of the Welcoming Communities Standard
Support the development of housing in Southland through work with the Southland Housing Forum	Increased investment in Southland housing will help to meet current and future housing needs and is essential for supporting population growth and creating better lives for Southlanders	Increase investment for housing across Southland

Financial summary

	Actual 2018/2019
	\$
Revenue	
Council funding	-
Revenue from providing services	-
Total Revenue	-

Council Activities

Expenses	
Employee related costs	11,271
Directors fees	28,980
Other costs	110,709
Audit fees	6,000
Total Expenses	156,960
Total Surplus / (Deficit)	(156,960)
Net Assets	(156,960)

Sources of funding

Contributions received from Southland District Council, Invercargill City Council, Gore District Council and Environment Southland are the primary sources of funding to the agency.

Financial information

This section presents the financial statements for the 2018/2019 year, comparing actuals to budget. These include statements of comprehensive income, changes in equity, financial position and cashflows. Following the statements are notes explaining these in more detail.

The section also includes the accounting policies used to prepare the financial information.

Accounting policies

Reporting entity

The Southland District Council (referred to as “SDC” or “Council”) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operated in New Zealand. The relevant legislation governing the Council’s operations includes the LGA and the Local Government (Rating) Act 2002. The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial profit. Accordingly, SDC has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Council financial statements represent the results of Council’s nine significant activity groups (detailed on pages 33 - 93), including the Stewart Island Electrical Supply Authority (SIESA), as well as Council’s share of its joint ventures and associates (including Venture Southland, WasteNet, Southland Regional Heritage committee, Emergency Management Southland, and Great South).

SIESA is a business unit of Council, which generates and reticulates electricity to most of Stewart Island residents and industry.

The group financial statements represent the results of the ultimate parent, Southland District Council, and its subsidiary, Milford Community Trust.

Council provides local infrastructure, local public services and performs regulatory functions for the community. Council does not operate to make a financial return.

The financial statements of SDC are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 27 September 2019.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LGFRP): Part 6, Section 98 and Part 3 of Schedule 10,

which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with PBE standards.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of heritage assets, certain infrastructural assets, and biological assets

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (the functional currency of SDC) and all values are rounded to the nearest thousand dollars (\$000). As a result of rounding there may be slight discrepancies in subtotals.

Associates

SDC accounts for investments in associates in the consolidated financial statements using the equity method. An associate is an entity over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise Council’s share of the surplus or deficit of the associate after the date of acquisition. SDC’s share of the surplus or deficit of the associate is recognised in SDC’s statement of comprehensive revenue and expense. Distributions received from an associate reduce the carrying amount of the investment.

If SDC’s share of deficits of an associate equals or exceeds its interest in the associate, SDC discontinues recognising its share of further deficits. After SDC’s interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that SDC has incurred legal or constructive obligations or made payments on behalf of the associate.

If the associate subsequently reports surpluses, SDC will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

SDC's share in the associate's surplus or deficits resulting from unrealised gains on transactions between the SDC and its associates is eliminated.

SDC's investments in associates are carried at cost in the "parent entity" financial statements and assessed annually for impairment in arriving at the carrying value.

Joint Ventures

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over the activity.

For jointly controlled operations, Council and group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture.

For jointly controlled entities, Council recognises its interest in jointly controlled entities using proportionate consolidation.

Council has a 42 percent interest in Venture Southland. The audited financial statements of Venture Southland as of 30 June 2019, have been accounted for in Council's financial statements using the proportionate method of consolidation.

Specific

a) Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are:

The following policies for rates have been applied:

- general rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue
- rates arising from late payment penalties are recognised as revenue when rates become due

- revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis
- rates remissions are recognised as a reduction in rates revenue when Council has received an application that satisfies its rates remission policy.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Revenue from electricity charges is recognised on an accrual basis based on usage. Unbilled usage as a result of unread meters at year end is accrued on an average usage basis.

Interest is recognised using the effective interest method.

Subsidies from NZTA and grants from other government agencies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests are recognised when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Fees for disposing of waste at Council's landfill are recognised as waste disposed by users.

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (eg land used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (eg as the funds are spent for a nominate purpose).

Development and financial contributions are recognised at the later of the point when Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation. Otherwise, development and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

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

Borrowing Costs

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

b) Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of SDC's decision.

c) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

d) Leases

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

e) Equity

Equity is the community's interest in SDC as measured by total assets less total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that Council makes of its accumulated surpluses. The components of equity are:

- accumulated funds
- Council-created reserves (general reserve, separate account balances and rates appropriation balance)
- special reserves (managed by allocation committees)
- asset revaluation reserves
- fair value through other comprehensive revenue and expense reserve.

Reserves represent a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Council created reserves may be altered without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

Special reserves are subject to specific conditions accepted as binding by Council, which may not be revised by Council without reference to the courts or third party. Transfers from these reserves may be made only for specified purposes or when certain conditions are met.

f) Cash and Cash Equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the Forecast Statement of Financial Position.

g) Trade and Other Receivables

Trade and other receivables are recorded at their face value, less any provision for impairment.

h) Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost or current replacement cost. The write down from cost to current replacement cost is recognised in the Statement of Comprehensive Revenue and Expense.

i) Financial Assets

SDC classifies its financial assets into the following four categories: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables, and financial assets at fair value through other comprehensive revenue and expense. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of investments are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cashflows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

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

The four categories of financial assets are:

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit-taking.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as "trade and other receivables" in the statement of financial position.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that SDC has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not

classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date.

This category encompasses:

- investments that Council intends to hold long term but which may be realised before maturity; and
 - shareholdings that Council holds for strategic purposes.
- These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Council's investments in this category include: Civic Assurance (formerly the New Zealand Local Government Insurance Corporation Limited) and Milford Sound Development Authority.

j) Impairment of Financial Assets

At each balance sheet date SDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised through the surplus or deficit.

k) Goods and Services Tax (GST)

The financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated inclusive of GST. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cashflow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

l) Property, Plant and Equipment

Property, plant and equipment consist of:

• *Infrastructure Assets*

Infrastructure assets are the fixed utility systems owned by SDC. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

• *Operational Assets*

These include land, buildings, improvements, library books, plant and equipment and motor vehicles.

• *Restricted Assets*

Restricted assets are parks and reserves owned by the Council, which cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

• *Additions*

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to SDC and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction it is recognised at fair value as at the date of acquisition.

• *Disposals*

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

• *Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to SDC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

- *Depreciation*

Depreciation is provided on a straight-line (SL) basis on all property, plant and equipment except land and heritage assets, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Estimated Economic Life		Depreciation	
Asset Category	(years)	Percent	Method
Operational Assets			
Improvements	10-12	8.33% - 10.00%	SL
Buildings	40	2.50%	SL
Light Vehicles	5-11	9.00% - 20.00%	SL
Other Plant	3-15	6.67% - 33.33%	SL
Furniture and Fittings	1-13	8.00% - 30.00%	SL
Office Equipment	7-10	10.00% - 14.00%	SL
Computer Equipment	2-8	18.00% - 40.00%	SL
SCADA Equipment	5-7	13.50% - 18.00%	SL
Other Equipment	3-8	13.50% - 18.00%	SL
Library Books	10	10.00%	SL

Estimated Economic Life		Depreciation	
Asset Category	(years)	Percent	Method
Infrastructural Assets			
Electrical Generation Plant	10-100	1.00% - 10.00%	SL or DV
Sealed Roads	40-99	1.00% - 2.50%	SL
Unsealed Roads	4-8	12.50% - 25.00%	SL
Bridges	45-120	0.83% - 2.50%	SL
Footpaths	12-60	1.67% - 8.33%	SL
Streetlighting	20-40	2.50% - 5.00%	SL
Sewerage Schemes	14-50	2.06% - 7.02%	SL

Estimated Economic Life		Depreciation	
Stormwater Schemes	5-20	5.00% - 20.00%	SL
Water Supply Schemes	5-100	1.00% - 20.00%	SL
Marine Assets	5-50	2.00% - 20.00%	SL
Transfer Stations	10	10.00%	SL
Landfill Sites	10-40	2.50% - 10.00%	SL

SIESA assets have the following useful lives and associated depreciation rates of major classes of assets for accounting purposes. The method of calculating depreciation is either straight-line (SL) or on a diminishing value basis (DV).

Estimated Economic Life		Depreciation	
Asset Category	(years)	Percent	Method
Plant	1-7	16.00% - 60.00%	SL or DV
Vehicles	4-8	12.00% - 21.60%	DV
Buildings	10-100	1.00% - 10.00%	SL or DV

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

Revaluations

Roads, water reticulation, sewerage reticulation and stormwater systems are revalued on an annual basis. Council-owned heritage assets include artworks, war memorials, viaducts and railway memorabilia. Artworks are revalued every three - five years.

All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed each balance date to ensure that those values are not materially different to fair value. The valuation basis for the different asset categories are described in more detail below.

Land and Buildings

The deemed cost of land and buildings were established by registered valuers from Quotable Value in accordance with the requirements of the Institute of Chartered Accountants of New Zealand Standards, as at 30 June 1993. Purchases made since 30 June 1993 are recorded at cost.

Endowment lands are vested in Council for specific purposes for the benefit of various communities. These vestings have been made under various pieces of

legislation which restrict both the use of any revenue and any possible dispositions.

Infrastructural Assets

Appropriately qualified personnel from WSP Oplus have completed a revaluation of District roading, footpaths and bridge asset networks as at 30 June 2019. This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2019.

Land values associated with Council's roading network are the values from the 2005/2006 road network valuation, which is deemed cost and have not been revalued.

Appropriately qualified personnel from Waugh Infrastructure Management Limited have completed a revaluation as at 30 June 2019 of the water supply, sewerage scheme and stormwater assets.

This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2019. Revaluations of roading, water, sewerage and stormwater assets are carried out annually.

All other infrastructural assets (electrical generation plant, street lighting and marine assets) are valued at their deemed cost, based on a revaluation of assets undertaken by appropriately qualified personnel from Royds Garden Limited in 1993.

Plant and Vehicles (including Electrical Generation Plant) items are shown at historical cost less provision for depreciation.

Library Books

Books have been valued by SDC staff on a depreciated replacement cost basis, using New Zealand Library Association guidelines, as at 30 June 1993 representing deemed cost. Additions to library book stocks since 30 June 1993 are recorded at cost.

Heritage assets

The only assets to be included under this category are art works owned by the

Council, which have been valued by an independent valuer, Mr R Thomson of International Art Centre, Auckland, as at 30 June 2018 and recorded at fair value in accordance with NZ IAS 16.

Other assets, which would normally be classified under heritage assets, for example war memorials, have been included under "other assets". Due to the nature of the item, art works are revalued on a three to five-yearly cycle and not depreciated.

Other Assets

Other assets are shown at historic cost or depreciated replacement cost, less a provision for depreciation. Additions and deletions to other assets since 30 June 1993 are recorded at cost.

Accounting for Revaluations

SDC accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset.

Where this results in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

m) Work in Progress

Assets under construction are not depreciated. Work in progress is recognised at cost less impairment. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

n) Intangible Assets

- Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs directly associated with the development of software for internal use by Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

- **Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Estimated Economic Life		Depreciation	
Asset Category	(years)	Percent	Method
Computer software	2-10	10.00% - 50.00%	SL

- **Emissions Trading Scheme**

Council has approximately 1,384 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand Emissions Trading Scheme ('ETS'). The implication of this for the financial accounts is twofold:

Should the land be deforested (ie: the land is changed from forestry to some other purpose), a deforestation penalty will arise.

Given the deforestation restriction, compensation units are being provided from the government.

The deforestation contingency is not recognised as a liability on the statement of financial position as there is no current intention of changing the land use subject to the ETS.

However, the estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

Compensation units received are recognised based on the market value at balance date (30 June). They are recognised as income in the financial statements. They are not amortised, but are tested for impairment annually.

Emissions Trading Units are revalued annually at 30 June.

The difference between initial value or the previous revaluation, and disposal or revaluation value of the units, is recognised in other comprehensive revenue and expense.

o) Forestry Assets

Forestry assets are revalued independently annually at fair value less estimated point of sale costs. Appropriately qualified personnel from Woodlands Pacific Consulting Limited completed a revaluation as at 30 June 2019. Fair value is determined based on the present value of expected net cashflows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

The costs to maintain the forestry assets are recognised in the surplus or deficit when incurred.

p) Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortization and are tested annually for impairment.

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount.

The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, or a service unit approach. The most appropriate approach used to measure the value in use depends on the nature and impairment and availability of information.

Value in use for cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cashflows.

q) Creditors and other payables

Short-term creditors and other payables are recorded at their face value

r) Employee Benefits

Short term benefits

Employee benefits that SDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

Long term benefits

- Long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated by in-house staff. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cashflows.
- Superannuation schemes

Defined contribution schemes - Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

Presentation of employee entitlements

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

s) Trade and other payables

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

t) Provisions

SDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires SDC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received.

When no consideration is received a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however, if SDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill Post-Closure Costs

SDC, as an operator, has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at their landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cashflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

u) Internal Borrowings

Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

v) Critical Accounting Estimates and Assumptions

In preparing these financial statements SDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

The physical deterioration and condition of an asset. For example, Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground.

- estimating any obsolescence or surplus capacity of an asset;
 - estimating the replacement cost of the asset. The replace cost is derived from recent construction contracts; and
 - Estimating any obsolescence or surplus capacity of an asset.
 - estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then SDC could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of comprehensive revenue and expense.
- To minimise this risk SDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation

Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Asset inspections, deterioration and condition modelling are also carried out regularly as part of SDC's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

w) Critical Judgements in Applying SDC's Accounting Policies

Management has exercised the following critical judgements in applying SDC's accounting policies for the period ended 30 June 2019:

Classification of property

SDC owns a number of properties that are maintained primarily to provide housing to pensioners. The receipt of rental income from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of SDC's social housing policy and are accounted for as property, plant and equipment rather than as investment property.

x) Statement of Cashflows

Operating activities include cash and cash equivalents (as defined in (g) above) received from all SDC's income sources and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of SDC.

y) Rounding

Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.

z) Budget figures

The budget figures are those approved by SDC in its Long Term Plan 2018-2028. The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and are consistent with the accounting policies adopted by SDC for the preparation of financial statements.

(aa) Change in accounting policies

There have been no changes in accounting policies for the year ended 30 June 2019.

(ab) Standards issued and not yet effective that have not been early adopted

Standards and amendments, issued but not yet effective that have not been early adopted are:

- PBE IPSAS 21 *Impairment of Non-Cash-Generating Assets*
- PBE IPSAS 26 *Impairment of Cash-Generating Assets*
- PBE IPSAS 34 *Separate Financial Statements*
- PBE IPSAS 35 *Consolidated Financial Statements*
- PBE IPSAS 36 *Investments in Associates and Joint Ventures*
- PBE IPSAS 37 *Joint Arrangements*
- PBE IPSAS 38 *Disclosure of Interests in Other Entities*
- PBE IPSAS 39 *Employee Benefits*
- PBE IPSAS 9 *Financial Instruments*
- PBE FRS 48 *Service Performance Reporting*

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Statement of comprehensive revenue and expense for the year ended 30 June 2019

	Note	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	COUNCIL 2018/2019 Budget (LTP) (\$000)	GROUP 2018/2019 Actual (\$000)
Income					
Rates revenue	1	44,834	46,578	46,780	46,578
Other revenue	2	14,420	12,692	8,138	12,829
Interest and dividends		625	573	140	580
NZ Transport Agency		19,301	16,011	13,125	16,011
Grants and subsidies		932	1,688	1,040	1,688
Other gains/(losses)	3	(489)	(1,554)	(1,348)	(1,554)
Vested Assets		55	1,012	-	1,012
Development and financial contributions		28	92	64	92
	4	79,706	77,092	67,939	77,235
Expenditure					
Employee benefit expenses	5	11,579	13,997	12,418	13,997
Depreciation and amortisation	9	22,646	23,173	22,338	23,174
Finance costs		30	22	22	22
Other council expenditure	6	41,281	41,319	37,521	41,424
Scheme capital recovery for sewerage/water schemes - refund		469	-	-	-
		76,006	78,510	72,299	78,616
Share of associate's surplus/(deficit)		-	314	-	314
SURPLUS/(DEFICIT) BEFORE TAX		3,701	(1,104)	(4,360)	(1,066)
Income tax benefit	8	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAX		3,701	(1,104)	(4,360)	(1,066)
Financial assets at fair value through other revenue and expense	10	453	298	-	298
Gain/(Loss) on property, plant and equipment revaluations	10	48,941	49,655	26,994	49,655
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		53,095	48,849	22,635	48,887

Explanations of major variances against budget can be found in Note: 34.

The accompanying notes form part of these financial statements

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Statement of changes in equity for the year ended 30 June 2019

	Note	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	COUNCIL 2018/2019 Budget (LTP) (\$000)	GROUP 2018/2019 Actual (\$000)
Balance at 1 July		1,484,611	1,537,706	1,519,351	1,538,032
Total comprehensive revenue and expense for the year		53,095	48,849	22,635	48,887
Balance at 30 June		1,537,706	1,586,555	1,541,985	1,586,919

Explanations of major variances against budget can be found in Note: 34.

The accompanying notes form part of these financial statements.

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Statement of financial position as at 30 June 2019

	Note	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	COUNCIL 2018/2019 Budget (LTP) (\$000)	GROUP 2018/2019 Actual (\$000)
Equity					
Retained earnings	10	720,990	719,223	722,574	719,260
Asset revaluation reserves	10	772,465	822,120	780,585	822,120
Fair value reserves	10	2,369	2,666	1,916	2,666
Other reserves	11	41,883	42,546	36,911	42,546
Other equity	10	-	-	-	326
TOTAL EQUITY		1,537,706	1,586,556	1,541,985	1,586,919
Current assets					
Cash and cash equivalents	12	10,885	15,724	3,096	15,767
Trade and other receivables	13	7,936	9,864	7,183	9,868
Inventories	14	106	134	85	134
Other financial assets	15	7,716	1,508	334	1,783
Property, plant and equipment (Venture Southland)	16	124	196	-	196
		26,767	27,426	10,698	27,748
Non-current assets					
Property, plant and equipment	16	1,506,397	1,557,472	1,527,165	1,557,522
Intangible assets	17	2,272	2,565	2,799	2,565
Forestry assets	18	13,428	11,900	12,208	11,900
Investment in associates		-	314	-	314
Other financial assets	15	3	303	4	303
		1,522,100	1,572,555	1,542,175	1,572,605
TOTAL ASSETS		1,548,867	1,599,981	1,552,873	1,600,353
Current liabilities					
Trade and other payables	19	6,904	7,038	7,180	7,046
Income in advance		107	500	-	500
Contract retentions and deposits		341	452	201	452
Employee benefit liabilities	20	1,565	1,583	1,539	1,583
Development & financial contributions	21	2,167	2,113	1,878	2,113
Provision for decommissioning	23	14	14	14	14
Borrowings	22	-	1,700	-	1,700
		11,098	13,399	10,812	13,408
Non-current liabilities					
Employee benefit liabilities	20	49	18	67	18
Provision for decommissioning	23	14	8	8	8
Borrowings	22	1	-	-	-

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		63	26	75	26
TOTAL LIABILITIES		11,161	13,426	10,888	13,434
NET ASSETS		1,537,706	1,586,556	1,541,985	1,586,919

Explanations of major variances against budget can be found in Note: 34.

The accompanying notes form part of these financial statements

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Statement of cashflows for the year ended June 2019

	Note	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	COUNCIL 2018/2019 Budget (LTP) (\$000)	GROUP 2018/2019 Actual (\$000)
Cash flows from operating activities					
Receipts from rates revenue		44,739	46,433	46,780	46,433
Receipts from NZ Transport Agency		19,029	15,692	13,125	15,692
Interest and dividends		653	572	140	578
Contribution from developers		27	38	-	38
Receipts from other revenue		15,601	12,616	13,936	12,752
Payment to suppliers and employees		(51,852)	(51,779)	(52,817)	(51,883)
Interest paid		(30)	(22)	(22)	(22)
GST (net)		17	(405)	-	(420)
Net cash inflow (outflow) from operating activities		28,183	23,144	21,142	23,168
Cash flows from investing activities					
Receipts from sale of property, plant and equipment		(284)	362	168	362
Receipts from sale of investments		2,536	6,007	-	6,297
Purchase of property, plant and equipment		(30,037)	(26,134)	(28,145)	(26,134)
Acquisition of investments		-	-	-	(275)
Purchase of intangible assets		(56)	(240)	(629)	(240)
Net cash inflow (outflow) from investing activities		(27,071)	(20,004)	(28,606)	(19,990)
Cash flows from financing activities					
Proceeds from borrowings		-	1,700	-	1,700
Net cash inflow (outflow) from financing activities		-	1,700	-	1,700
Net increase/(decrease) in cash and cash equivalents		1,112	4,839	(7,464)	4,878
Cash and cash equivalents at the beginning of the year		9,771	10,885	10,560	10,887
Cash and cash equivalents at the end of the year	12	10,885	15,724	3,096	15,765

The accompanying notes form part of these financial statements

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Funding impact statement for all activities for the year ended 30 June 2018

COUNCIL 2017/2018 Budget (AP) (\$000)		COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	COUNCIL 2018/2019 Budget (LTP) (\$000)
	Sources of operating funding			
14,848	General rates, uniform annual general charges, rates penalties	14,817	16,661	16,623
30,274	Targeted rates	30,466	30,256	30,157
7,194	Subsidies and grants for operating purposes	7,152	8,484	6,118
3,890	Fees and charges	3,859	4,010	3,729
29	Interest and dividends from investments	604	559	140
6,481	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	8,644	6,272	4,935
62,716	Total operating funding	65,543	66,241	61,703
	Applications of operating funding			
46,320	Payments to staff and suppliers	46,741	49,097	46,124
20	Finance costs	30	22	22
3,845	Other operating funding applications	4,475	3,886	3,959
50,186	Total applications of operating funding	51,246	53,004	50,105
12,530	Surplus (deficit) of operating funding	14,296	13,237	11,598
	Sources of capital funding			
11,323	Subsidies and grants for capital purposes	12,726	8,833	7,658
110	Development and financial contributions	28	92	64
-	Increase (decrease) in debt	-	(6,619)	-
70	Gross proceeds from sale of assets	395	327	168
-	Other dedicated capital funding	-	-	-
11,503	Total sources of capital funding	13,149	2,633	7,890
	Applications of capital funding			
	Capital expenditure			
131	- to meet additional demand	1,031	1,118	2,121
16,822	- to improve the level of service	10,593	4,552	8,356
17,666	- to replace existing assets	16,968	18,308	18,297
(893)	Increase (decrease) in reserves	7,460	663	2,710
(9,693)	Increase (decrease) in investments	(8,607)	(8,771)	(11,996)
24,033	Total applications of capital funding	27,445	15,870	19,488
(12,530)	Surplus (deficit) of capital funding	(14,296)	(13,237)	(11,598)
-	Funding balance	-	-	-

¹ includes all other operating finding from sources not identified above.

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Reconciliation of surplus/(deficit) of operating funding to net surplus/(deficit) before tax

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	COUNCIL 2018/2019 Budget (LTP) (\$000)
Surplus/(deficit) of operating funding from funding impact statement	14,297	13,237	11,598
Depreciation	(22,646)	(23,173)	(22,338)
Subsidies and grants for capital purposes	12,726	8,833	7,658
Development and financial contributions	-	92	64
Gain on sale	55	(26)	168
Vested assets	-	1,012	-
Forestry revaluation	(193)	(1,528)	(1,516)
Emission trading units	(296)	-	-
Finance lease amortisation	(320)	-	-
Landfill contingency	6	6	6
Internal capital costs	44	28	-
Share of associates	-	314	-
Share of Venture Southland (42%)	30	101	-
Net Surplus (deficit) before tax in Statement of Revenue and Expense	3,701	(1,104)	(4,360)

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Notes to the financial statements (for the year ended 30 June 2019)

1. Rates revenue

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
General rates	34,357	35,974
Targeted rates attributable to activities		
Water	3,573	3,545
Wastewater	4,013	4,061
Refuse	2,502	2,595
Septic tank cleaning	2	3
Rates penalties	387	400
Total revenue from rates	44,834	46,578

Rates revenue is shown net of rates remissions. SDC's rates remission policy, as set out in the 10 Year Plan, allows Council to consider the remission of rates in a number of circumstances. These include land voluntarily protected for Natural, Historical or Cultural Conservation purposes, properties that can be, but are not connected to, water and wastewater schemes, Sports Associations who have liquor licences, and licensed halls owned by General Clubs, Societies or Associations. Remissions will also be considered where extreme financial hardship can be shown or natural calamities occur. Rates remissions during the year totalled \$372,604 (2018: \$348,371), rates on non-rateable land are included in these figures.

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates: schools, places of worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of wastewater, water or refuse.

Rating base information

In accordance with the Local Government Act 2002 Amendment Act 2014, Clause 30A of Schedule 10, the following rating base information is disclosed based on the rating base information at the end of the **preceding** financial year:

	COUNCIL 1 July 2017 Actual (\$000)	COUNCIL 1 July 2018 Actual (\$000)
Number of rating units within the Southland District	20,607	20,687
Total rateable capital value within the Southland District	20,226,804	20,241,754
Total rateable land value within the Southland District	14,222,479	14,223,602

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2. Other revenue

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)
Regulatory income	1,676	1,820	1,820
Other income (including Council's 42% share in Venture Southland)	3,660	3,899	3,899
Provision of services	464	496	496
Rental and hire income	677	655	655
User charges	1,972	1,968	2,105
Sales revenue	5,667	3,536	3,536
Fines and infringements	37	39	39
Targeted water rates	268	278	278
Total other revenue	14,420	12,692	12,829

3. Other gains/(losses)

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Gain/(loss) on changes in fair value of forestry assets (Note 18)	(296)	(1,528)
Gain/(loss) on disposal of property, plant and equipment	(123)	(26)
Total gains/(losses)	(489)	(1,554)

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4. Exchange/non-exchange revenue

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)
Exchange revenue	11,182	9,305	9,305
Non-exchange revenue	68,537	67,786	67,930
Total revenue	79,706	77,092	77,235

5. Employee benefit expense

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Salaries and wages	11,174	13,515
Defined contribution plan employer contributions	415	501
Increase/(decrease) in employee entitlements	(10)	(19)
Total employee benefit expense	11,579	13,997

Employer contributions to defined contribution plans include contributions to KiwiSaver.

6. Other Council expenditure

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2017/2018 Actual (\$000) 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)
Audit fee - Southland District Council Annual Report	117	118	118
Audit fee - Venture Southland Group Annual Report	17	19	19
Audit fee - Southland District Council Long Term Plan	85	-	-
Other assurance services from Audit NZ	-	23	27
Grants	3,647	3,560	3,647
Contractors	21,222	22,279	22,279
Insurance	328	431	434
Consultants and legal fees	2,070	2,530	2,530
Operating lease costs	285	248	248
Donations	18	19	19
Impairment of receivables	6	(7)	(7)
Write-off of Te Anau wastewater costs	-	2,218	2,218
Loss on fair value of emission trading units	320	-	-
Other	13,195	9,881	9,892
Total other expenses	41,281	41,319	41,424

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7. Remuneration – Mayor, Councillors and Chief Executive

Chief Executive

The SDC Chief Executive appointed under Section 42 of the Local Government Act 2002 received a salary of \$337,789 (2018: \$323,985), plus a discretionary performance bonus of \$Nil (2018: \$5,610).

For the year ended 30 June 2019, the total annual cost, including fringe benefit tax, to SDC of the remuneration package being received by the Chief Executive is calculated at \$341,596 (2018: \$334,042).

Elected representatives	COUNCIL 2017/2018	COUNCIL 2018/2019
	Actual (\$000)	Actual (\$000)
Mayor: Tong, Gary (including FBT and private use of motor vehicle)^	123	126
Baird, Stuart	26	27
Dillon, Brian*	32	32
Douglas, John*	26	27
Duffy, Paul* (incl FBT)	37	37
Ford, Bruce	26	27
Frazer, Darren*	26	27
Harpur, George^	26	27
Keast, Julie*	32	32
Kremer, Ebel	32	32
Macpherson, Gavin*^	33	32
Paterson, Neil*	26	27
Perham, Nicholas	26	27
Annual cost	472	481

Remuneration for Councillors who are members of Council's Resource Management Committee* may be shown as higher than for other Councillors.

This additional remuneration is related to the number of hours these Councillors spend in hearings and meetings for resource consent applications. These additional costs are recovered from resource consent applicants via a separate Resource Consent Hearing Charge. The per hour fee is set by the Remuneration Authority at \$100 per hour for chairpersons (2018: \$100) and \$80 per hour for members (2018: \$80).

Remuneration for Councillors who are members of the District Licensing Committee^ may be shown as higher than for other Councillors. This additional remuneration is related to the number of hours these Councillors spend in hearings and meetings for licensing applications. These additional costs are recovered from licensing applications. The per hour fee is set in accordance with section 195 of the Sale and Supply of Alcohol Act 2012 at \$78 per hour for chairpersons (2018: \$78) and \$51 per hour for members (2018: \$51).

Travel and other reimbursements are excluded from the above totals.

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Total annual remuneration band for employees as at 30 June:	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
< \$60,000	68	74
\$60,000 - \$79,999	39	43
\$80,000 - \$99,999	29	21
\$100,000 - \$119,999	13	20
\$120,000 - \$139,999	3	8
\$140,000 - \$340,000	11	9
Total employees	162	175

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 125 (2018: 119) full-time employees, with the balance of staff representing 34 (2018: 27) full-time equivalent employees. As at 30 June 2019 there were eleven vacant positions (2018: eight). A full-time employee is determined on the basis of a 40-hour working week.

8. Taxation

SDC and its associated entities are exempt from income tax.

9. Depreciation and amortisation expense by group of activity

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)
Community services	1,370	1,066	1,066
District leadership	409	417	417
Emergency Management	-	-	-
Regulatory Services	67	66	66
Roads and Footpaths	16,807	17,570	17,570
Solid Waste Management	113	115	115
Stormwater	435	440	440
Wastewater	1,933	1,950	1,950
Water Supply	1,492	1,525	1,525
Total directly attributable depreciation and amortisation by group of activity	22,626	23,150	23,150
Depreciation and amortisation not directly related to group activities	21	23	24
Total depreciation and amortisation expense	22,646	23,173	23,174

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10. Changes in equity and reserves

Retained earnings	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)
As at 1 July	724,743	720,990	720,990
Transfer from other reserves (note 11)	(7,455)	(663)	(663)
Transfer from reserves	-	-	-
Transfer to fair value through statement of comprehensive revenue and expense reserve	-	-	-
Operating surplus for the year	3,701	(1,104)	(1,066)
As at 30 June	720,990	719,223	719,260

Asset Revaluation Reserves	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
As at 1 July	723,523	772,465
Revaluation surplus/(deficit)	48,941	49,655
As at 30 June	772,465	822,120
Asset revaluation reserves consist of:		
Infrastructural assets		
Wastewater system	45,239	46,168
Water system	27,910	27,533
Stormwater system	15,354	15,593
Roading network	683,955	732,820
Artwork	6	6
Total	772,465	822,120

Fair value through statement of comprehensive revenue and expense reserve	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
As at 1 July	1,916	2,369
Net revaluation gains/(losses)	453	298
Transfer to retained earnings	-	-
Reclassification to surplus/(deficit) on disposal	-	-
As at 30 June	2,369	2,666

Fair value through statement of comprehensive revenue and expense reserve consist of:	COUNCIL 2017/2018	COUNCIL 2018/2019
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	Actual (\$000)	Actual (\$000)
Share revaluation reserve	285	384
Emission Trading Unit revaluation reserve	2,084	2,282
Total	2,369	2,666

Other equity consists of:	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Milford Community Trust	-	326
Total	-	326

11. Other reserves

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
As at 1 July	34,427	41,883
Transfers from/(to) retained earnings	7,455	663
As at 30 June	41,883	42,546

Reserves consist of:	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
General reserves	38,463	39,184
Allocation committees	3,420	3,362
Total	41,883	42,546

See note 35 for detailed schedule of Council's reserves.

12. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)
Cash at bank and in hand	770	(536)	(493)
Short term deposits and other investments maturing within three months	10,115	16,260	16,260
Total cash and cash equivalents	10,885	15,724	15,767

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Financial assets recognised in a non-exchange transaction that are subject to restrictions

Council holds unspent funds, included in cash at bank and investments, of \$3.6 million (2018: \$3.7 million) that are subject to restrictions. These unspent funds relate to trusts and bequests received, waste minimisation reserve and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

13. Trade and other receivables

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)
Rates receivables	2,017	2,183	2,183
General receivables	1,310	1,738	1,738
Other receivables	4,112	5,118	5,122
Prepayments	544	852	852
	7,983	9,892	9,896
Less provision for doubtful debts	(47)	(28)	(28)
Net trade and other receivables	7,936	9,864	9,868
Total receivables comprise:			
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	1,671	8,543	8,547
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	6,264	1,321	1,321

Fair value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

Impairment

Council does not provide for any impairment on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material. The ageing profile of receivables at year end is detailed below:

Aged trade and other receivables	COUNCIL 2018 Gross (\$000)	COUNCIL 2018 Impairment (\$000)	COUNCIL 2018 Net (\$000)	COUNCIL 2019 Gross (\$000)	COUNCIL 2019 Impairment (\$000)	COUNCIL 2019 Net (\$000)
Not past due	6,451	-	6,451	8,144		8,144
Past due 1-60 days	73	-	73	264		264
Past due 60-120 days	10	-	10	35		35

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Past due > 120 days	1,449	(47)	1,401	1,448	(28)	1,420
Total	7,983	(47)	7,936	9,892	(28)	9,864

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Individual impairment	47	28
Collective impairment	-	-
Total Provision for impairment	47	28

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

An analysis of these individually impaired debtors is as follows:

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Past due 1-60 days	-	-
Past due 60-120 days	-	-
Past due > 120 days	47	28
Total individual impairment	47	28

Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

14. Inventories

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Roading	85	85
Other	22	49
	107	134

The carrying amount of inventories held for consumption that are measured at current replacement cost as at 30 June 2019 amounted to \$134,056 (2018: \$106,493). The write-down of inventory during the year was \$98 (2018: \$462). There have been no reversals of write-downs \$Nil (2018: \$Nil). The carrying amount of inventories pledged as security for liabilities is \$Nil (2018: \$Nil).

15. Other financial assets

Current portion	COUNCIL	COUNCIL	GROUP
	2017/2018	2018/2019	2018/2019
	Actual	Actual	Actual
	(\$000)	(\$000)	(\$000)
Short term deposits with maturities 1 - 3 months from 30 June	483	-	150
Short term deposits with maturities 4 - 12 months from 30 June	6,835	1,020	1,145
Short term loans	84	75	75
Unlisted shares in Civic Assurance*	21	22	22
Unlisted shares in Milford Sound Tourism*	294	392	392
Total current portion	7,716	1,508	1,783

Security

Council holds a Security Stock Certificate dated 22/12/2009 for \$25,000,000 in favour of Westpac NZ Limited and Westpac Banking Corporation under a Debenture Trust Deed between SDC and Corporate Trust Limited (trading as Foundation Corporate Trust).

Fair value**Term deposits**

The carrying amount of term deposits approximates their fair value.

Short-term loans

The carrying amount of short-term loans approximates their fair value.

Unlisted shares

Unlisted shares are recognised at fair value. Due to the immaterial size and nature of Council's investment in Civic Assurance and the Milford Sound Tourism, Council has estimated the fair value of this investment based on the net assets of each entity as at 31 December and 31 March respectively.

Impairment

There were no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

Non-current portion	COUNCIL	COUNCIL	GROUP
	2017/2018	2018/2019	2018/2019
	Actual	Actual	Actual

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	(\$000)	(\$000)	(\$000)
External loans with maturities greater than one year	3	3	3
Investments with maturities greater than one year	-	300	300
Total non-current portion	3	303	303
Total other financial assets	7,719	1,811	2,086

Maturity analysis and effective interest rates

This analysis is for short term deposits and other investments held with banking institutions, government stock or company bonds and incorporates the following:

	COUNCIL 2018 Short term deposits (\$000)	COUNCIL 2018 Other Term deposits (\$000)	COUNCIL 2018 Stocks & Bonds (\$000)	COUNCIL 2018 Total (\$000)	COUNCIL 2019 Short term deposits (\$000)	COUNCIL 2019 Other Term deposits (\$000)	COUNCIL 2019 Stocks & Bonds (\$000)	COUNCIL 2019 Total (\$000)
Short term deposits with maturities three months or less from 30 June*	8,483	-	-	8,483	15,400	-	-	15,400
weighted average effective interest rate	2.64%			2.64%	2.43%			2.43%
Short term deposits with maturities of four - 12 months from 30 June*	6,835	-	-	6,835	1,020	-	-	1,020
weighted average effective interest rate	3.35%			3.35%	3.29%			3.29%
	15,318	-	-	15,318	16,420	-	-	16,420

* These short term deposits and investments are included in cash and cash equivalents (refer to Note 12).

16. Property, plant and equipment

2018/2019 Actual	Cost Revaluation n 1 Jul 2018 (\$000)	Current Year Additio ns (\$000)	Transfe rs (\$000)	Vested Assets (\$000)	Current Year Disposal s (\$000)	Revaluatio n (\$000)	Cost/ Revaluatio n 30 Jun 2019 (\$000)	Accumulate d Depreciatio n and Impairment Charges 1 Jul 2018 (\$000)	Current Year Depreciatio n (\$000)	Current Year Disposal s (\$000)	Revaluatio n/Write- Off* (\$000)	Accumulate d Depreciatio n And Impairment Charges 30 Jun 2019 (\$000)	Carrying Amount 30 Jun 2019 (\$000)	Carrying Amount 1 Jul 2018 (\$000)
Operational assets														
Art	69	7	-	-	-	-	76	-	-	-	-	-	76	69
Buildings	15,772	211	10	-	(96)	-	15,897	(7,099)	(397)	47	-	(7,449)	8,448	8,673
EDP hardware	1,179	118	-	-	(13)	-	1,284	(1,084)	(79)	13	-	(1,150)	134	95
Furniture and fittings	749	47	-	-	(18)	-	778	(501)	(55)	13	-	(543)	235	247
Improvements	6,548	169	160	412	(5)	-	7,284	(4,845)	(348)	4	-	(5,189)	2,094	1,703
Land	10,561	18	-	58	(108)	-	10,529	-	-	-	-	-	10,529	10,561
Library	1,900	145	-	-	(208)	-	1,839	(925)	(176)	206	-	(895)	944	975

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Motor vehicles	2,120	609	-	-	(648)	-	2,081	(967)	(284)	484	-	(768)	1,314	1,153
Office equipment	183	13	-	-	(1)	-	195	(177)	(2)	1	-	(178)	17	6
Other equipment	284	22	-	-	(2)	-	304	(254)	(9)	1	-	(263)	41	29
Other plant	4,911	94	-	-	(15)	-	4,991	(3,594)	(167)	14	-	(3,747)	1,243	1,318
Landfill sites	115	-	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	457	-	-	-	-	-	457	(456)	(1)	-	-	(457)	-	1
Work in progress	240	704	(170)	-	-	-	774	-	-	-	-	-	774	240
	45,090	2,156	-	470	(1,114)	-	46,603	(20,020)	(1,519)	784	-	(20,754)	25,849	25,071
Infrastructural assets as valuation														
Bridges	144,650	741	-	-	-	951	146,343	(2,633)	(2,708)	-	2,633	(2,708)	143,635	142,018
Footpaths	18,312	474	-	169	-	(477)	18,478	(585)	(608)	-	585	(608)	17,869	17,727
Wastewater other	63,863	232	196	-	-	(760)	63,531	(1,112)	(1,125)	-	1,112	(1,125)	62,406	62,751
Wastewater plant	15,095	-	53	-	-	(245)	14,904	(821)	(844)	-	821	(844)	14,060	14,275
Water other assets	41,887	532	-	-	-	(1,521)	40,898	(948)	(962)	-	948	(962)	39,936	40,939
Water plant	12,575	170	1,180	-	-	(347)	13,578	(543)	(562)	-	543	(562)	13,016	12,032
Stormwater system	18,702	-	-	-	-	(196)	18,506	(435)	(440)	-	435	(440)	18,066	18,267
Unsealed roads	418,386	4,342	-	-	-	10,420	433,149	(3,136)	(3,254)	-	3,136	(3,254)	429,895	415,251
Cycle trail	7,804	(51)	271	-	-	(1,415)	6,609	(146)	(116)	-	146	(116)	6,493	7,658
Sealed roads	752,298	12,231	-	372	-	23,223	788,13	(10,075)	(10,624)	-	10,075	(10,624)	777,499	742,222
Street lighting	3,192	44	-	-	-	(487)	2,749	(165)	(180)	-	165	(180)	2,569	3,027
Work in progress – Cycle Trail	271	-	(271)	-	-	-	-	-	-	-	-	-	-	271
Work in progress – WWS	4,362	4,949	(1,429)	-	-	-	7,882	-	-	-	(2,243)*	(2,243)	5,639	4,362
	1,501,399	23,664	-	541	-	29,146	1,554,750	(20,599)	(21,423)	-	18,356	(23,666)	1,531,083	1,480,800
Marine	875	76	-	-	-	-	951	(450)	(20)	-	-	(470)	481	426
Runways	5,059	-	-	-	-	-	5,059	(4,959)	(41)	-	-	(5,001)	59	100
Work in Process	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5,934	76	-	-	-	-	6,010	(5,409)	(61)	-	-	(5,471)	540	525

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Total SDC	1,552,421	25,896		1,011	(1,114)	29,146	1,607,363	(46,028)	(23,003)	784	18,356	(49,891)	1,557,472	1,506,396
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2018/2019 Actual	Cost Revaluati on 1 Jul 2018 (\$000)	Current Year Additions (\$000)	Transf ers (\$000)	Vested Assets (\$000)	Current Year Disposal s (\$000)	Revaluatio n (\$000)	Cost/ Revaluatio n 30 Jun 2019 (\$000)	Accumulate d Depreciatio n and Impairment Charges 1 Jul 2018 (\$000)	Current Year Depreciati on (\$000)	Current Year Disposal s (\$000)	Revaluatio n/Write- Off* (\$000)	Accumulate d Depreciatio n And Impairment Charges 30 Jun 2019 (\$000)	Carrying Amount 30 Jun 2019 (\$000)	Carrying Amount 1 Jul 2018 (\$000)
Venture Southland														
Furniture and fittings	92	7		-	(4)	-	95	(68)	(6)	3	-	(71)	25	24
Office equipment	33	1		-	(4)	-	30	(25)	(5)	3	-	(27)	2	7
Other equipment	62	8		-	(2)	-	68	(23)	(5)	3	-	(26)	42	39
Set up cost	-	-		-	-	-	-	-	-	-	-	-	-	-
Venture Southland Trust vehicles	22	50		-	-	-	71	(7)	(5)	-	-	(11)	60	15
Building	51	31		-	-	-	82	(18)	(1)	-	-	(20)	63	33
Charitable trust	11	-		-	-	-	11	(5)	(1)	-	-	(7)	4	6
Total Venture Southland	270	97		-	(9)	-	358	(147)	(23)	8	-	(162)	196	124
Milford Community Trust														
Building	54	-		-	-	-	54	(2)	(2)			(4)	50	52
Total Milford Community Trust	54	-		-	-	-	54	(2)	(2)			(4)	50	52
TOTAL GROUP	1,552,745	25,993	-	1,011	(1,123)	29,146	1,607,775	(46,177)	(23,028)	792	18,356	(50,057)	1,557,718	1,506,572

2017/2018 Actual	Cost Revaluation 1 Jul 2017 (\$000)	Current Year Addition s (\$000)	Transfer s (\$000)	Veste d Assets (\$000)	Current Year Disposal s (\$000)	Revaluatio n (\$000)	Cost/ Revaluatio n 30 Jun 2018 (\$000)	Accumulate d Depreciatio n And	Current Year Depreciat ion (\$000)	Current Year Disposals (\$000)	Revaluatio n/Write- Off* (\$000)	Accumulated Depreciation And Impairment Charges	Carrying Amount 30 Jun 2018 (\$000)	Carrying Amount 1 Jul 2017 (\$000)
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								Impairment Charges 1 Jul 2017 (\$000)				30 Jun 2018 (\$000)		
Operational assets														
Art	69	-	-	-	-	-	69	-	-	-	-	-	69	69
Buildings	15,941	109	30	-	(308)	-	15,772	(6,880)	(385)	165	-	(7,099)	8,673	9,061
EDP hardware	1,114	66	-	-	-	-	1,179	(953)	(132)	-	-	(1,084)	95	161
Furniture and fittings	693	59	-	-	(3)	-	749	(453)	(52)	3	-	(502)	247	240
Improvements	6,024	375	223	-	(75)	-	6,548	(4,612)	(308)	75	-	(4,845)	1,703	1,412
Land	10,931	14	-	-	(385)	-	10,561	-	-	-	-	-	10,561	10,931
Library	1,954	163	-	-	(217)	-	1,900	(965)	(177)	217	-	(925)	975	989
Motor vehicles	1,690	684	-	-	(253)	-	2,120	(908)	(242)	191	-	(959)	1,161	781
Office equipment	183	-	-	-	-	-	183	(175)	(2)	-	-	(177)	6	8
Other equipment	274	12	-	-	(2)	-	284	(247)	(17)	2	-	(262)	22	26
Other plant	4,798	114	-	-	-	-	4,911	(3,420)	(174)	-	-	(3,594)	1,318	1,378
Landfill sites	115	-	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	457	-	-	-	-	-	457	(455)	(1)	-	-	(456)	1	2
Work in progress	262	232	(254)				240						240	262
	44,505	1,827	-	-	(1,242)	-	45,090	(19,183)	(1,489)	653	-	(20,020)	25,070	25,322
Infrastructural assets as valuation														
Bridges	120,341	1,350	-	-	-	22,959	144,650	(2,215)	(2,633)	-	2,215	(2,633)	142,018	118,126
Footpaths	18,229	199	-	-	-	(116)	18,312	(567)	(585)	-	567	(585)	17,727	17,662
Wastewater other	62,299	374	732	25	-	432	63,863	(1,068)	(1,112)	-	1,068	(1,112)	62,751	61,231
Wastewater plant	14,789	1	522	-	-	(216)	15,095	(805)	(821)	-	805	(821)	14,275	13,984
Water other assets	40,580	552	1,333	25	-	(603)	41,887	(894)	(948)	-	894	(948)	40,939	39,686
Water plant	13,059	66	168	-	-	(718)	12,575	(547)	(543)	-	547	(543)	12,032	12,512
Stormwater system	17,873	87	43	5	-	693	18,702	(411)	(435)	-	411	(435)	18,267	17,462
Unsealed roads	414,917	2,482	-	-	-	987	418,386	(3,286)	(3,136)	-	3,286	(3,136)	415,251	411,631
Cycle trail	7,756	38	-	-	-	10	7,804	(143)	(146)	-	143	(146)	7,658	7,613

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Sealed roads	726,942	20,325	-	-	-	5,031	752,298	(9,530)	(10,075)	-	9,530	(10,075)	742,222	717,412
Street lighting	2,276	11	-	-	-	905	3,192	(119)	(165)	-	119	(165)	3,027	2,157
Work in progress – Cycle Trail	89	182	-	-	-	-	271	-	-	-	-	-	271	89
Work in progress – WWS	4,740	2,421	(2,799)	-	-	-	4,362	-	-	-	-	-	4,362	4,740
	1,443,890	28,097	-	55	-	29,364	1,501,399	(19,585)	(20,599)	-	19,585	(20,599)	1,480,800	1,424,306
Marine	869	-	6	-	-	-	875	(416)	(34)	-	-	(450)	426	453
Runways	5,059	-	-	-	-	-	5,059	(4,572)	(387)	-	-	(4,959)	100	487
Work in progress	6	-	(6)	-	-	-	-	-	-	-	-	-	-	6
	5,934	-	-	-	-	-	5,934	(4,988)	(421)	-	-	(5,409)	525	946
Total SDC	1,494,329	29,925	-	55	(1,242)	29,364	1,552,423	(43,756)	(22,509)	653	19,585	(46,028)	1,506,395	1,450,573

2017/2018 Actual	Cost Revaluation 1 Jul 2017 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2018 (\$000)	Accumulated Depreciation And Impairment Charges 1 Jul 2017 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/Write-Off* (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2016 (\$000)	Carrying Amount 30 Jun 2018 (\$000)	Carrying Amount 1 Jul 2017 (\$000)
Venture Southland														
Furniture and fittings	91	1	-	-	-	-	92	(63)	(5)	-	-	(68)	24	28
Office equipment	32	1	-	-	-	-	33	(19)	(7)	-	-	(25)	7	13
Other equipment	38	25	-	-	(1)	-	62	(19)	(4)	-	-	(23)	39	19
Set up cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Venture Southland Trust vehicles	22	-	-	-	-	-	22	(5)	(1)	-	-	(7)	16	16
Building	51	-	-	-	-	-	51	(17)	(1)	-	-	(18)	34	34
Charitable trust	11	-	-	-	-	-	11	(4)	(1)	-	-	(5)	6	7

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Total Venture Southland	244	27		-	(1)	-	270	(127)	(21)	1	-	(147)	124	118
TOTAL GROUP	1,494,573	29,952	-	55	(1,243)	29,364	1,552,693	(43,883)	(22,530)	654	19,585	(46,175)	1,506,519	1,450,691

Urban portions of the State Highway network

The ownership of urban portions of the State Highway network is unclear although there is legal opinion that the ownership rests with local authorities. NZTA maintains these highways in their entirety without any costs accruing to local authorities. As a consequence, even if ownership resides with local authorities, NZTA controls the economic resources. Pending clarification of ownership and further consideration of the accounting issues that may arise, SDC has not recognised the urban portion of the State Highway network as an asset in these financial statements.

Leased assets

The net of plant and equipment held under finance lease is \$Nil (2018: \$Nil).

Insurance of assets

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, Clause 31A of Schedule 10:

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Total value of all assets that are covered by insurance contracts	52,248	52,235
Maximum amount to which these assets are insured	174,267	200,021
Total value of all assets that are covered by financial risk sharing arrangements	-	129,269
Maximum amount available to Council under those arrangements	-	140,000
Total value of all assets that are self-insured	1,453	1,375
Value of any fund maintained by Council for that purpose ¹	1,409	1,409

In the event of natural disaster, central government may contribute up to 60 percent towards the restoration of water, drainage and sewerage assets, and provide a subsidy towards the restoration of roads.

Heritage assets

Council-owned heritage assets include artworks, war memorials, viaducts and railway memorabilia.

Artworks are revalued every three - five years.

War memorials, viaducts and railway memorabilia are typically vested to Council and thus are recorded at no consideration in the fixed asset schedule. Given the nature of these assets, Council is unable to determine their fair value as there is no active market for such assets.

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17. Intangible assets

Computer software	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Opening cost at 1 July	172	111
Additions	56	240
Disposals	(90)	(58)
Closing cost at 30 June	138	293
Amortisation and impairment	(27)	(88)
Net Book Value at 30 June	111	205

Emission Trading Units	COUNCIL 2017/2018 Units	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Units	COUNCIL 2018/2019 Actual (\$000)
Opening balance at 1 July	114,194	2,009	101,940	2,161
Additions	-	-	-	-
Disposals / Surrendered	(14,865)	-	-	-
Change in market value 30 June		152		199
Closing balance at 30 June	101,940	2,161	101,940	2,360
Accumulated amortisation and impairment		-		-
Net Book Value at 30 June		2,161		2,360
Total Intangible Assets		2,272		2,565

Council is part of the Emissions Trading Scheme (ETS) for both its pre-1990 forests (mandatory participation) and its post-1989 forests (voluntary participation).

Under the ETS Council is allocated New Zealand Units (NZUs). An initial free allocation of NZUs is provided in relation to pre-1990 forests. An annual allocation of NZUs is provided in relation to post 1989 forests as carbon is sequestered (from 1 January, 2008).

Council accounts for NZUs allocated at a market value of \$23.15 per unit (2018: \$21.20)

Emission Trading Units 2019	COUNCIL Pre-1990 Forest	COUNCIL Post-1989 Forest	COUNCIL Total
Productive area (hectares)	1,384	116.8	1,500.8
NZUs opening balance 1 July	82,914	19,026	101,940
NZUs allocated/transferred during the year	-	-	-
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	19,026	101,940

Emission Trading Units 2018	COUNCIL	COUNCIL	COUNCIL
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	Pre-1990 Forest	Post-1989 Forest	Total
Productive area (hectares)	1,384	116.8	1,500.8
NZUs opening balance 1 July	82,914	33,891	116,805
NZUs allocated/transferred during the year	-	(14,865)	(14,865)
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	19,026	101,940

Post-1990 Forests

No units (2018: No units) were received during the year on 116.8 hectares of post-1989 land. Future allocation of NZUs relating to post-1989 forests will depend on the amount of carbon sequestered by those forests. The units have been valued at the balance sheet date based on the estimated market value of \$23.15 per unit. Tax is payable on the receipt or sale of the post-1989 units. Liabilities for emissions relating to post-1990 forest land are capped at the amount of NZUs previously allocated. Accordingly, NZUs are gained as forests grow and are surrendered as forests are harvested or removed in any other way. At balance date no liability for surrender of post-1989 NZUs has been accrued, because the forests are intact.

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Impairment**Emission Trading Units**

Council considers there is no impairment of ETUs held as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations. ETUs have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

18. Forestry assets

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Balance at 1 July	13,724	13,428
Increase due to purchases	-	-
Gains/(losses) arising from changes attributed to physical changes	1,159	1,230
Gains/(losses) arising from changes attributed to price changes	1,137	(1,448)
Decreases due to harvest	(2,592)	(1,310)
Balance at 30 June	13,428	11,900

SDC owns 1,839 hectares of forest in five areas: Dipton, Gowan Hill, Ohai (2 sites), and Waikaia, which are managed as one forest. The tree crop covers 1,382 hectares (2018: 1,400 hectares). The predominant species grown in these four blocks is Radiata pine followed by Douglas fir. The age of the tree crop ranges from one year to 33 years. In the year ending 30 June 2019, Council sold 44.8 hectares of timber for \$3.52 million (2018: 83.1 hectares of timber for \$5.67 million).

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

Financial Information

Council instructed Woodlands Pacific Consulting Limited (Woodlands Pacific), to independently value its forestry assets. Woodlands Pacific is a firm of forestry consultants and valuation experts with extensive experience valuing forests nationally and internationally. The valuation was undertaken in a manner consistent with Public Benefit Entity International Public Sector Accounting Standard 27. The objective of the PBE IPSAS 27 Standard is estimating "fair value" for financial reporting purposes. The valuation date is 30 June 2019.

Valuation Conventions

A pre-tax discount rate of 7.5% (2018: 7.5%) has been used in discounting the present value of expected future cash flows;

Only the current tree crop is valued, in accordance with the valuation standard;

Land use cost are recognised by applying notional land rental based on the prevailing market rentals of forestry land in the Otago/Southland region;

Woodlands Pacific assumes inflation will affect costs and prices equally;

Current log prices are used reverting to long-term prices.

Financial Risk Management Strategies

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

The normal risks to forests in New Zealand are assumed to be incorporated into the discount rates chosen for the valuation. Forest fire is covered by way of insurance and the annual premiums are included in the overhead costs.

19. Trade and other payables

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)
<i>Payables and deferred revenue under exchange transactions</i>			
Trade payables and accrued expenses	5,573	5,756	5,764
Total	5,573	5,756	5,764
<i>Payables and deferred revenue under non-exchange transactions</i>			
Income taxes payable	169	249	249
Other taxes payable (ie GST and FBT)	154	28	28
Grants payable	150	131	131
Other	857	874	874
Total	1,330	1,282	1,282
Total trade and other payables	6,904	7,038	7,046

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Payables are generally non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables approximates their fair value. All trade and other payables are current. There is nothing past due.

20. Employee benefit liabilities

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Current		
Holiday pay accrual	1,263	1,274
Long service leave	25	5
Wages accrual	276	304
	1,565	1,583
Non-current		
Retirement gratuity	44	18
Long service leave (potential)	5	-
	49	18
Total employment entitlements	1,614	1,601

Key assumptions in measuring retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability. A discount rate of 7.0% (2018: 7.0%) and an inflation rate of 3.0% (2018: 3.0%) were used.

21. Development and financial contributions

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Roading contributions	398	414
Wastewater contributions	975	907
Water contributions	439	432
Reserves contributions	359	359
Total development and financial contributions	2,167	2,113

22. Borrowings

Current portion	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Short term loan – Westpac	-	1,700

Financial Information

Total current portion	-	1,700
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Council's external borrowings is a Multi Option Credit Line which is secured by a security stock certificate in favour of Westpac NZ Limited and Westpac Banking Corporation under a Debenture Trust Deed between Southland District Council and Corporate Trust Limited (trading as Foundation Corporate Trust). Interest is incurred at 2.70% per annum at 30 June 2019.

Internal loans

Internal loans total \$31.8 million (2018: \$29.0 million). These loans are not represented in the statement of financial position.

Council's internal loans are designed to help local communities within the Southland District to develop or improve new or existing facilities and undertake other major projects. Loans are for a maximum period of 30 years depending on the nature of the project being funded. The interest rate applied to these loans was 4.65 percent (2018: 5.15 percent). A summary of these internal loans by group activity follows:

Internal loans

	COUNCIL Balance 2018 (\$000)	COUNCIL New Advances (\$000)	COUNCIL Total Repayments (\$000)	COUNCIL Interest Paid (\$000)	COUNCIL Balance 2019 (\$000)
Community Services	3,555	452	372	152	3,635
District Leadership	2,257	413	162	141	2,508
Regulatory Services	26	47	5	1	68
Roads and Footpaths	8,058	361	680	372	7,740
Solid Waste	194	-	42	178	152
Stormwater	252	415	18	11	650
Wastewater	7,404	1,433	623	169	8,213
Water Supply	7,286	1,308	243	301	8,351
	29,031	4,429	2,144	1,326	31,316

23. Provisions

Provisions are represented by:	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Opening balance - Landfill aftercare provision	34	28
Unused amounts reversed during the year	(6)	(6)
Closing balance - Landfill aftercare provision	28	22
Other Provisions	-	-
	28	22

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Current	14	14
Non-Current	14	8
Closing balance	28	22

All SDC landfill sites have been closed. Council has a responsibility, under the various consents, to provide ongoing maintenance and monitoring of the sites after they are closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for water quality monitoring.

Post closure responsibilities:

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Implementation of remedial measures such as cover and control systems
- Ongoing site drainage and final cover and vegetation.

The cash outflows for post-closure costs are not expected to occur until 2025. The long-term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. For instance, some sites may not be required to be continually monitored for the full 20 years, if the results are found to be within appropriate levels. The provision has been estimated taking this into account and is discounted using a discount rate of 5 percent.

24. Investment in joint ventures

Council has a 42 percent (2018: 42 percent) participating interest in Venture Southland, a joint committee of Council. The principal activity of Venture Southland is to promote a co-ordinated approach to economic development in Southland.

Council's interest in the joint venture is disclosed in the financial statements under the classifications shown below.

Council's interest in Venture Southland is represented by:	COUNCIL 2017/2018	COUNCIL 2018/2019
	Actual (\$000)	Actual (\$000)
Share of Income	2,320	2,465
Share of Expenses	(2,310)	(2,364)
Share of surplus/(deficit)	10	101
Share of:		
Current Assets	1,349	1,322
Non-Current Assets	-	-
Current Liabilities	(875)	(746)
Equity	474	576

Details of joint initiative commitments and contingencies are disclosed in their respective notes. The Venture Southland financial statements include Venture Southland Charitable Trust, which has been consolidated on a line-by-line basis.

The original Heads of Agreement under which Venture Southland was established was for a period of five (5) years from 1 July 2001. This agreement has been renewed at varying intervals since. In August 2017, Southland District, and Gore District Council gave notice under clause 4.1 of the Venture Southland Agreement, of their intention to withdraw from the Venture Southland Agreement 2014-2017.

On 30 June 2019 Venture Southland operations and staffing ceased and therefore the Venture Southland financial statements have been prepared on a disestablishment basis. As all assets, liabilities and contracts are expected to transfer to the Southland Regional Development Agency/Great South. Assets and liabilities are recorded on the same basis as the prior year.

Venture Southland will continue to exist until 31 December 2019 whilst the operations and contracts are moved to the Southland Regional Development Agency Limited Trading as Great South.

25. Investment in Associates

Council has investments in the following associated entities:

- Southland Regional Heritage Committee (SRHC) – 33%
- Emergency Management Southland (EMS) – 28.27%
- Southland Regional Development Agency Limited Trading as Great South (GS) – 18.75%

	2018/2019 Actual (\$000)			
Council's interest in Associates is represented by:	SRHC	EMS	GS	Total
Share of Income	554	392	-	947
Share of Expenses	(625)	(350)	(29)	(1,005)
Share of surplus/(deficit)	(71)	42	(29)	(58)
Share of Assets	250	147	72	470
Share of Liabilities	(54)	-	(102)	(156)
Share of Equity	196	147	(29)	314
Share of associates' contingent liabilities incurred jointly with other investors	-	-	-	-
Share of associates' joint commitments with other investors	15	-	-	15

26. Reconciliation between the operating surplus (from the statement of revenue and expense) and net cash from operating activities (from the statement of cash flows)

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)
Operating Surplus	3,701	(1,104)	(1,066)

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Add/(Less) Non-Cash Items			
Share of associate's surplus	-	(314)	(314)
Depreciation and Amortisation	22,646	23,173	23,174
Vested Assets	(55)	(1,012)	(1,012)
Forestry Revaluation	296	1,528	1,528
Loss on Emission Trading Units	320	-	-
Reclassification of Work in Progress (Intangibles)	1,378	-	-
Add/(Less) Movements in Working Capital Items			
Trade and Other Receivables	(289)	(1,269)	(1,270)
Interest Receivable	28	(1)	(1)
Inventories and Work in Progress	-	(28)	(28)
Trade and Other Payables	(169)	2,623	2,625
Provision	(6)	-	-
Net GST	17	(405)	(420)
Development & Financial Contributions	(2)	(55)	(55)
Other			
Movement in Employee Benefit Liabilities	124	(13)	(13)
(Gains)/Losses on Disposal of Investments	193	26	26
Movement in Provision for Decommissioning	(6)	(6)	(6)
Movement in Work in Progress (Non-Current)	-	-	-
Net Cash Inflow/(Outflow) from Operating Activities	28,183	23,144	23,168

27. Financial instruments

Council has policies providing risk management for interest rates and the concentration of credit risk. Council is risk averse and seeks to minimise exposure from its treasury activities and has established a treasury policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment. Council's exposure to fair value rate risk is limited to its short-term bank deposits at floating interest rates and a bank advance facility.

The interest rates on Council's investments are disclosed in Note 15. There are no interest rate options or interest rate swap agreements in place at 30 June 2019 (2018: Nil).

Sensitivity analysis

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial exposures at the balance date.

Interest Rate Risk	COUNCIL	COUNCIL
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Financial Information

	2017/2018		2018/2019	
	Actual (\$000)		Actual (\$000)	
	+100bps	-100bps	+100bps	-100bps
Cash and Cash Equivalents	101	(101)	163	(163)
Borrowings	-	-	-	-

Explanation of Sensitivity Analysis

Cash and cash equivalents include short-term deposits at call totalling \$16.3 million (2018: \$10.1 million) which are at floating rates. A movement in interest rates of plus or minus 1.0 percent has an effect on interest income of \$162,600 (2018: \$101,151).

Council has a bank advance facility of \$5.0 million. This can be drawn down on when required. At 30 June 2019, the loan facility was partially used (\$1.7 million), however it was repaid by 31 July 2019. Therefore, there is no interest rate risk (2018: Nil).

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council has minimal transaction in the overseas market so the exposure to this risk is very low.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to Council causing Council to incur a loss.

SDC has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances and company bonds.

Council limits the amount of credit exposure to any one institution by using a risk weighting methodology based on Standard and Poor's credit ratings.

In the normal course of business Council incurs credit risk with both general and rates debtors. Council has approved a credit control policy to monitor and manage its exposure to this credit risk and has special legislative powers to collect rates.

Council's maximum exposure to each class of financial instruments is as follows:

	Note	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Cash and Cash Equivalents	12	10,885	15,724
Trade and Other Receivables (excluding prepayments)	13	7,936	9,012
Other Financial Assets (excluding shares in companies)	15	7,405	1,397
Total Credit Risk		26,226	26,133

Financial Information

	Note	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Cash at Bank and Term Deposits			
AA-	12	10,885	15,724
Total Cash at Bank and Term Deposits		10,885	15,724
Other Financial Assets			
AA-	15	7,719	1,811
Total Financial Assets		7,719	1,811

Liquidity Risk

Liquidity risk is the risk that Council will encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the ability to access investment funds whenever necessary.

Contractual maturity analysis of financial assets and liabilities

The table below analyses Council's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Note	Less than 1 Year	1 Year	2 - 5 Years	Total 2019
Financial Assets					
Cash and Cash Equivalents	12	15,724	-	-	15,724
Trade and Other Receivables (excluding prepayments)	13	9,012	-	-	9,012
Other Financial Assets (excluding shares in companies)	15	1,397	-	-	1,397
Financial Liabilities					
Trade and Other Payables	19	7,038	-	-	7,038
Borrowings	22	1,700	-	-	1,700

	Note	Less than 1 Year	1 Year	2 - 5 Years	Total 2018
Financial Assets					
Cash and Cash Equivalents	12	10,885	-	-	10,885
Trade and Other Receivables	13	7,936	-	-	7,936
Other Financial Assets (excluding shares in companies)	15	7,405	-	-	7,405
Financial Liabilities					
Trade and Other Payables	19	6,904	-	-	6,904
Borrowings	22	-	-	-	-

28. Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Council would have adopted in dealing with the party at arm's length in the same circumstances.

Council has a 42 percent interest in Venture Southland and carried out the following transactions with this related party:

Venture Southland	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Funding provided by SDC	1,873	2,005
Services provided by SDC	228	271
Accounts payable to SDC	355	809
Accounts receivable from SDC	-	-

Key Management Personnel	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Councillors		
Remuneration	\$472	\$481
Full-time equivalent members	13	13
<i>Executive Leadership Team, including the Chief Executive</i>		
Remuneration	\$1,634	\$1,587
Full-time equivalent members	8.3	7.7
Total Key Management Personnel Compensation	\$2,106	\$2,068
Total Full-time equivalent personnel	21.3	20.7

Key management personnel include the Mayor, Councillors, Chief Executive, Group Manager Environmental Services, Group Manager Services and Assets, Group Manager Community and Futures, Group Manager Customer Delivery, Chief Financial Officer, and People and Capability Manager.

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

29. Events after balance date

On 1 July 2019, all assets and liabilities of Venture Southland will be sold to the Southland Regional Development Agency Limited (Trading as Great South).

Other than the matter noted above, there were no significant events subsequent to balance date.

30. Statement of contingencies

A contingency represents future expenditure that either:

May or may not be expended, in part or in full, at some future date; or

Future expenditure that will be incurred at a future date, but which is unable to be quantified at this time.

Contingent liabilities

Contingent liabilities as at 30 June 2019 total \$973,000 (2018: \$2.2 million). Specific details are as follows:

(a) Guarantees

There are no guarantees at 30 June 2019 (2018: Nil)

(b) Building Act claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done. At the date of this report there were several matters under this Act indicating liabilities to Council of \$973,000 (2018: \$966,024). These potential claims have been brought to the SDC insurer's attention.

(c) Weather-tight Homes claims

The Weather-tight Homes Resolution Services (WHRS) receives claim applications and provides mediation services to resolve leaky home disputes as an alternative to the courts. Included in the Building Act potential liability noted in (b) above are potentially for Weather-tight Home claims. However, as of 30 June 2019 (2018: Nil), no claims have been lodged with the WHRS against the Council. If, in future, there are claims against Council, it is expected the successful claims will be substantially covered under the SDC's insurance policies.

(d) Council Mutual Insurance Fund - Riskpool

Council withdrew as a member of a mutual liability fund, Riskpool, as at 30 June 2015. This organisation was established in 1997 to provide councils with commercial insurance options for risk issues facing them. Over the past few years, as a result of the number of claims facing local authorities on the weather-tightness of homes, the fund has been required to be topped up by members by way of a number of calls. As Council was a member from 1 July 2000 to 30 June 2015 Council is liable for any calls for funds relating to these years. The fund currently has reinsurance from 1 July 2013. However, it is expected that there will not be any further calls in the future.

(e) Emission Trading Scheme

Council owns approximately 1,513 hectares of forest, of which 1,384 hectares are pre-1990 land under the Emissions Trading Scheme. As at 30 June 2019 zero hectares (2018: 74.6) of forest were harvested and unplanted.

(f) Closed landfill sites

Council has a number of closed landfill sites. Council recognises that some of these may require a resource consent, and additional work may be required to meet the requirements of any consent. At balance date, the requirements have not been established by ES.

Council currently has a provision in relation to landfill post-closure costs that were identified in 2005, and details are included in Note 23 to these financial statements.

(g) Joint venture

Venture Southland has no contingent assets or contingent liabilities as at 30 June 2019 (2018: Nil).

(h) Contingent assets

Council has no contingent assets as at 30 June 2019 (2018: Nil).

31. Capital commitments and operating leases

A commitment exists where Council has entered into contracts but the goods and/or services have not been provided by balance date.

	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Capital commitments		
Commitments for capital expenditure contracted, but not provided for		
Water System	432	-
Stormwater System	-	668
Sewerage System	468	6,291
Roading	29,608	20,001
Other	-	474
	20,508	27,434

Council has no operating lease commitments as at 30 June 2019 (2018: Nil).

Joint venture

Venture Southland	COUNCIL 2017/2018 Actual (\$000)	COUNCIL 2018/2019 Actual (\$000)
Operating commitments		
Commitments for non-cancellable operating leases and other operating commitments:		
Not later than one year	87	83
Later than one year and not later than five years	64	56
Later than five years	-	-
	151	139

Joint venture commitments disclosed above go beyond 30 June 2019 (the disestablishment date of Venture Southland). This is on the basis that all assets, liabilities, contracts and commitments will be assigned to Southland Regional Development Agency Ltd (trading as Great South).

32. Severance payments

For the year ended 30 June 2019, the Council made three (2018: two) severance payments to employees totalling \$86,959 (2018: \$37,264).

33. Capital management

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

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The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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

Council has the following Council-created reserves:

- reserves for different areas of benefit;
- general reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

General reserves are built up typically from specific events (i.e. an asset sale) and are made available for specific unforeseen events or major projects. The release of these funds can generally only be approved by Council.

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

34. Explanation of major variances against budget

	Note	2018/2019 Actual (\$000)
Revenue (excluding asset development revenue)	(a)	9,439
Asset Development Revenue		
- Development and Financial Contributions	(b)	28
Expenditure	(c)	(6,211)
Net impact of variance on surplus(deficit)		3,256
Revaluation surplus	(d)	22,959
Total variance in Statement of comprehensive revenue and expense		26,214

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Explanatory Notes**Statement of comprehensive revenue and expense****(a) Revenue**

Overall revenue was \$9.4 million more than budgeted mainly due to:

\$4.5 million additional other revenue primarily due to increased forestry sales (\$1.1 million), Venture Southland payroll recoveries (\$1.1 million) and Council's share of Venture Southland revenue and payroll recoveries not being included in the budget (\$1.6 million).

\$2.9 million additional NZTA revenue due to the Chaslands slip repair and deferred Alternate Coastal Route project.

\$0.6 million additional grants received for projects, including Around the Mountain Cycle Trail, public convenience upgrades and Milford Opportunities project.

\$1.0 million of vested assets.

\$0.3 million additional revenue from share of associate's surplus.

(b) Asset development revenue

When compiling the Annual Plan, a number of assumptions were made in regards to when developments requiring resource consents would be started or completed and the value of contributions or infrastructure assets vested in Council would be received. This has affected vested assets and development and financial contributions as described below.

Development and financial contributions

Development and financial contributions are contributions paid to Council where a development (such as a subdivision) generates demand for infrastructure (such as water and wastewater or reserves). They aim to collect the costs of capital projects, which are planned, or have been undertaken, from those that are creating the demand. The budget estimated the amount of contributions revenue for the year based on the amount of planned demand capital projects. The number and cost of demand capital projects during the year were in line with the budget, with no material variance reflecting this.

(c) Expense

Overall operating expenditure was \$6.2 million more than budgeted primarily due to:

\$1.5 million increase in employee benefit expenditure primarily due to Venture Southland payroll costs (\$1.1 million) not included in the budget. These costs were fully offset by the increase in other revenue noted above.

\$3.8 million increase in other council expenditure predominantly due to, write off of costs associated with the Te Anau wastewater scheme (\$2.2 million) and Council's share of Venture Southland expenditure not being included in the budget (\$1.4 million).

\$0.8 million more depreciation and amortisation as a result of the increased infrastructure valuations.

(d) Revaluation surplus

Overall revaluation surplus was \$23.0 million more than budgeted due to the assumptions made during the budgeting process for programmed capital works and expected market conditions, differing to the actual results. Current market conditions and cost changes have been built into the infrastructure revaluations which has resulted in actual increases significantly more than those budgeted (\$27.0 million).

Statement of changes in equity

Changes in equity are reflected in the variance analysis of the statement of comprehensive revenue and expense above.

Statement of financial position

Property, plant and equipment is \$30.3 million more than budgeted, predominantly as a result of the higher-than-budgeted revaluation of infrastructural assets.

35. Schedule of financial reserves

Restricted reserves

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2018 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2019 (\$000)
District Reserves								
	Holding	SDC - Officers Association	Customer Support	Held on behalf of SDC Officer's Association	1	-	-	1
	Assets & Services	Waste Minimisation	Solid Waste Management	Waste Minimisation reserve	167	124	(194)	97
	Environmental Services	Dog and Animal Control	Animal Control	Residual funds from Dog and Animal Control Activity	25	(6)	-	20
	John Beange	John Beange	Community Assistance	Funding available in Edendale and Wyndham Area	34	-	(1)	32
	Sthld Joint Mayoral Fund	Sthld Joint Mayoral Fund	Community Assistance	Residual Funds from Southland Flood Relief	170	4	-	175
	Allocation Committee	Com Development Fund	Community Assistance	Development of Community Facilities, Recreational Opportunities and events	240	7	(9)	238
	Allocation Committee	Contributions and Levies	Community Assistance	Raised through the District Plan to be used to remedy, mitigate or offset adverse effects arising from, and in consequence of, or in association with any development	287	8	(67)	228
	Allocation Committee	Creative NZ	Community Assistance	Support local communities to create diverse opportunities for accessing and participating in arts activities with their specific geographical area, as well as defined communities of interest	-	-	-	1
	Allocation Committee	SPARC	Community Assistance	To subsidise travel costs for people 5-19 years of age participating in regular sporting competition	-	2	-	3
	Allocation Committee	Meridian Contribution	Community Assistance	Support Northern Southland community initiatives by way of grants	323	10	(9)	323
	Allocation Committee	Ohai Railway Board	Community Assistance	Support Ohai community initiatives by way of grants	1,891	61	(44)	1,908
	Allocation Committee	Ohai/Nightcaps Doc	Community Assistance	Medical services within Ohai and Nightcaps, including local ambulance	38	1	-	39
	Allocation Committee	District Heritage Grant	Community Assistance	Support the heritage in the district area	24	1	(1)	24
	Allocation Committee	Fonterra Res Contribution	Community Assistance	Support community initiatives by way of grants	412	12	(32)	392
	Allocation Committee	Stewart Island Visitor Levy	Community Assistance	Stewart Island Visitor Levy funds	33	14	-	47

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	Specific	ECNZ - Projects	Customer Support	Funds available for future projects in accordance with ECNZ requirements	21	-	-	21
Total Restricted District Reserves					3,677	238	(357)	3,548

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2018	Deposits in (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2019
Local Reserves								
	Wallacetown	Cemetery Bequest	Cemetery	Wallacetown Cemetery	72	5	-	77
Total Restricted Local Reserves Wallacetown					72	5	-	77
Total Restricted Local Reserves					72	5	-	77
Total Restricted District Reserves					3,740	242	(357)	3,625

Council created – General

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2018 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2019 (\$000)
District Reserves								
	Council	Global	Customer Support	General Reserve	954	25	-	979
	Council	District Operations	Customer Support	General Reserve	1,976	1,021	(1,145)	1,852
	Council	Strategic Assets Reserve	Customer Support	Offset Rates	8,508	-	-	8,508
Total Council Created General District Reserves					11,438	1,046	(1,145)	11,339
Total Council Created -General Reserves					11,438	1,046	(1,145)	11,339

Council created – Special

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2018 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Closing Balance 30/6/2019 (\$000)
District Reserves								
	Asset & Services	Community Housing	Community Housing	Operational reserve for community housing	146	78	(55)	169
	Asset & Services	District Reserves	Parks and Reserves	Operation reserve for district reserves	-	119	-	119
	Asset & Services	Community Task Force	Community Assistance	Operational reserve for community task force	10	-	-	10
	Asset & Services	Forestry Council Reserve	Forestry	Residual funds from forestry activities	2,593	4,367	-	6,959
	Asset & Services	Forestry Reserve	Forestry	Residual funds from forestry activities	4,654	1,586	(5,241)	1,000
	Asset & Services	Gravel Reserves	Roads and Footpath	Ensure Council has sufficient funds available for reinstatement of Council's pits	608	18	(32)	595
	Asset & Services	Depreciation Motor Vehicle	Various	Fund Motor Vehicle Fleet Replacements	590	546	(484)	651
	Asset & Services	Depreciation Buildings	Various	Fund Building Replacements	107	83	-	189
	Asset & Services	Depreciation IT	Various	Fund IT Replacements	221	196	(48)	369
	Asset & Services	Depreciation Matuku	Water Supply	Fund Matuku Water Scheme Replacements	-	3	(3)	-
	Asset & Services	Depreciation Public Conveniences	Various	Fund Public Conveniences Replacements	1	35	(37)	-
	Asset & Services	Depreciation Te Anau Rural Water	Water Supply	Fund Te Anau Rural Water Scheme Replacements	41	62	(102)	-
	Asset & Services	Depreciation Waste Management	Waste management	Fund Waste Management Replacements	15	15	(7)	23
	Asset & Services	Depreciation Wheelie Bin	Waste management	Fund Wheelie Bin Replacements	29	32	(10)	51
	Asset & Services	Depreciation Sewerage	Sewerage	Fund Sewerage Replacements	-	801	(631)	170
	Asset & Services	Depreciation Rooding	Rooding	Fund Rooding Replacements	269	3,286	(3,453)	103
	Asset & Services	Public Toilets Capital Pro Reserve	Various		-	507	(507)	-
	Asset & Services	Property Development	Various	Balancing fund for sales and operational building expenditure	654	31	(149)	536
	Asset & Services	Proposed Water	Water Supply	Operational account for proposed water	540	-	-	540
	Asset & Services	Rooding	Roads and Footpath	Rate smoothing reserve	1,565	372	(206)	1,731

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	Asset & Services	Road Safety Community	Roads and Footpath	Funding accrued from programmes not completed by year end	(1)	-	(1)	(2)
	Asset & Services	Waste Management	Solid Waste Management	General waste reserve	193	46	(118)	121
	Asset & Services	Water Schemes	Water Supply	Development for water schemes	594	15	(160)	450
	Asset & Services	District Wastewater	Wastewater	Development for Wastewater schemes	906	19	(535)	390
	Asset & Services	District Stormwater	Stormwater	Stormwater Investigations	-	32	-	32
	Asset & Services	District Water	Water	Development for Water schemes	2	-	-	3
	Asset & Services	Wastewater Contribution	Wastewater	Development for building Wastewater	6	-	-	6
Total Council Created - Special Reserves Assets & Services					13,745	12,249	(11,778)	14,215
	Chief Exec	SDC/DOC Joint Project	District Support	Residual funds from past joint projects for future projects	61	-	-	61
	Chief Exec	Around the Mountains	Roading and Transport	Around the Mountains Cycle Trail	(237)	237	-	-
Total Council Created - Special Reserves Chief Exec					(176)	237	-	61
	Policy and Community	Waimumu Field Day	Corporate Support	Fund Council's Field Day every three years	-	13	-	13
	Policy and Community	Community Outcomes	Strategy and Communication	Contribute Southland Regional Development Strategy	104	2	(63)	43
	Policy and Community	Elections	Representation and Advocacy	Fund Council's election costs every three years	43	42	-	85
Total Council Created - Special Reserves Policy and Community					147	57	(63)	141
	Development and Financial	Parks Contribution	Parks and Reserves	Contribution to capital activity - Parks and Reserves	133	4	-	137
	Development and Financial	Roading Contribution	Roading and Transport	Contribution to capital activity - Roading and transport	293	9	-	302
	Development and Financial	Wastewater Contribution	Wastewater	Contribution to capital activity - Wastewater	335	10	-	345
	Development and Financial	Water Contribution	Water Supply	Contribution to capital activity - Water	105	3	(2)	106
Total Council Created - Special Reserves Development and Financial Contributions					867	26	(2)	890
	Environment & Community	Alcohol Licensing	Environmental Health	Residual funds from Alcohol Licensing	43	3	-	46
	Environment & Community	Health Licensing	Environmental Health	Residual funds from Health Licensing	(52)	64	(12)	-
Total Council Created - Special Reserves Environment Service					(9)	67	(12)	46
	Holding	Milford Flood Protect	Corporate Support	Residual funds from Milford Flood Protection	45	-	-	45

Financial Information

	Holding	International Relationship	Community Assistance	Residual funds from International Relationship activities	56	2	-	57
	Holding	Shared Services	District Support	Shared Services Balance	-	35	-	35
	Holding	Stewart Island Heritage Building	Community Assistance	Set up for new Heritage Building	9	-	(9)	-
Council Created - Special Reserves Holding					109	36	(9)	137
	Specific	Biodiversity Initiative	Community Assistance	Funds set aside for future biodiversity initiatives	21	-	-	21
	Specific	Disaster Recovery	Community Assistance	Funds set aside in case of disaster in accordance with insurance requirements	1,409	-	-	1,409
	Specific	Predator Free Rakiura			51	1	(3)	49
	Specific	Rates Civil Defence/ Rural Fi			10	-	-	10
	Specific	Tuatapere (Clifden Bridge)	Various	Residual funds from Tuatapere project in 2000, to be used for community projects at Council's discretion	19	-	-	19
Council Created - Special Reserves Specific Reserves					1,509	2	(3)	1,508
Total Council Created - Special District Reserves					16,192	12,674	(11,867)	16,998

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening Balance 1/7/2018 (\$000)	Deposits In (\$000)	Withdraws Out (\$000)	Opening Balance 30/6/2019 (\$000)
Local Reserves								
	Athol	General	Various	Athol General Purpose	38	4	(3)	39
	Athol	Community Centres	Community Centres	Athol Hall	8	-	-	7
Council Created - Special Reserves Athol					46	4	(4)	46
	Balfour	General	Various	Balfour General Purpose	104	10	-	114
Council Created - Special Reserves Balfour					104	10	-	114
	Browns	General	Various	Browns General Purpose	48	2	(1)	49
Council Created - Special Reserves Browns					48	2	(1)	49
	Brydone	Community Centres	Community Facilities	Brydone Hall	-	1	-	1
Council Created - Special Reserves Brydone					-	1	-	1
	Clifden	Community Centres	Community Facilities	Clifden Hall	28	1	-	29
	Clifden	Rec Reserve Committee	Parks and Reserves	Clifden Reserves	23	7	-	31
Council Created - Special Reserves Clifden					52	8	-	60
	Colac Bay	Community Centres	Community Facilities	Colac Bay Hall	4	4	-	8
	Colac Bay	General	Various	Colac Bay General Purpose	38	6	-	44
					42	10	-	52
	Dipton	Cemetery	Cemetery	Dipton Cemetery	14	-	(1)	14

Financial Information

	Dipton	General	Various	Dipton General Purpose	54	4	-	58
	Dipton	Stormwater	Stormwater	Dipton Stormwater	23	1	(2)	21
	Dipton	Community Centres	Community Facilities	Dipton Hall	28	5	-	32
Council Created - Special Reserves Dipton					119	10	(4)	126
	Drummond	General	Various	Drummond General Purpose	11	1	(1)	10
	Drummond	Rec Reserve Committee	Parks and Reserves	Drummond Reserves	11	2	-	13
Council Created - Special Reserves Drummond					22	3	(1)	23
	Edendale	Cemetery	Various	Edendale Cemetery	13	-	(2)	12
	Edendale	Community Centre	Community Facilities	Edendale Hall	178	32	(54)	156
	Edendale	Pool	Various	Edendale Pool	1	-	(1)	-
	Edendale-Wyndham	Footpaths	Various	Footpaths	1	-	-	1
	Edendale-Wyndham	General	Various	General Purpose	129	13	(89)	53
	Edendale-Wyndham	Stormwater	Stormwater	Stormwater	391	16	-	407
Council Created - Special Reserves Edendale-Wyndham					712	61	(145)	628
	Five Rivers	Community Centre	Community Facilities	Five Rivers Hall	16	3	-	19
Council Created - Special Reserves Five Rivers					16	3	-	19
	Fortrose	Community Centre	Community Facilities	Fortrose Hall	2	-	-	2
Council Created - Special Reserves Fortrose					2	-	-	2
	Garston	Special Projects	Various	Garston General Purpose	31	6	(5)	32
Council Created - Special Reserves Garston					31	6	(5)	32
	Gorge Road	Gorge Road General	Various	Gorge Road General Purpose	37	7	(3)	41
Council Created - Special Reserves Gorge Road					37	7	(3)	41
	Limehills	General	Various	Limehills General Purpose	7	1	-	7
	Limehills	Stormwater	Stormwater	Limehills Stormwater	49	6	-	55
Council Created - Special Reserves Limehills					55	7	(1)	62
	Lumsden	Cemetery	Cemetery	Lumsden Cemetery	-	1	-	1
	Lumsden	Footpaths	Roading and Footpaths	Lumsden Footpaths	17	5	-	22
	Lumsden	General	Various	Lumsden General Purpose	89	7	(37)	59
	Lumsden	Property Sales	Various	Lumsden General Purpose	6	-	(6)	0
	Lumsden	Stormwater	Stormwater	Lumsden Stormwater	65	4	-	69
	Lumsden	Community Centre	Community Facilities	Lumsden Community Centre	12	-	(7)	6
Council Created - Special Reserves Lumsden					188	17	(49)	157
	Manapouri	Fraser's Beach	Parks and Reserves	Fraser's Beach Reserve	35	1	(4)	32
	Manapouri	General	Various	Manapouri General Purpose	82	14	(29)	68
	Manapouri	Community Centre	Community Facilities	Manapouri Community Centre	15	3	-	18
	Manapouri	Swimming Pool Area	Parks and Reserves	Manapouri Pool	18	3	-	21
Council Created - Special Reserves Manapouri					151	21	(33)	139
	Mararoa/Waimea Ward	Mararoa/Waimea Ward	Various	Mararoa/Waimea Ward	282	17	-	299
Council Created - Special Reserves Mararoa/Waimea Ward					282	17	-	299
	Mataura Island	Community Centre	Community Facilities	Mataura Island Community Centre	5	-	-	5

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Council Created - Special Reserves Mataka Island					5	-	-	5
	Matuku	Rural WS General	Water Supply	Matuku Water	5	-	(3)	2
Council Created - Special Reserves Matuku					5	-	(3)	2
	Menzies Ferry	Community Centre	Community Facilities	Menzies Ferry Community Centre	3	1	-	5
Council Created - Special Reserves Menzies Ferry					3	1	-	5
	Mokoreta/Redan	Community Centre	Community Facilities	Mokoreta/Redan Community Centre	15	3	-	18
Council Created - Special Reserves Mokoreta/Redan					15	3	-	18
	Mossburn	General	Various	Mossburn General Purpose	108	8	(11)	105
	Mossburn	Forestry	Parks and Reserves	Mossburn General Purpose	2	-	(2)	-
Council Created - Special Reserves Mossburn					110	8	(13)	105
	Nightcaps	McGregor Park	Parks and Reserves	Nightcaps McGregor Park	121	13	(25)	109
	Nightcaps	Community Centre	Community Facilities	Nightcaps Community Centre	8	2	-	10
	Nightcaps	General	Various	Nightcaps General Purpose	20	10	(1)	29
	Nightcaps	Stormwater - OPR	Various	Nightcaps General Purpose	1	-	(1)	-
Council Created - Special Reserves Nightcaps					150	25	(28)	148
	Ohai	Community Centre	Community Facilities	Ohai Community Centre	11	-	(3)	8
	Ohai	General	Various	Ohai General Purpose	118	4	(4)	118
	Ohai	Stormwater	Stormwater	Ohai Stormwater	149	4	(3)	150
Council Created - Special Reserves Ohai					278	9	(10)	277
	Orawia	Community Centre	Community Facilities	Orawia Community Centre	14	24	-	38
Council Created - Special Reserves Orawia					14	24	-	38
	Orepuki	General	Various	Orepuki General Purpose	34	4	(2)	36
	Orepuki	Community Centre	Community Facilities	Orepuki Community Centre	12	4	-	16
Council Created - Special Reserves Orepuki					46	8	(2)	52
	Oreti	Community Centre	Community Facilities	Oreti Community Centre	8	5	-	13
Council Created - Special Reserves Oreti					8	5	-	13
	Otapiri/Lora	Community Centre	Community Facilities	Otapiri/Lora Community Centre	40	9	-	49
Council Created - Special Reserves Otapiri/Lora					40	9	-	49
	Otautau	Baths	Community Facilities	Otautau Pool	74	1	(54)	22
	Otautau	Brightwood Develop Co	Community Facilities	Otautau Financial Contribution	16	-	-	16
	Otautau	CB Conference	Community Facilities	Community board conference	6	-	-	6
	Otautau	Forestry	Forestry	Holt Park Forestry	168	5	(10)	162
	Otautau	General	Community Facilities	Otautau General Purpose	110	34	(15)	119
	Otautau	Bowling Club	Community Facilities	Bowling Club	1	-	-	1
	Otautau	Stormwater	Stormwater	Otautau Stormwater	242	13	-	255
	Otautau	Community Centre	Community Facilities	Otautau Community Centre	27	1	-	28
Council Created - Special Reserves Otautau					634	55	(79)	610
	Riversdale	Fire Bore	Various	Riversdale General Purpose	1	-	(1)	-
	Riversdale	General	Various	Riversdale General Purpose	70	2	(41)	31

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Council Created - Special Reserves Riversdale					71	2	(42)	31
	Riverton	Cemetery Maintenance	Cemetery	Riverton Cemeteries	53	9	-	63
	Riverton	Doc Profits Lib Sale	Various	Riverton Projects	64	2	-	66
	Riverton	General	Various	Riverton General Purpose	398	21	(59)	360
	Riverton	Riverton Harbour General	Community Facilities	Riverton Harbour	55	1	(43)	13
	Riverton	Parks & Res Develop	Parks and Reserves	Riverton Parks and Reserves	27	1	-	28
	Riverton	Property Sales	Various	Riverton General Purpose	233	7	-	240
	Riverton	War Memorial	Parks and Reserves	Riverton War Memorial	12	1	-	13
	Riverton	Stormwater Headworks	Stormwater	Riverton Stormwater	61	60	-	121
	Riverton	Taramea Bay/Rocks Development	Community Facilities	Taramea Cay Foreshore	32	1	(3)	30
	Riverton	Taramea Howells Point	Community Facilities	Taramea Howells Point	20	4	-	24
Council Created - Special Reserves Riverton					956	107	(105)	958
	Ryal Bush	Community Centre	Community Facilities	Ryal Bush Community Centre	7	1	-	8
Council Created - Special Reserves Ryall Bush					7	1	-	8
	SIESA	Operations	SIESA	SIESA Operations	494	-	-	494
Council Created - Special Reserves SIESA					494	-	-	494
	Stewart Island	General	Various	Stewart Island General Purpose	168	94	(18)	245
	Stewart Island	Waste Management	Various	Stewart Island General Purpose	29	1	-	30
	Stewart Island	Jetties	Various	Stewart Island Jetties	252	64	(266)	50
	Stewart Island	Wharf Golden Bay	Various	Replacement of Golden Bay Wharf	-	56	(56)	-
	Stewart Island	Wharf Ulva Island	Various	Replacement of Ulva Island Bay Wharf	-	208	-	208
Council Created - Special Reserves Stewart Island					449	423	(340)	533
	Te Anau	Te Anau Carpark Res	Various	Te Anau General Purpose	24	1	0	25
	Te Anau	Cemetery Improvements	Cemeteries	Te Anau Cemetery	2	-	(2)	-
	Te Anau	General	Various	Te Anau General Purpose	687	137	(26)	799
	Te Anau	Luxmore	Various	Luxmore Subdivision	1,041	34	-	1,075
	Te Anau	Manapouri Airport	Te Anau Manapouri Airports	Te Anau Manapouri Airports	151	4	(2)	153
	Te Anau	Rural WS General	Water Supply	Te Anau Water	2	9	-	10
	Te Anau	Stormwater	Various	Te Anau General Purpose	479	16	-	495
	Te Anau	Sandy Brown Loan	Loan	Loan to Ratepayers	(9)	2	-	(7)
Council Created - Special Reserves Te Anau					2,376	203	(29)	2,550
	Thornbury	Community Centre	Community Facilities	Thornbury Community Centre	(1)	2	-	1
	Thornbury	General	Various	Thornbury General Purpose	22	4	(9)	18
Council Created - Special Reserves Thornbury					21	6	(9)	19
	Tokanui	General	Various	Tokanui General Purpose	58	7	(1)	64

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	Tokanui	Community Centre	Community Facilities	Tokanui Community Centre	7	-	-	8
Council Created - Special Reserves Tokanui					65	7	(1)	72
	Tuatapere	Water Meridian Contract	Various	Tuatapere General Purpose	7	-	-	7
	Tuatapere	Community Centre	Community Facilities	Tuatapere Community Centre	16	7	-	23
	Tuatapere	General - OPR	Various	Tuatapere General Purpose	-	23	-	23
	Tuatapere	General	Various	Tuatapere General Purpose	270	15	(32)	254
	Tuatapere	Property	Various	Tuatapere General Purpose	3	-	-	3
	Tuatapere	Waiau River Collection	Various	Tuatapere Waiau River	1	-	-	1
Council Created - Special Reserves Tuatapere					297	46	(32)	311
	Waianiwa	Community Centre	Community Facilities	Waianiwa Community Centres	16	-	(1)	16
Council Created - Special Reserves Waianiwa					16	-	(1)	16
	Waiau/Aparima Ward	Arboretum Reserve	Various	Arboretum Reserve	11	2	-	14
	Waiau/Aparima Ward	Wairio Cemetery	Cemeteries	Wairio Cemetery	52	2	-	54
	Waiau/Aparima Ward	Wairio Town General	Various	Wairio General Purpose	5	-	(1)	5
	Waiau/Aparima Ward	Wairio Reserve	Various	Wairio Reserve	7	-	-	7
	Waiau/Aparima Ward	Takitimu Reserve	Various	Takitimu Reserve	22	1	(1)	21
	Waiau/Aparima Ward	Tuatapere Ward Pool	Various	Tuatapere Ward Pools	29	6	-	35
	Waiau/Aparima Ward	Cosy Nook	Various	Cosy Nook General Purpose	18	4	-	21
	Waiau/Aparima Ward	Hirstfield Reserve	Various	Hirstfield Reserve General Purpose	18	3	-	21
	Waiau/Aparima Ward	Waiau/Aparima Ward	Various	Waiau/Aparima Ward	262	13	(5)	269
	Waiau/Aparima Ward	Calcium Cemetery	Cemeteries	Calcium Cemetery	17	2	-	19
Council Created - Special Reserves Waiau/Aparima Ward					441	32	(7)	467
	Waihopai/Toetoes Ward	Waihopai/Toetoes Ward	Various	Waihopai/Toetoes Ward	191	5	(61)	136
Council Created - Special Reserves Waihopai Toetoes Ward					191	5	(61)	136
	Waikaia	Dickson Park	Parks and Reserves	Waikaia General Purpose	14	2	-	16
	Waikaia	Drain Filing	Various	Waikaia Drains	-	-	2	2
	Waikaia	General	Various	Waikaia General Purpose	89	7	-	96
	Waikaia	Museum Donations	Community Facilities	Waikaia Museum	3	2	-	5
	Waikaia	Refuse Removal	Solid Waste Management	Waikaia General Purpose	9	-	-	10
	Waikaia	Stormwater	Stormwater	Waikaia Stormwater	105	3	-	108
Council Created - Special Reserves Waikaia					220	15	2	236
	Waikawa/Niagara	Community Centre	Community Facilities	Waikawa/Niagara Community Centres	18	-	(12)	6
Council Created - Special Reserves Waikawa/Niagara					18	-	(12)	6
	Waitane Glencoe	Res Reserve Committee	Parks and Reserves	Waitane Glencoe Reserves	1	-	-	1
Council Created - Special Reserves Waitane Glencoe					1	-	-	1
	Wallacetown	General	Various	Wallacetown General Purpose	193	7	(1)	200
	Wallacetown	Stormwater	Stormwater	Wallacetown General Purpose	44	1	(7)	39

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Council Created - Special Reserves Wallacetown Ward					238	9	(8)	238
	Winton	Community Centre	Community Facilities	Winton Community Centres	9	5	(3)	11
	Winton	General	Various	Winton General Purpose	241	70	(3)	308
	Winton	Medical Centre General	Community Facilities	Winton Medical Centre	122	17	(3)	137
	Winton	Multi Sports	Parks and Reserves	Winton Sports Complex	6	-	-	6
	Winton	Property Sales	Various	Winton General Purpose	427	23	(210)	240
	Winton	Res Capital Development	Various	Winton General Purpose	100	-	-	100
	Winton	Stormwater	Stormwater	Winton Stormwater	2	23	-	25
Council Created - Special Reserves Winton					908	139	(219)	828
	Winton/Wallacetown Ward	Winton/Wallacetown Ward	Various	Winton/Wallacetown Ward	419	13	(7)	425
Council Created - Special Reserves Winton/Wallacetown Ward					419	13	(7)	425
	Woodlands	General	Various	Woodlands General Purpose	103	4	(28)	79
	Woodlands	Septic Tank Rates	Wastewater	Woodlands Septic Tank Cleaning	9	-	(2)	8
Council Created - Special Reserves Woodlands					112	4	(29)	87
Total Council Created - Special Local Reserves					10,513	1,350	(1,279)	10,584
Total Council Created - Special Reserves					26,705	14,024	(13,146)	27,582
Total Restricted					3,740	242	(357)	3,625
TOTAL RESERVE FUNDS					41,882	15,311	(14,648)	42,545

Disposal - Ohai Bowling Club

Record No: R/19/7/14595
Author: Theresa Cavanagh, Property Advisor
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 To declare the Ohai Bowling Club building surplus to requirements and to support its disposal.

Executive Summary

- 2 Council owns two buildings in Ohai that have the potential to be used for community facilities – the hall on Richmond Street and the Bowling Club on the Ohai Recreation Reserve.
- 3 Public consultation was undertaken with the Ohai community to determine the community's preference for retaining one or both buildings. 85% of respondents were in favour of retaining the hall.
- 4 On this basis, the Ohai Community Development Area Subcommittee resolved to retain the Ohai Hall and dispose of the Ohai Bowling Clubrooms. For this to occur, Council must declare the Ohai Bowling Club building surplus to requirements.

Recommendation

That the Council:

- a) **Receives the report titled “Disposal - Ohai Bowling Club” dated 20 September 2019.**
- 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) **Resolves that the Ohai Bowling Club building located on Lot 1 DP 2858 held in Record of Title SL138/258 is surplus to requirements and is to be disposed of.**
- e) **Resolves that the Ohai Bowling Club building is sold at market value either for removal or left onsite and a lease be entered into. Any tenant’s activity would need to comply with the criteria of the Recreation Reserve classification as required by the Reserves Act 1977.**
- f) **Delegates to the Chief Executive the authority to decide on the most appropriate disposal method and to accept/decline any offer.**

Background

- 5 Council owns two buildings in Ohai that have the potential to be used for community facilities.
 - The hall located on Richmond Street is currently used for community activities. The windows have recently been replaced and an upgrade of the kitchen (including hot water facilities) and the meeting room are in the pipeline.
 - The bowling club building located on the Ohai Recreation Reserve on Hastings Street was previously owned by the Ohai Bowling Club and was recently gifted to the Council. Council, at its meeting on 6 September 2017, agreed to accept the offer of the building as a gift, with the intention to look at which building (hall or bowling club) would best serve as a community centre.
- 6 Public consultation was undertaken via survey to determine the community’s preference for retaining one or both buildings. 85% of respondents were in favour of retaining the hall. This was also Council’s preference as the hall better meets the community’s needs and requires less ongoing maintenance costs.
- 7 Given the survey results the Ohai Community Development Area Subcommittee, at their meeting on 12 March 2019, resolved to retain the Ohai Hall and dispose of the Ohai Bowling Clubrooms.
- 8 The building is located on land which also contains the rugby grounds, therefore the land underneath the building is unable to be sold without a subdivision. If the land was sold it may

need to revert back to the Crown or previous owners and would require a public notification process to revoke the reserve status. This would be a lengthy and costly process and was not considered a practical solution for disposal. Also, if the land and building was sold to a community group, the process would create a freehold title which could then be onsold, without Council input, for a purpose that may not be compatible with the use of the surrounding Recreation Reserve.

- 9 Given the above, it has been determined that disposal of the building only is the most practical solution. There are two methods of disposal available to Council.
- Disposal for Removal.
 - Disposal for Retention. This would require a lease with a suitable tenant whose activity meets the occupation and use criteria for a Recreation Reserve under the Reserves Act 1977.

Both methods would require the building to be sold at market value.

- 10 Net proceeds from the sale would go to the Ohai General Reserve.

Issues

- 11 If Council is unable to sell the building then a subsequent decision will be made on management and maintenance.

Factors to Consider

Legal and Statutory Requirements

- 12 None identified.

Community Views

- 13 Community consultation was undertaken in 2018 regarding the preferred option for a community centre. 85.71% of respondents were in favour of retaining and upgrading the Richmond Street hall. 14.29% of respondents were in favour of using and upgrading the Bowling Club.

Costs and Funding

- 14 Legal and valuation costs associated with the disposal will be covered by the proceeds of the sale of the Bowling Club building. The net sale proceeds will go into the Ohai General Reserve, if any.

Policy Implications

- 15 None identified.

Analysis

Options Considered

- 16 To resolve to dispose of or retain the Ohai Bowling Clubrooms.

Analysis of Options

Option 1 – To dispose of the Ohai Bowling Clubrooms

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Directs resources into one community centre.• The Ohai General Reserve will receive net sale proceeds, if any.	<ul style="list-style-type: none">• None identified.

Option 2 – To retain the Ohai Bowling Clubrooms

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• None identified.	<ul style="list-style-type: none">• Goes against the wishes of the community to dispose of the building.• Council would own a building which requires ongoing maintenance

Assessment of Significance

- 17 Not considered significant.

Recommended Option

- 18 Option 1 – Dispose of the Ohai Bowling Clubrooms

Next Steps

- 19 Proceed with the sale.

Attachments

- A Ohai Bowling Club Map & Photos [↗](#)

Ohai Bowling Club





Unbudgeted Expenditure - Dipton Hall Window Replacement

Record No: R/19/8/19442
Author: Mark Day, Community Facilities Manager
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to seek unbudgeted expenditure by the Dipton Community Development Area Subcommittee (the Subcommittee) of \$12,037.23 to replace the windows at the Dipton Hall.

Executive Summary

- 2 Council staff have been working with members of the Subcommittee on a project to repaint the exterior of the Dipton Hall that is identified in this year's Annual Plan. This project has a budget of \$38,000.00.
- 3 During the on-site discussions, the Subcommittee members indicated that they would also like to replace the windows at the hall and requested Council staff obtain quotes for the exterior repainting and the replacement of the windows.
- 4 Council staff indicated that due to the budgeted amount of \$38,000.00 that was available, a decision would need to be made regarding which of these projects would take priority.
- 5 Council staff suggested that there would need to be remedial work undertaken on the old wooden windows, prior to any paint work being undertaken, and that replacing the existing windows with aluminium windows would be Council's staff recommendation.
- 6 The Subcommittee agreed with Council's staff recommendation.

Analysis

- 7 Council staff have approached a number of contractors to submit quotes to paint the exterior of the Dipton Hall and replace the existing wooden windows with aluminium windows. They were requested to include a price for single and double glazed options as well as the cost to replace the doors.
- 8 Council staff have received the quotes for the exterior painting and the replacement aluminium windows. These have come in over the existing budget for the project.
- 9 It is recommended to proceed with the installation of the aluminium windows and accept the quote provided at \$47,037.23 (ext GST).
- 10 There will be some additional costs to cover the installation of window stays (\$1,115.52) and remedial painting that are not included in the window replacement quote.

- 11 The additional \$12,037.23 will be unbudgeted expenditure to be funded from the Dipton General Reserve.

Recommendation

That the Council:

- a) **Receives the report titled “Unbudgeted Expenditure - Dipton Hall Window Replacement” dated 17 September 2019.**
- 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 unbudgeted expenditure of \$12,037.23 for the installation of aluminium windows at the Dipton Hall to be funded from the Dipton General Reserve.**

Background

- 12 The Dipton Hall exterior repainting has been identified as a project in this year’s Annual Plan.
- 13 Council staff had discussions with the Subcommittee and determined that replacing the wooden windows with aluminium windows should be done prior to the exterior repainting.
- 14 Subsequently, Council staff have received quotes for both pieces of work. The quotes have come in over the available budget and hence additional funding is sought to undertake the work.
- 15 Council staff recommend that the aluminium windows are replaced and the exterior repaint is allowed for in the next planning round.

Issues

- 16 The work is currently budgeted but the amount is not sufficient to fund the project. As such, unbudgeted expenditure is sought to resolve this issue in line with requested timeframes. The funding will be provided from the Dipton General Reserve.

Factors to Consider

Legal and Statutory Requirements

- 17 None identified.

Community Views

- 18 This request is considered to represent the views of the community.

Costs and Funding

- 19 The Subcommittee currently has \$58,200.00 in the Dipton General Reserve.
- 20 This will be funded from the Dipton General Reserve.

Analysis

Analysis of Options

Option 1 – Approve the unbudgeted expenditure to replace the existing hall windows

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• The windows will extend the life of the building.• The windows will provide additional thermal insulation as they will be double glazed.	<ul style="list-style-type: none">• None identified.

Option 2 – Do nothing

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• None identified.	<ul style="list-style-type: none">• The condition of the hall will continue to deteriorate.

Assessment of Significance

- 21 The decision is not considered to be significant.

Recommended Option

- 22 Proceed with Option 1 – Approve the unbudgeted expenditure to replace the existing hall windows.

Next Steps

- 23 Council staff to action the works.

Attachments

There are no attachments for this report.

Holt Park Camping Ground Structural Issues

Record No: R/19/9/21280
Author: Mark Day, Community Facilities Manager
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to seek unbudgeted expenditure approval to demolish the Holt Park Camping Ground amenities buildings.

Executive Summary

- 2 Council approved the upgrade of the Holt Park camping ground with a budget of \$228,000.
- 3 During the preconstruction phase of this project it became evident that the structural integrity of the current buildings is severely undermined. A Structural Engineer was engaged to complete a structural assessment and the subsequent report identified that it was no longer sound and was deemed a health and safety risk.
- 4 The recommendation from the Engineer is to demolish the existing structures in their entirety as it was not deemed economic to recover the structural integrity of the buildings. The Engineering report is attached to this report.
- 5 At this point the upgrade project was put on hold.

Recommendation

That the Council:

- a) **Receives the report titled "Holt Park Camping Ground Structural Issues" dated 20 September 2019.**
- 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 unbudgeted expenditure of up to \$100,000 for the demolition of the Holt Park Camping Ground amenities buildings to be funded from the Otautau General Purpose Reserve.**

Background

- 6 Council approved the upgrade of the Holt Park camping ground with a budget of \$228,000.

- 7 During the preconstruction phase of this project it became evident that the structural integrity of the current buildings is severely undermined. A Structural Engineer was engaged to complete a structural assessment and the subsequent report identified that it was no longer sound and was deemed a health and safety risk.
- 8 The recommendation from the Engineer is to demolish the existing structures in their entirety as it was not deemed economic to recover the structural integrity of the buildings. The Engineering report is attached to this report.
- 9 At this point the upgrade project was put on hold.

Analysis

- 10 Staff considered either demolishing or closing (boarding up) the structures as the only viable options.
- 11 Due to the health and safety risk the buildings pose to the general public and visitors to the camping ground, it is considered that demolition of the structures is the preferred option. Further, it is considered uneconomic to salvage the structures and maintain them as safe for public occupation.
- 12 Once demolished, as part of the scope of work, the site will be made tidy and re-grassed in line with the surrounding environment.
- 13 Following the demolition, further work will be undertaken to identify next steps with the facility if any.

Issues

- 14 The structural integrity of the Holt Park camping ground amenities buildings have been deemed unsafe. Demolition of these structures is proposed.
- 15 The proposed demolition is not programmed and budgeted for. As such, an unbudgeted expenditure approval is required from Council.

Factors to Consider

Legal and Statutory Requirements

- 16 As the PCBU for the Holt Park Camping Ground facilities, Council is obligated to ensure the safety of all visitors to this site.

Community Views

- 17 The Otautau Community Board has been informally consulted with regarding the outcomes of the Engineering Report and the proposed demolition and agrees with staff's proposed actions.

Costs and Funding

- 18 Whilst pricing has not yet been sought, it is anticipated that the demolition and reinstatement will not total more than \$100,000. Pricing is being sought currently and will be a variation to the existing contract.
- 19 It is proposed to fund the works from the Otautau General Purpose Reserve.

Analysis

Analysis of Options

Option 1 – Approve the unbudgeted expenditure to demolish the buildings

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Demolition can be undertaken and the site made safe	<ul style="list-style-type: none">• Cost

Option 2 – Do not approve the funding and close the buildings

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• The cost of making the structures and site could be less than demolition costs	<ul style="list-style-type: none">• Council will be required to make sure that the structures are contained and don't pose a threat to public safety• Ongoing management costs will be required• The structures may need to be demolished in the future as they deteriorate further

Assessment of Significance

- 20 The decision is not considered to be significant.

Recommended Option

- 21 Proceed with Option 1 – Approve the unbudgeted expenditure to demolish the buildings.

Next Steps

- 22 Council staff to procure and action the works.

Attachments

- A OPUS structural assessment report - Holt Park [↓](#)



21 August 2019

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 www.wsp-opus.co.nz

Ref: 6-VN094.00

Holt Park Camping Ground Toilets - Otautau

Dear Steve

1 Introduction

The Southland District Council are in the process of upgrading the Holt Park Camping Ground Toilets. During the works it has been discovered that there are significant voids beneath the existing concrete floor and foundation.

WSP Opus were asked to complete an inspection and to provide advice on remedial works for the foundation. During our inspection additional deficiencies were found with the concrete blockwork walls being unfilled.

Photographs taken during our inspection are attached.

SCALA Penetrometer testing was also undertaken during the inspection.

The findings of our inspection and conclusions made follow;

2 Description

The Holt Park Camping Ground Toilets are constructed with a concrete floor and shallow concrete foundations with concrete block walls that are likely to be unfilled, with concrete lintels, and a perimeter tie beam at the top of the wall. The roof is constructed with timber framing and metal cladding.

The toilets are being upgraded with alterations made to the layout and new drainage. A new exterior sheltered pathway around the building is to be added. A design for the works has been completed by Building Solutions Limited and a building consent has been granted, however no strengthening works are included for the unforeseen foundation voids and unfilled blockwork.

During the demolition phase when the exterior concrete pathway and the interior floor slab were removed to allow the new drainage installation to occur significant voids beneath the floor and foundation were discovered. Where the concrete floor has been removed there is evidence of rotten timber. This timber may have been used as propping or as temporary piles at the time of construction. It may have also just been present in poor quality fill or existing ground beneath the floor.

The reason for the subsidence beneath the toilet block could be due to sub-standard fill settling over time. There may have also been organic matter not removed from the building footprint and this has decomposed leaving voids. The timber found beneath the slab is evidence of the presence of organic matter.

The interior wall foundation has corroded reinforcing present and spalling of the concrete is occurring. The original cross-section of the wall footing is much reduced.

A leaking shower drain may have also contributed to the subsidence as it was confirmed during the demolition that a shower drain had become disconnected beneath the slab.

The interior wall on the west side of the toilet block has had a doorway cut through it, from a previous alteration, and it has a large concrete lintel supported on unfilled concrete block. Movement of the lintel and the east jamb is evident. This is unstable and should be treated with care. A contractor on site at the time of the inspection believed that the lintel was connected into the tie beam at the top of the wall which will provide some support in the interim.

The concrete block walls are unfilled which is evident where the voids are exposed beneath a window and where the doorway was cut during a previous alteration. Not all block voids were visible, so the concrete blocks were tapped with a hammer to confirm if they were unfilled. They sounded hollow when compared to the top tie beam. It is possible however that some filled columns are present in the block work. The extent of the unfilled concrete blocks could be confirmed by drilling. The unreinforced blockwork will be vulnerable under seismic loading.

A steep embankment at the south west corner of the building is encroaching onto the toilet building with a build-up of material against the west wall as the top layers of soil slowly move down the slope.

3 SCALA penetrometer testing

Three SCALA penetrometer tests were undertaken. All three tests presented consistent results. The testing confirmed a variation in the reliable soil bearing pressures with good ground at approximately 600 to 700mm deep with a softer underlying layer at 900mm to 1000mm deep. The Penetrometer testing was met with refusal at a hard base layer at 1250mm, 1450mm and 1650mm deep respectively. This base is expected to be gravels.

If the toilet building is founded at 700mm below the existing ground level, we are concerned that the softer ground layer at 900mm may create further settlement issues in the future. The toilet building should be founded upon the hard base layer at 1250mm to 1650mm below existing ground level.

4 Remedial options

4.1 Retain existing building

To retain the existing structure will require new underpinned wall foundations and the installation of a structural floor slab to span between the foundations. The underpinning would consist of new bored concrete piles extending to the hard base layer.

The unfilled and unreinforced concrete block walls will also require structural support. Unreinforced masonry is vulnerable to seismic loading and strengthening is required. This could be achieved by tying the concrete block veneer to new braced structural timber walls on the interior of the building and a new ceiling diaphragm to provide lateral restraint to the top of the walls. New foundations will be required for the walls.

This option is not considered practical due to the construction costs relative to a new building and the loss of usable space within the toilet block.

4.2 Replacement building

The existing building can be demolished and a new purpose built structure constructed.

Any new building will require deep foundations. The foundation should either be excavated to the hard base level of between 1250mm and 1650mm below existing ground level and replaced with well compacted hardfill or end bearing piles shall be installed to extend down the hard base layer.

A new building could have the added advantage of moving the building away from the adjacent embankment which will continue to require maintenance with potential for slips.

5 Conclusion and recommendation

The Holt Park Camping Ground Toilet has significant settlement issues beneath the foundation which is likely to have occurred due to poor quality fill beneath the slab used during construction and poor ground conditions due to the presence of organic matter, or a combination of both.

From our investigations it is considered that the concrete block walls are likely to be unfilled and unreinforced.

To remedy the situation and bring the building up to NZ Building Code standards significant works are required. To keep the existing structure, underpinning of the foundation and new structural strengthening and support of the unreinforced concrete block walls is required.

Due to the small footprint of the building it is considered that underpinning and strengthening is impractical and would be detrimental to the utility of the building with a reduction in the useable space.

The costs and practicality of the underpinning and strengthening makes full replacement a viable alternative. A new toilet building could be designed without the restraint of the current building shape and layout. The location of the toilet building can also be moved away from the embankment which will continue to require maintenance with potential for slips.

We recommend that a new toilet building be constructed with the building founded upon the hard base layer identified in the SCALA penetrometer testing with either hardfill or piles.

If the building is to be demolished care should be taken when removing the large concrete doorway lintel as it has limited support and is unstable.

Yours faithfully



Ian Sutherland

Senior Structural Engineer

Photographs - 12th August 2019

Photo 1: Vie of toilet block - NE corner



Photo 2: South wall



Photo 3: Void at south entry



Photo 4: Voids under slab



Photo 5: Void under footing, corroding reinforcing and spalling concrete.



Photo 6: Timber present beneath footing.



Photo 7: Voids under slab with timber present.



Photo 8: Movement in the jamb supporting lintel constructed during previous alteration. Evidence of unfilled blocks in jambs.



Photo 9: Lintel constructed during previous alteration



Photo 10: Unfilled blocks




Photo 11: Staircase cracking in blockwork



Photo 12 ; Stormwater dischsrgrin drivetly to ground.

Penetrometer Results

AUGER / SCALA PENETROMETER WORKSHEET			
Project : HOLT PARK CAMPING GROUND TOWERS.			
Location : OTAUTAU.			
Client : SOUTHLAND DISTRICT COUNCIL			
Test Number : 1 SOUTH WALK - EXTERIOR			
Water level (m): -			
Tested By : IAN SUTHERLAND		Project No :	
Date : 12/8/19		Lab Ref No :	
		Client Ref No :	
Depth	Scala Blows	Depth	Material Description
0.00			
0.10	2		
0.20	3		
0.30	4		
0.40	5		
0.50	6		
0.60	7		
0.70	5		
0.80	5		
0.90	3		
1.00	3		
1.10	3		
1.20	8		
1.30			
1.40			
1.50			
1.60			
1.70			
1.80			
1.90			
2.00			
2.10			
2.20			
2.30			
2.40			
2.50			
2.60			
2.70			
2.80			
2.90			
3.00			
3.10			
3.20			
3.30			
3.40			
3.50			
3.60			
3.70			
3.80			
3.90			
4.00			
Notes: <div style="margin-left: 100px;"> } SOFT LAYER 1250 8 BLOWS. REFUSAL - HARD BASE LAYER LIKELY TO BE GRAVELS </div>			
<small>CLF 033</small> <small>9/12/2013</small>			

AUGER / SCALA PENETROMETER WORKSHEET



Project : HOLT PARK CAMPING GROUND TOILETS
 Location : OTAUTAU
 Client : SOUTHLAND DISTRICT COUNCIL
 Test Number: 2 - INTERIOR SHOWER AREA SW CORNER
 Water level (m): -

Tested By: Ad. SUTHERLAND
 Date: 12/8/19.


Project No :
 Lab Ref No :
 Client Ref No :

Depth	Scala Blows	Depth	Material Description
0.00			
0.10			
0.20	1		
0.30	1		
0.40	1		
0.50	3		
0.60	5		
0.70	5		
0.80	5		
0.90	4		
1.00	3		SOFT LAYER,
1.10	4		
1.20	6		
1.30	5		
1.40	5		
1.50	8		1450 8 Blows - REUSAL - HARD BASE
1.60			LAYER LIKELY
1.70			TO BE GRAVELS
1.80			
1.90			
2.00			
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3.40			
3.50			
3.60			
3.70			
3.80			
3.90			
4.00			

Notes

CLF-033

9/12/2013

AUGER / SCALA PENETROMETER WORKSHEET			
Project : <u>HOT PARK CAMPING GROUND TOILETS.</u>			
Location : <u>OTAHU.</u>			
Client : <u>SOUTHLAND DISTRICT COUNCIL</u>			
Test Number: <u>3 - WEST WALL - EXTERIOR</u>			
Water level (m): <u>-</u>			
Tested By: <u>IAN SUMNER</u>		Project No : Lab Ref No : Client Ref No :	
Date: <u>12/8/19</u>			
Depth	Scala Blows	Depth	Material Description
0.00			
0.10	1		
0.20	2		
0.30	2		
0.40	3		
0.50	1		
0.60	4		
0.70	5		
0.80	4		
0.90	3		SOFT WATER
1.00	5		
1.10	5		
1.20	5		
1.30	5		
1.40	6		
1.50	5		
1.60	5		1650 4 NEW PERSAL.
1.70			
1.80			
1.90			
2.00			
2.10			
2.20			
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3.70			
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3.90			
4.00			
Notes			
CLF033		9/12/2013	

Duncraigen Water Supply Transfer

Record No: R/19/9/20706
Author: Bill Witham, Manager Operations - Water and Waste
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 To outline the steps required to transfer the Duncraigen rural water supply to Pāmu (Landcorp Farming Limited) and seek a recommendation to proceed with the transfer.

Executive Summary

- 2 The Te Anau Rural Water Supply Committee have requested that the Duncraigen Rural Water Scheme be divested from Southland District Council (Council) and ownership transferred to Pāmu.
- 3 Council have sought legal advice to determine the appropriate steps needed to make the transfer. It was advised that the first step was to seek a recommendation from the Te Anau Rural Water Supply Subcommittee (the subcommittee) to proceed and then take that recommendation to the Services and Assets Committee (the committee) for approval.
- 4 The subcommittee agreed in principle to proceed to negotiate a transfer. This was resolved at its meeting on 12 March 2019.
- 5 The committee resolved that the matter should be considered by Council as the scheme is a Council asset.

Recommendation

That the Council:

- a) **Receives the report titled “Duncraigen Water Supply Transfer” dated 20 September 2019.**
- 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) **Agrees in principle to proceed to negotiate a transfer.**
- e) **Does not agree in principle to proceed.**

Background

- 6 The subcommittee has been considering for some time the option of transferring the Duncraigen Rural Water Supply to Pāmu (Landcorp Farming Limited) on the basis that Pāmu are the sole beneficiary of this supply.
- 7 The subcommittee agreed in principle to proceed to negotiate a transfer. This was resolved at its meeting on 12 March 2019.
- 8 The committee resolved to refer the matter to Council for consideration as the scheme is a Council asset.
- 9 The scheme is made up of an intake building and 2,229 m of pipework. Pāmu is the only customer. The current valuation is \$374,863.
- 10 The scheme was originally constructed by Landcorp and transferred to Council at no cost.

Issues

- 11 Council has sought legal advice to find the appropriate steps to follow in this process as difficulties have arisen in similar transfers elsewhere in New Zealand.

Factors to Consider

Legal and Statutory Requirements

- 12 The Local Government Act 2002 does not prevent the transfer of this scheme as it is not a drinking water supply.

Suggested Steps

- 13 Council have sought legal advice as to the appropriate steps needed to transfer the Duncraigen rural water supply to Pāmu. The suggested steps were as follows:
- (a) seek agreement in principle from the subcommittee to proceed to negotiate a transfer
 - (b) if approved, to have the committee consider the subcommittee's recommendation
 - (c) if approved staff negotiate and document a draft transfer agreement (subject to subcommittee approval)
 - (d) take the final agreement to the Services and Assets Committee for approval.
- 14 Implement the transfer in accordance with the terms of the agreement.

Assessment of Significance

- 15 Council does not consider this is an item of significance in terms of Section 76 of the Local Government Act 2002.

Recommended Option

- 16 That the Council agrees in principle to proceed and authorises the water and waste department to negotiate the terms of a draft transfer agreement.

Next Steps

- 17 If the recommendation is to proceed, terms will be negotiated with Pāmu and a draft transfer agreement will be prepared.

Attachments

There are no attachments for this report.

Projects from 2018/2019 to be Carried Forward into the 2019/2020 Financial Year

Record No: R/19/9/21071
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 2018/2019 year that were not completed by year end and to seek approval from Council to carry forward these projects or dollars related to these projects to the 2019/2020 year.
- 2 Please note – this list is not a complete list of all projects that were not complete in 2018/2019. Some projects included in 2018/2019 were deferred to a year later than 2019/2020 or were considered not required to be completed and deleted from the work programmer entirely and are disclosed in the Annual Report for 2018/2019. Projects moving to 2020/2021 or later will be included in the relevant Annual Plan or Long Term Plan document.

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 Annual Plan for the next year. Where the actual amount spent in 2018/2019 was higher than the remaining funds available in 2018/2019 for the project, a negative amount has been included in Attachment A. This is to ensure that the overall project budget remains the same.

Recommendation

That Council:

- a) **Receives the report titled "Projects from 2018/2019 to be Carried Forward into the 2019/2020 Financial Year" dated 20 September 2019.**
- 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 2019/2020 financial year to be funded from the sources indicated in Attachment A.**

Category/town	Project name	Amount
Operational		
Community services - airport	Minor civil contractor works	\$9,500
Regulatory – building regulation	General projects	\$54,000
District leadership	Community spirit awards	\$10,000
District leadership	Consultants – services and assets	\$69,682
District leadership	Invercargill office business case	\$54,960
District leadership	Stormwater investigation fund	\$29,812
District leadership - Manapouri	Resource consent for Manapouri tree removal	\$15,220
District leadership – Waihopai Toetoes	Grant for Tokanui skate park	\$2,000
District leadership – Waihopai Toetoes	Grant for Gorge Road bell tower	\$10,000
Community services – grants and donations	Creation of Christmas parades	\$5,000
Community services – parks and reserves	Open spaces planning	\$115,182
Regulatory – resource consent	Training	\$9,977
Regulatory – resource consent	District plan and regional projects	\$241,800
Roads and footpaths	AMCT maintenance on suspension bridges	\$2,236
Wastewater	CCTV inspections	\$47,965
Motor vehicle expenditure		
Regulatory – animal services	Sale of FLP973 Holden Colorado	(\$10,000)
District leadership	Sale of HGP912 Mazda CX5	(\$10,000)
Community services – work schemes	Sale of HFT307 and HFT308 Toyota Hi Ace	(\$20,000)
Community services – work schemes	Replacement of HFT307 and HFT308 Toyota Hi Ace	\$70,000
Capital expenditure – not project		
Community services library	Library books	\$69,231
Roads and footpaths	Work to bring AMCT to NZCT standard	\$237,118
Roads and footpaths	Structure component and bridge renewal	\$597,984
Roads and footpaths	Alternative coastal route seal extension	\$275,967
Project to be combined into one - WAT952 District monitoring		

Water supply	Consultancy, project management and design for DMA metering	(\$6,477)
Water supply	Leak detection and improvement of leak detection	\$9,500
Water supply	Monitoring minimum night flows and pressures and optimise metering	\$6,600
Project to be reclassified as a grant		
Community services - Tokanui	Tokanui skate park	\$5,000
Projects by activity		
Airport	Airport helipads	\$14,000
Cemeteries - Winton	New information kiosk at east Winton cemetery	\$15,744
Council facilities – Otautau	Upgrade to camping group	\$154,112
Parks and reserves – Edendale-Wyndham	Beautification due to tree felling	\$10,000
Parks and reserves –Gorge Road	Loop track	(\$1,628)
Parks and reserves –Manapouri	Playground equipment	(\$10,683)
Parks and reserves –Te Anau	Te Anau boat harbour toilet area	\$6,400
Parks and reserves – Te Anau	Town entrance signs	\$18,122
Parks and reserves – Te Anau	Gateway to Fiordland	\$20,000
Parks and reserves – Te Anau	Lakefront trail to Upukerora mouth	\$3,160
Parks and reserves –Thornbury	Equipment upgrade	\$7,953
Public toilets – Colac Bay	Colac Bay playground toilets	(\$48,803)
Public toilets –Monkey Island	Monkey Island toilets	\$83,892
Public toilets –Te Anau	Te Anau new toilet Milford Road end of town	(\$38,725)
Public toilets –Waikawa	Waikawa toilet	(\$50,890)
Public toilets –Clifden	Clifden toilets	\$60,384
SIESA	Fuel tanks replacement	\$31,169
Water structures – Stewart Island Jetties	Golden Bay wharf health and safety work	\$14,215
Water structures – Stewart Island Jetties	Golden Bay wharf maintenance	\$3,770
District Leadership	Core system replacement	\$294,096
District Leadership	Equipment renewal	\$200,000
District Leadership – Gorge Road	Install bell at war memorial	\$10,000
District support – Waihopai Toetoes	Rimu school parking	\$5,000
District support – Waihopai Toetoes	Woodlands Morton Mains road landscaping	\$2,000
Roads and footpaths – Colac Bay	Information Board	\$5,000
Roads and footpaths –Lumsden	Footpath replacement	\$21,000
Roads and footpaths –Manapouri	Manapouri bollard lighting	\$20,000
Roads and footpaths –Orepuki	Footpaths improvements	\$15,775
Roads and footpaths –Stewart Island	New footpath from Rankin St to the end of Fushia walkway and signage	\$33,500
Roads and footpaths –Otautau	Footpaths upgrade	\$18,000
Stormwater - Winton	Storm main replacement	(\$45,475)
Wastewater – Nightcaps	Desludging	(\$19,210)
Wastewater – Ohai	New UV/treatment plant upgrade	\$9,756
Wastewater – Riversdale	Treatment upgrade	(\$98,518)
Wastewater – Riverton/Aparima	Desludging – Riverton rocks	\$233,125
Wastewater – Riverton/Aparima	Wastewater treatment upgrade (desludging)	(\$170,642)
Wastewater – Stewart Island	Scheme capacity upgrade	\$41,896
Wastewater – Te Anau	Compactor for screen	\$19,182
Wastewater –Te Anau	Consent – Upukerora extension	\$25,000

Wastewater – Tokanui	Disposal to land option	(\$100,592)
Wastewater – Tokanui	Embankment work to ponds	\$44,800
Wastewater – Otautau	Equipment upgrade	\$40,876
Wastewater – Otautau	Sewer pumps	\$63,462
Wastewater – Otautau	SCADA upgrade at four stations	(\$80,000)
Wastewater – Winton	Compactor for screen	\$65,000
Wastewater – Winton	Consent renewal preparation	\$9,470
Water supply – District	Pipe sampling testing all schemes	(\$26,310)
Water supply – Orawia	Orawia water intake land acquisition	(\$17,361)
Water supply – District	District monitoring project	\$30,604
Water supply - District	Well head improvements and seal off old wells	(\$61,435)
Water supply – Matuku	Install flow meter and new intake pump	(\$14,968)
Water supply – Manapouri	Extend water treatment plant for pH correction system	(\$18,197)
Water supply – Ohai/Nightcaps/Wairio	Tanks replacement	(\$23,042)
Water supply - Te Anau	Lateral replacement ahead of time	\$35,000
Water supply - Te Anau rural	Consent renewal preparation (Ramparts)	\$13,665
Water supply - Te Anau rural	Consent renewal preparation (Kakapo)	\$13,617
Water supply - Te Anau rural	Consent renewal preparation (Homestead)	\$20,000
Water supply - Te Anau rural	Consent renewal preparation (Princhester)	\$12,815
Water supply - Orawia	Consent renewal preparation	\$9,999
Water supply – Eastern Bush	Water supply upgrade	\$29,777

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 in March during the final drafting of the Annual Plan. During forecasting some projects were identified that would not be completed/started during 2018/2019. These were included in the working version of the Annual Plan for 2019/2020 and were included in the final plan that was adopted by Council in June 2019. Managers may have identified projects during the first round of forecasting and included these in the initial budgets for the Annual Plan discussed with Council prior to Christmas.
- 8 The completion of the Annual Report for 2018/2019 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 actual costs during the year, before including them in this report. Any requests to carry forward operational expenditure are also considered and approved by the chief executive.

- 9 During the Annual Report process a review of projects included in the 2019/2020 Annual Plan was completed to determine if any funds were used during 2018/2019 that had not been anticipated. This review has resulted in negative amounts included in attachment A for 18 projects.
- 10 The list in attachment A has 87 items proposed to be carried forward to the 2018/2019 financial year with a net value of \$2,831,302. This means that overall there is 175 projects to be completed in 2019/2020 with a total value of \$25,715,503 (excluding Te Anau wastewater this would be \$12,894,651). In 2017/2018 58 items were carried forward to 2018/2019 with a net value of \$7,078,304.
- 11 A report has been presented to the Finance and Audit Committee on 23 September 2019 providing information on the entire programme of projects to be completed in 2019/2020 year, 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 activity within Council that it relates to. Any points raised by the committee will be discussed with Council during the meeting.

Issues

- 12 Projects carried forward into the next financial year are considered to be unbudgeted in the 2019/2020 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 2018-2028 Long Term Plan, approved as a carried forward project from 2017/2018 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 2019/2020 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 items listed as operational expenditure, motor vehicle expenditure and library book replacements can be considered as not being started.

Analysis of Options

Option 1 – Approve all expenditure 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 expenditure only

- 21 Council can choose which expenditure is 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 the different types of expenditure are in Attachment A using the heading along with the total amount for each category.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">selected expenditure and 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 processrisk 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 stagerates may have been collected for projects that were not completedselection process for which projects are carried forward could be queried.

Option 3 – Approve all projects but decline all other expenditure

- 23 Only projects budgeted in 2018/2019 or already started in 2017/2018 will be undertaken.
- 24 Where the expenditure 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 do 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 processrates 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 2018-2028 Long Term Plan process and prior 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 1 – 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 2018 2019 proposed carry forwards into 2019 2020 [📎](#)

Town	Activity Group	Activity	Project Name	Project Code	Financial Year/Start Year	Reason for carry forward	Actual Carry forward
Operational expenditure							
Airport	Community services	Airport	Minor civil contractor works			Work approved in February have yet to be completed	9,500
District	Regulatory	Building regulation	General projects			No internal projects were completed during the year resulting in a backlog of work to be completed on behalf of the territorial authority. These funds are to complete education and execution of council responsibilities in relation to earthquake prone buildings; building warrant of fitness and improved quality of information through education and engagement with the building industry	54,000
District	District leadership	Corporate	Community spirit awards			This budget was intended for organising and running a community spirit awards night. Unfortunately, because of work levels, the team has been unable to plan the event for this year.	10,000
District	District leadership	Corporate	Consultants			Remaining budget to be used for work to be completed on infrastructure strategy, AMP peer review	69,682
District	District leadership	Corporate	Invercargill office business case			Remaining budget to enable the work to continue on the business case for the Invercargill Office	54,960
District	District leadership	District Support	Stormwater investigation fund			Work to be undertaken as part of the wider stormwater management plan work currently being scoped	29,812
Manapouri	District leadership	District Support	Resource consent for Manapouri tree removal			Waiting for the Manapouri CDA to determine whether they wish to proceed with the resource consent application.	15,220
Waihopa/Toe toes	District leadership	District Support	Grant for Tokanui skate park			Work on skate park has yet to be completed, grant to provided when work is underway.	2,000
Waihopa/Toe toes	District leadership	District Support	Grant for Gorge Road bell tower			Work on bell tower has yet to be completed, grant to provided when work is underway.	10,000
District	Community services	Grants and donations	Creation of float for Christmas parades			The budget is for a float to be created and entered into the Riverton and Te Anau Christmas parades. Unfortunately, because of workloads, staff have been unable to carry out the work needed this year.	5,000
District	Community services	Parks & Reserves	Open spaces planning			Following the services and asset reorganisation there was only six months of the financial year to try and complete the work associated with this project	115,182
District	Regulatory	Resource consent	Training			The consent team have a number of new and developing staff. Additional upskilling is anticipated in 2019/20	9,977
District	Regulatory	Resource consent	District Plan and regional projects			Carry forward existing general project fund. There is regional biodiversity, climate change, landscapes and national planning standards work coming up in the next few years.	241,800
District	Roads & footpaths	Roads and footpaths	AMCT maintenance on suspension bridges			Remaining maintenance works on suspensions bridges required	2,236
District	Wastewater	Wastewater	CCTV inspections			To be consolidated with 2019/20 budget to gain greater efficiency	47,965
Total operational expenditure							\$ 677,334
Motor vehicle expenditure							
District	Regulatory	Animal services	Sale of FL P973 Holden Colorado			Vehicle was replaced in May 19, however was retained for a short term project within Council before being sold.	- 10,000
District	District leadership	District Support	Sale of HGP912 Mazda CX5			Vehicle was replaced in May 19, however was retained for a short term project within Council before being sold.	- 10,000
District	Community services	Work schemes	Sale of HFT307 & HFT308 Toyota Hi Ace			Two vehicles delayed renewing, existing vehicles not yet sold.	- 20,000
District	Community services	Work schemes	Replacement of HFT307 & HFT308 Toyota Hi Ace			Two vehicles delayed renewing, were due February 2019	70,000
Total motor vehicle expenditure							\$ 30,000
Capital expenditure - not project							
District	Community services	Library				For planned replacement of contaminated books and magazines from the Winton library	69,231
District	Roads & footpaths	Roads and footpaths	Work to bring Trail to NZCT standard			Final components to be bring the existing trail up to NZCT standards	237,118
District	Roads & footpaths	Roads and footpaths	Structure component and bridge renewal			Contracts have been awarded but due to timing the physical works have not been completed. Consenting and river levels impact on when works can be completed. District wide maintenance and capital (ex Coastal Route) remaining budgets consolidated and moved to bridge renewal.	597,984
District	Roads & footpaths	Roads and footpaths	Alternative coastal route seal extension			Land legalisation has been more complete and time consuming than originally planned which has resulted in this phase of the project taking longer than originally programmed.	275,967
Total capital expenditure - not project							\$ 1,180,300
Project to be combined into one for 2019/2020							
District	Waters supply	Water Supply	Consultancy, project management and design for DMA metering	WAT990	2018/19	Scoped reduced and moved to 19/20 as part of the Annual Plan however work completed earlier than expected	6,477
District	Waters supply	Water Supply	Leak detection and improvement of leak detection	WAT973	2018/19	Waiting on results from first town work was undertaken on; looking to combine all district monitoring work and re-scope work being undertaken for most effect	9,500
District	Waters supply	Water Supply	Monitoring minimum night flows and pressures and Optimise metering	WAT978	2018/19	Waiting on results from first town work was undertaken on; looking to combine all district monitoring work and re-scope work being undertaken for most effect	6,600
Total project to be combined into one for 2019/2020							\$ 9,623
Project to be reclassified as a grant							
Tokanui	Community services	Parks & Reserves	Tokanui Skate park	PR0029	2018/19	Is a community initiative with slow progress occurring. IT is intended to be paid as a grant rather than physical construction work.	5,000
Total capital expenditure - not project							\$ 5,000
Projects by activity group							
Airport	Community services	Airport	Airport Helipads	626	2018/19	Finalising of final dimensions before work being undertaken	14,000
Winton	Community services	Cemeteries	New Information Kiosk at East Winton Cemetery	CE0011	2017/18	Information kiosk is being scoped in detail and is to be completed in 2019/20	15,744

Town	Activity Group	Activity	Project Name	Project Code	Financial Year/Start Year	Reason for carry forward	Actual Carry forward
Otautau	Community services	Council Facilities	Upgrade camping ground - sewerage connection, new ablution block, new kitchen, new huts & chalets	812	2015/16	Tender process for this project was extended twice to allow for contractors to accurately price all project portions	154,112
Edendale Wyndham	Community services	Parks & Reserves	Beautification due to tree felling	853	2018/19	Work not completed unavailability of contractor; Board requested other projects be completed before this project	10,000
Gorge Road	Community services	Parks & Reserves	Loop track	GR18-2	2017/18	It was anticipated that less work would be completed in the current year, than has occurred	- 1,628
Manapouri	Community services	Parks & Reserves	Playground Equipment	843	2017/18	It was anticipated that less work would be completed in the current year, than has occurred	- 10,683
Te Anau	Community services	Parks & Reserves	Te Anau Boat Harbour Toilets area	WASTE010	2018/19	Contractor availability and staff management of project	6,400
Te Anau	Community services	Parks & Reserves	Town Entrance Signs	PR0014	Multi-Year 16/17	Delays associated with the scope of the work and agreement on design have resulted in the project not being complete by end of the year.	18,122
Te Anau	Community services	Parks & Reserves	Gateway to Fiordland	1715	2018/19	Delays associated with the scope of the work and agreement on design have resulted in the project not being complete by end of the year.	20,000
Te Anau	Community services	Parks & Reserves	Lakefront Trail to Upukerora Mouth	1722	2018/19	Small amount of work completed after the end of the financial year	3,160
Thornbury	Community services	Parks & Reserves	Equipment upgrade	PR0017	2018/19	Delays in the arrival of the equipment with some not received at year end	7,953
Colac Bay	Community services	Public Toilets	Colac Bay Playground Toilets	PC0003	2016/17	It was anticipated that less work would be completed in the current year, than has occurred	- 48,803
Monkey Island	Community services	Public Toilets	Monkey Island Toilets	PC0015	2018/19	Project has been split over two years with less work completed in current year than was forecasted	83,892
Te Anau	Community services	Public Toilets	Te Anau New Toilet Millford Rd end of town	PC0033	2018/19	It was anticipated that less work would be completed in the current year, than has occurred	- 38,725
Waikawa	Community services	Public Toilets	Waikawa toilet	PC0027	2018/19	It was anticipated that less work would be completed in the current year, than has occurred	- 50,890
Clifden	Community services	Public Toilets	Clifden toilets	PC0025	Multi-Year 17/18	This project is part of the Southern Scenic tourism infrastructure fund application. It was expected to occur over 2 years with less work completed in 2018/19 than anticipated.	60,384
SIESA	Community services	SIESA	Fuel tanks (2x20,000L) replacement	SIESA720	2015/16	New tanks have been purchased with installation to be completed in the new year	31,169
Stewart Island Jetties	Community services	Water Structures	Golden Bay Wharf Health & Safety work	Jetties 19	2017/18	Work ongoing as wharf not yet owned by SDC	14,215
Stewart Island Jetties	Community services	Water Structures	Golden Bay Wharf Maintenance	Jetties 18	2017/18	Work ongoing as wharf not yet owned by SDC	3,770
Finance & Admin	District leadership	Corporate	Core Systems Replacement	ITS	Multi-Year 15/16	A review of core system priorities and loss of staff has delayed the implementation of some systems	294,096
Finance & Admin	District leadership	District Leadership	Equipment Renewal	1	2018/19	A review and change to the information technology strategy and organisational replacements delayed the equipment renewal purchases	200,000
Gorge Road	District leadership	District Leadership	Install bell at war memorial	GR18-1	2017/18	Design modification and a delay in receiving the information from the design engineer (who was a volunteer) caused the delay in the project start.	10,000
Waihopai/Toe toes	District leadership	District Support	Rimu School Parking	WT19-1	2018/19	Draft plan has been developed with Road Safety Southland, NZTA and SDC roading team and consultation with Rimu School board of Trustees. Project scope is now finalised and to be implemented.	5,000
Waihopai/Toe toes	District leadership	District Support	Woodlands Morton Mains Road landscaping	WT19-2	2018/19	Full scope of project as discussed with CDA member have yet to be completed.	2,000
Colac Bay	Roads & footpaths	Roads & Footpaths	Information Board	817	2016/17	The sub committee formed to progress this project are still collating all the information that they wish to include on the information panel	5,000
Lumsden	Roads & footpaths	Roads & Footpaths	Footpath Replacement	78	2018/19	This is part of a wider district footpath project and Lumsden is at the end of the program.	21,000
Manapouri	Roads & footpaths	Roads & Footpaths	Manapouri Bollard Lighting	P-10338		This has not been included in the project management system and was only picked up when raised by the CDA.	20,000
Orepuki	Roads & footpaths	Roads & Footpaths	Footpaths Improvements	805	2018/19	This is part of a wider district footpath project and Orepuki is at the end of the program.	15,775
Stewart Island	Roads & footpaths	Roads & Footpaths	New footpath from Rankin St to end of Fushia Walkway & signage	796	Multi-Year 16/17	Part of the footpath has been installed. The remainder of the funding is to be put towards the co-funding of the TIF application. The application will further determine the project outcome.	33,500
Otautau	Roads & footpaths	Roads & Footpaths	Footpaths Upgrade	706	2017/18	This project is part of the district wide footpath project and is to be completed at the end of the program	18,000
Winton	Stormwater	Stormwater	Storm Main Replacement	STO1718	2018/19	Multi year project that has progressed faster than planned	- 45,475
Nightcaps	Wastewater	Wastewater	Desludging - Nightcaps	UN2019-5	2018/19	It was anticipated that less work would be completed in the current year, than has occurred	- 19,210
Ohai	Wastewater	Wastewater	New WW Treatment Plant upgrade	WW336	2017/18	On hold until a new consent is issued.	9,756
Riversdale	Wastewater	Wastewater	Treatment Upgrade Stage 2	WW501	2018/19	It was anticipated that less work would be completed in the current year, than has occurred	- 98,518
Riverton/Aparima	Wastewater	Wastewater	Desludging - Riverton Rocks	UN2019-4	2018/19	Contractor did not establish on site due to resourcing. Remaining had sites were deferred.	233,125
Riverton/Aparima	Wastewater	Wastewater	Wastewater treatment upgrade	29491d	2016/2017	It was anticipated that less work would be completed in the current year, than has occurred	- 170,642
Stewart Island	Wastewater	Wastewater	Scheme Capacity Upgrade	PLW150	2012/13	Continuing work on disposal field being completed by SDC staff as time/weather permits.	41,896
Te Anau	Wastewater	Wastewater	Compactor for screen	WW1548	2018/19	Hardware was late in arriving on site as additional fabrications was required	19,182

Town	Activity Group	Activity	Project Name	Project Code	Financial Year/Start Year	Reason for carry forward	Actual Carry forward
Te Anau	Wastewater	Wastewater	Consent - Upukerora extension	UN2019-7	2018/19	Decision on the timing of when/if consent application needs to be started are yet to occur.	25,000
Tokanui	Wastewater	Wastewater	Disposal to Land Investigation	WW1542	2018/19	It was anticipated that less work would be completed in the current year, than has occurred	- 100,592
Tokanui	Wastewater	Wastewater	Embankment work to ponds	WW1541	2018/19	Work ongoing to install the 6 monitoring bores required	44,800
Otautau	Wastewater	Wastewater	Equipment Upgrade	WW426 - A	2017/2018	Project undertaken in tandem with pump station upgrade project. Costs still to be finalised	40,876
Otautau	Wastewater	Wastewater	Sewer Pumps	WW433	2016/2017	Project undertaken in tandem with SCADA upgrade project. Costs still to be finalised	63,462
Otautau	Wastewater	Wastewater	SCADA upgrade at 4 stations	WW1617_50	2016/2017	Moved into 2019/20 in the Annual plan, process has moved quicker than expected.	- 80,000
Winton	Wastewater	Wastewater	Compactor for screen	WW1549	2018/19	Work delayed with resources involved in the lodging of the new Te Anau consent	65,000
Winton	Wastewater	Wastewater	Consent Renewal Preparation	WW786	2018/19	Hardware was late in arriving on site as additional fabrications was required	9,470
District	Water supply	Water Supply	Pipe sample testing all schemes	WAT953	2018/19	Scoped reduced and moved to 19/20 as part of the Annual Plan however work completed earlier than expected	- 26,310
Orawia	Water supply	Water supply	Orawia Water Intake Land Acquisition	UN2019-2	2018/19	Moved into 2019/20 in the Annual plan, process has moved quicker than expected.	- 17,361
District	Water supply	Water supply	District Monitoring Project	WAT952	2017/18	Waiting on results from first town work was undertaken on; looking to combine all district monitoring work and re-scope work being undertaken for most effect	30,604
District	Water supply	Water Supply	Wellhead improvements and seal off old wells	WAT1522	2018/19	Scoped reduced and moved to 19/20 as part of the Annual Plan however work completed earlier than expected	- 61,435
Matuku	Water supply	Water Supply	Install flow meter and new intake pump	RW272	Multi-Year 17/18	It was anticipated that less work would be completed in the current year, than has occurred	- 14,968
Manapouri	Water supply	Water Supply	Extend Water Treatment Plant for pH correction system	WAT241	2017/18	It was anticipated that less work would be completed in the current year, than has occurred	- 18,197
Ohai/Nightcaps/Wairoa	Water supply	Water Supply	Tank replacement	WAT696	2018/19	It was anticipated that less work would be completed in the current year, than has occurred	- 23,042
Te Anau	Water supply	Water Supply	Lateral replacement ahead of time	WAT1524	2018/19	Water modelling of Te Anau township being completed as part of this project. Physical works are complete but the water model is yet to be done.	35,000
Te Anau Rural Water	Water supply	Water Supply	Consent Renewal Preparation (Ramparts)	RW482	2018/19	Consent lodged awaiting further processing	13,665
Te Anau Rural Water	Water supply	Water Supply	Consent Renewal Preparation (Kakapo)	RW138	2018/19	Consent lodged awaiting further processing	13,617
Te Anau Rural Water	Water supply	Water Supply	Consent Renewal Preparation (Homestead)	RW108	2018/19	Consent lodged awaiting further processing	20,000
Te Anau Rural Water	Water supply	Water Supply	Consent Renewal Preparation (Princhester)	RW439	2017/18	Consent lodged awaiting further processing	12,815
Orawia	Water supply	Water Supply	Consent Renewal Preparation	WAT353 - A	2017/2018	Costs are expected to occur early in 2019/20 with the consent process	9,999
Eastern Bush	Water supply	Water Supply	Water Supply Upgrade - Stage 1	WAT62	Multi-Year 16/17	It was expected to occur over multiple years with less work completed in 2018/19 than anticipated.	29,777
Total project by activity							\$ 958,857
Total							2,861,114

Monthly Financial Report - August 2019

Record No: R/19/9/20734
Author: Dipal Patel, Project Accountant
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☐ Recommendation ☒ Information

Summary

1. The purpose of this report is to provide Council with an overview of the financial results to date by the nine activity groups of Council, as well as the financial position, and the statement of cash flows.
2. This report summaries Council financial results for the two months to 31 August 2019.

Recommendation

That the Council:

- a) **Receives the report titled “Monthly Financial Report - August 2019” dated 20 September 2019.**

Attachments

- A Monthly Council Report - August 2019 [📄](#)



Monthly Financial Report

August 2019

Southland District Council
Te Rohe Pōtae o Murihiku

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Executive Summary

1. This Monthly Financial Report summarises Council's financial results for the two months to 31 August 2019.
2. The Monthly Financial Report Summary consolidates the business units within each of Council's Groups of Activities.
3. The Monthly Financial Report includes:
 - Year to Date (YTD) Actuals, which are the actual costs incurred,
 - Year to Date (YTD) Projection, which is based on the full year projection and is a combination of the Annual Plan and carry forwards,
 - Year to Date (YTD) Budget, which is based on the full year Annual Plan budget with adjustments for phasing of budgets,
 - Full Year (FY) Budget, which is the Annual Plan budget figures,
 - Full Year (FY) Projection, which is the Annual Plan Budget figures plus the carry forward, and forecast adjustments.
4. Phasing of budgets occurs in the first two months of the financial year, at forecasting and when one-off costs have actually occurred. This should reduce the number of variance explanations due to timing.
5. Where phasing of budgets has not occurred, one twelfth of annual budgeted cost is used to calculate the monthly budget.
6. Southland District Council Summary Reports use a materiality threshold to measure, monitor and report on financial performance and position of the Council. The materiality threshold adopted by Council, together with annual budget for 2018/2019 is variances more or less than 10% of the original adopted budget and greater than \$10,000 in value.
7. Report Contents:
 - A. Council Monthly Summary
 - B. Council Summary Report - Income and Expenditure and Commentary
 - C. Statement of Comprehensive Income
 - D. Statement of Financial Position and Movement Commentary
 - E. Statement of Cash Flows.

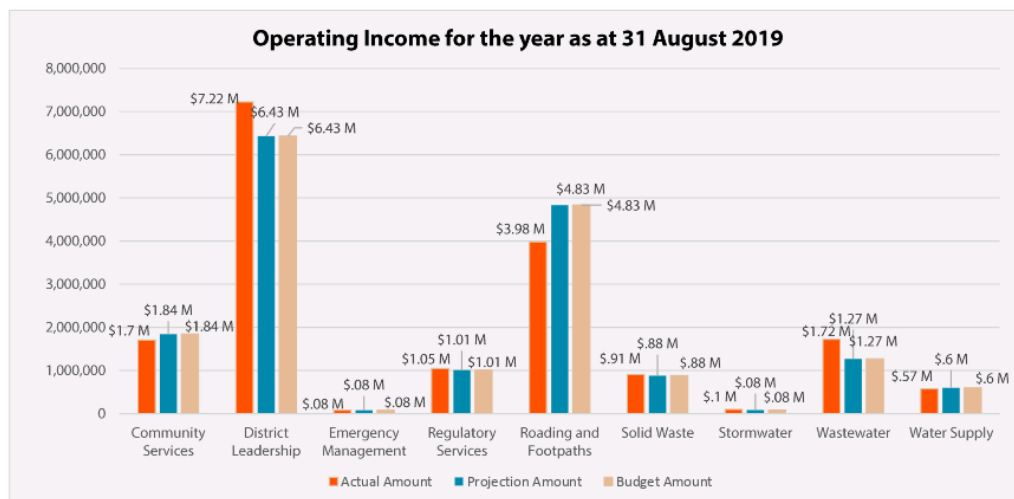
Abbreviation Explanation

Abbreviation	Description
AP	Annual Plan
CAPEX	Capital Expenditure
ELT	Executive Leadership Team
FYB	Full Year Budget
GDC	Gore District Council
GIS	Geographic Information System
GMSE	GeoMedia Smart Client
GST	Goods and Services Tax
ICC	Invercargill City Council
LED	Light Emitting Diode
LTP	Long Term Plan
ME	Month End
NZTA	New Zealand Transport Authority
SDC	Southland District Council
SIESA	Stewart Island Electricity Supply Authority
YE	Year End
YTD	Year To Date
YTD Variance	Comparison of actual results compared to YTD budget
\$M	Millions of dollars

A. Council Monthly Summary

1. Income

Operating Income is \$310K (2%) over budget for YTD (\$17.4M actual vs \$17M budgeted).



Community Services income is \$135,959 (11%) under YTD budget which predominantly due to:

- **Water Structures** is 70,565 (83%) under budget, which is mainly due to expected grants of \$72,302 not yet applied for. We have put all grant applications on hold until the TIFF application for Golden Bay and Ulva Island have been finalised.
- **Public Conveniences** is \$11,780 (8%) under budget, due to MBIE still processing the TIF funding claims for Monkey Island (\$12,968) and Clifden (\$9,671) toilets.
- **Work Schemes** is \$33,701 (69%) under budget, as the internal charges were not recorded this month due to issues within the internal charging system. This should be rectified in September.

District Leadership income is \$793,703 (12%) over YTD budget. This is due to:

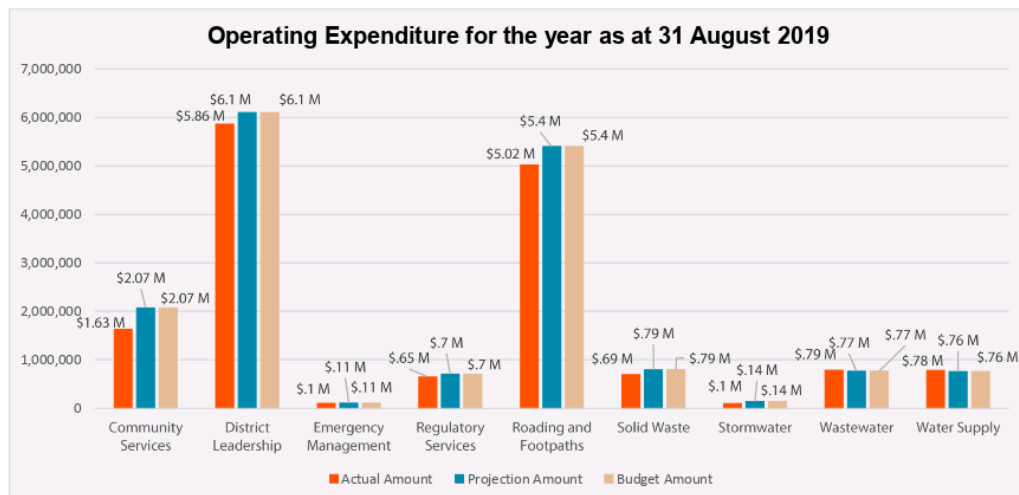
- **Operating Costs** being \$241,585 (431%) over budget. Council has received \$240,000 from the Ministry of Business and Innovation for work on a carpark in Manapouri.
- **Forestry** is \$616,087 (48%) over budget, this is due to 57% of the years harvesting being completed as of the end of August. The export log prices have continued to be variable with the expected harvest return down approximately 5% on the projection that was undertaken in May (pre-harvest). It is expected that an overall return of \$864,000 will be achieved for the 2019/2020 financial year as actual tonnage harvested is greater than that budgeted for during the LTP.

Roading and Footpaths income is \$850,457 (18%) under YTD budget. NZTA funding is currently \$631,000 below budget as the construction season has yet to begin.

Wastewater income is \$456,117 (36%) over YTD budget. This is predominantly due to result of a receipt of a \$1 million dollar TIF funding grant for the Te Anau wastewater project. This is the first instalment of the \$5 million dollar grant to be received from Central Government.

2. Expenditure

Operating Expenditure is \$1.2M (7%) under budget for the YTD (\$15.6M actual vs \$16.8M budget).



Community Services operating expenditure is \$438,433 (21%) under YTD budget.

- **Library Services** is \$155,177 (40%) under budget, this is due to the phasing of annual accounts which will be paid in September. These include the annual Kotui membership and maintenance fee and annual subscriptions to Department of Internal Affairs Epic online service among others.
- **Parks and Reserves** is \$73,499 (22%) under budget. Of significance is Winton where the beautification budget is under by \$14,892 due to the new gardening contract just starting this month. Council staff will be undertaking an exercise to revisit the phasing of all budgets in the coming months.
- **Council Facilities** is \$83,840 (23%) under budget. The two main contributors to this are within Community Facilities (\$30,893) and the Invercargill Office (\$18,612) business units. The cause of the variance in Community facilities is due to seasonality and phasing of budgets. This will be corrected through the next round of forecasting where all budgets will be assessed and phased appropriately. The planned expenditure towards the Invercargill office repairs has been put on hold pending the Invercargill Office Business Case review.
- **Water Structures** are \$75,010 (488%) under budget with the majority of this (\$61,218) being maintenance work at Riverton harbour. The total projects costs of \$72,468 for the Wharf upgrade project, were reclassified to capital improvements from maintenance charges. This was processed through maintenance in the previous year, but subsequently it has been determined that the work was to renew and improve the existing asset rather than simply maintain the wharf.
- **Cemeteries** are \$30,804 (55%) under budget to date, with \$15,000 of this relating to lower interment costs to date. Maintenance (mowing, beautification and spraying costs) is also under budget (\$15,000) due to the time of the year. Maintenance costs are expected to increase in the summer months.

District Leadership operating expenditure is \$239,325 (4%) under YTD budget, this is mainly due to Information Management being \$278,920 (43%) under budget due to the timing of the payment of

software licensing. This relates to phasing of the budget and forecasted numbers and will be corrected in September.

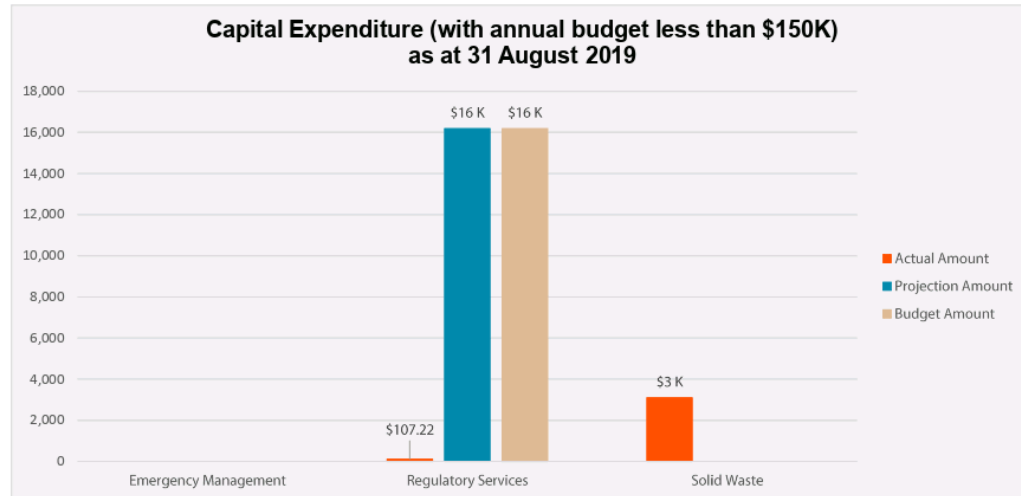
Roading and Footpaths operating expenditure is \$393,547 (7%) under YTD budget.

- **Roading –Administration** is \$322,000 (85%) under budget, with Pyramid Bridge expenditure making up \$250,000 of this. This is due to the timing of redesign based on the alternative tender and billing between Gore and SDC.

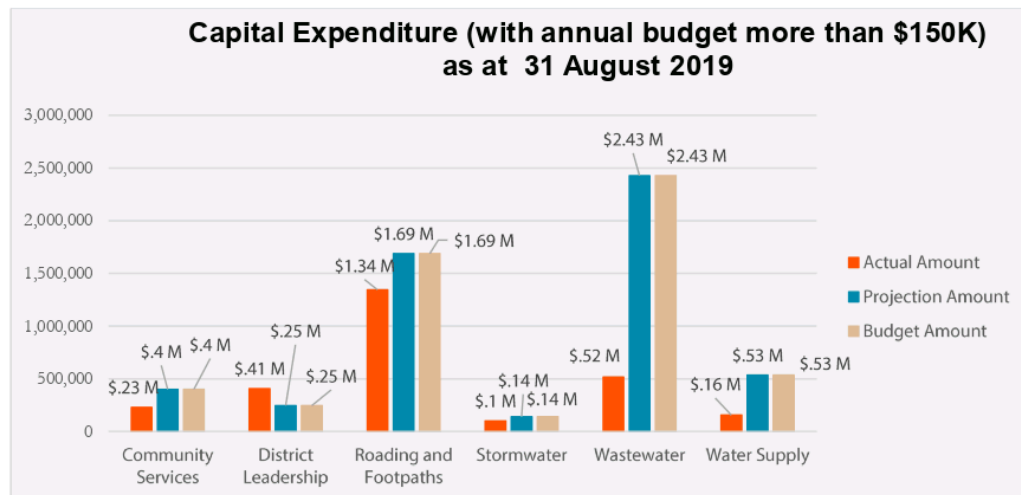
Stormwater operating expenditure is \$43,195 (31%) under budget with limited maintenance incurred year to date. This has been offset by the resource consent costs that have come through for 17 towns across the district. Monitoring costs are currently under budget but more will be incurred moving forward with the consents in place. It is therefore not anticipated that this position will continue throughout the year.

4. Capital Expenditure (CAPEX)

Capital Expenditure is \$2.7 (49%) under budget year to date (\$2.8M actual vs \$5.4M budget).



Regulatory Services is \$16,074 (99%) under budget due to vehicle renewals budgeted for in the Dog and Animal control and Environmental Health business units, this is not due to be spent till later on in the year, the phasing of this will be looked at and rectified for the September reports.



Community Services is \$169,956 (43%) under budget which is due to:

- **SIESA** being under budget by \$77,439 (100%). The capital projects are currently being reviewed and programmed for the 2019/2020 financial year. A meeting was held on the 30th of July between Council staff and Powernet to discuss the work program. Another meeting is planned to confirm project scope and potential cost.
- **Council Facilities** is \$43,140 (97%) under budget, of which \$36,306 due to the Invercargill Office renewals being on hold pending the outcome of the business case. The remainder being the Holt Park Camping being on hold as the building was found to be structurally unsound and needs to be demolished. A report is being delivered to Council on the 27th of September outlining the process of cancelling the current project and requesting an unbudgeted expense for the demolition of the structure.
- **Parks and Reserves** is under budget by \$32,990 (98%) due to capital projects yet to be started due to the seasonal nature of work in this area. The phasing of budgets is being relooked at and will be corrected through the next round of forecasting where all budgets will be assessed and phased appropriately.

District Leadership is \$161,611 (66%) over budget which is due to information management being \$188,109 (87%) over budget as a result of the timing of the payment of Nutanix server hardware. This capital expenditure was originally budgeted in 18/19 then carried forward into the 19/20 financial year.

Roading and Footpaths is \$343,392 (20%) under YTD budget.

- **Roading - District Wide** is \$382,830 (25%) under budget largely due to seal road resurfacing not yet commencing. The sealing season is generally between October and March with minimal consultants costs being incurred prior to this.

Stormwater is \$37,545 (27%) over budget. Winton storm water upgrade has now commenced and will be completed over two financial years. It currently shows as being over budget year to date however is on track to be completed this financial year.

Wastewater is \$1,909,985 (79%) under YTD budget, this is largely due to the delay in construction associated with the Te Anau wastewater project and the regional desludging work. It is anticipated this will be recovered through the year.

Water Supply is \$378,969 (7%) under budget, however it is anticipated that this will be resolved as the year progresses. This variance is largely due to the phasing of our projects and will be assessed and phased appropriately in the coming months.

B. Council Summary Report

Southland District Council Financial Summary for the period ending 30 August 2019

Operating Income									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	1,704,631	1,840,590	1,840,590	(135,959)	(7%)	11,649,512	11,649,512	0	0%
District Leadership	7,224,505	6,430,802	6,430,802	793,703	12%	33,357,610	33,357,610	0	0%
Emergency Management	77,874	80,305	80,305	(2,431)	(3%)	481,829	481,829	0	0%
Regulatory Services	1,046,702	1,008,668	1,008,668	38,034	4%	4,252,320	4,252,320	0	0%
Roading and Footpaths	3,983,915	4,834,372	4,834,372	(850,457)	(18%)	29,143,773	29,143,773	0	0%
Solid Waste	905,573	881,090	881,090	24,483	3%	5,242,541	5,242,541	0	0%
Stormwater	96,199	84,699	84,699	11,500	14%	508,193	508,193	0	0%
Wastewater	1,724,563	1,268,446	1,268,446	456,117	36%	7,642,920	7,642,920	0	0%
Water Supply	573,374	598,556	598,556	(25,182)	(4%)	3,883,463	3,883,463	0	0%
Total	\$17,337,336	\$17,027,528	\$17,027,528	\$309,807	(2%)	\$96,162,160	\$96,162,160	0	0%

Operating Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	1,631,777	2,070,210	2,070,210	(438,433)	(21%)	12,059,828	12,059,828	0	0%
District Leadership	5,863,032	6,102,357	6,102,357	(239,325)	(4%)	35,029,141	35,029,141	0	0%
Emergency Management	104,376	106,781	106,781	(2,405)	(2%)	481,829	481,829	0	0%
Regulatory Services	647,486	702,802	702,802	(55,316)	(8%)	4,365,134	4,365,134	0	0%
Roading and Footpaths	5,018,804	5,400,526	5,400,526	(381,722)	(7%)	32,474,106	32,474,106	0	0%
Solid Waste	694,891	794,330	794,330	(99,439)	(13%)	4,841,069	4,841,069	0	0%
Stormwater	97,656	140,852	140,852	(43,195)	(31%)	849,920	849,920	0	0%
Wastewater	787,698	767,459	767,459	20,239	3%	4,696,217	4,696,217	0	0%
Water Supply	781,780	759,514	759,514	22,267	3%	4,717,759	4,717,759	0	0%
Total	\$15,627,501	\$16,844,830	\$16,844,830	(1,217,328)	(7%)	\$99,515,002	\$99,515,002	0	0%
Net Surplus/Deficit	\$1,709,834	\$182,699	\$182,699	1,527,136	5%	(\$3,352,842)	(\$3,352,842)	0	0%

Capital Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	229,414	399,370	399,370	(169,956)	(43%)	2,396,220	2,396,220	0	0%
District Leadership	406,983	245,371	245,371	161,611	66%	49,693	49,693	0	0%
Emergency Management	-	-	-	0	0%	-	-	0	0%
Regulatory Services	107	16,182	16,182	(16,074)	0%	132,861	132,861	0	0%
Roading and Footpaths	1,344,231	1,687,623	1,687,623	(343,392)	(20%)	14,945,146	14,945,146	0	0%
Solid Waste	3,094	-	-	3,094	-	-	-	0	-
Stormwater	101,206	138,751	138,751	(37,545)	(27%)	832,507	832,507	0	0%
Wastewater	516,690	2,426,674	2,426,674	(1,909,985)	(79%)	14,560,046	14,560,046	0	0%
Water Supply	155,162	534,131	534,131	(378,969)	(71%)	3,204,787	3,204,787	0	0%
Total	\$2,756,888	\$5,448,102	\$5,448,102	(2,691,214)	(49%)	\$36,121,260	\$36,121,260	0	0%

Activities reporting under Groups listed:

Community Services	District Leadership	Regulatory Services
Community Assistance	Representation and Advocacy	Building Control
Parks and Reserves	Community Development	Resource Management
Cemeteries	District Support	Animal Control
Community Facilities	Corporate Support	Environmental Health
Community Groups	Forestry	
Library Services		
Public Toilets		
Airports		
Electricity Supply		

C. Statement of Comprehensive Income

Statement of Comprehensive Revenue and Expenses					
for the period ending 31 August 2019					
	YTD			FYB	
	Actual Amount	Projection Amount	Budget Amount	Projection Amount	Budget Amount
Revenue					
Rates Revenue	8,173,230	8,093,985	8,093,985	48,411,467	48,411,467
Other Revenue	3,260,902	2,484,155	2,484,155	8,372,470	8,372,470
Interest and Dividends	37,950	11,362	11,362	68,170	68,170
NZ Transport Agency Funding	1,489,470	2,185,666	2,185,666	13,129,323	13,129,323
Grants and Subsidies	1,264,290	697,270	697,270	4,170,975	4,170,975
Other gains/losses	13,600	11,923	11,923	(1,447,317)	(1,447,317)
Development and financial contributions	1,426	61,359	61,359	368,155	368,155
	14,240,867	13,545,720	13,545,720	73,073,243	73,073,243
Expenditure					
Employee Benefit Expense	1,900,557	2,189,757	2,189,757	13,387,725	13,387,725
Depreciation and Amortisation	3,865,458	3,863,872	3,863,872	23,183,233	23,183,233
Finance Costs	4,211	3,667	3,667	22,000	22,000
Other Council Expenditure	6,760,807	7,305,725	7,305,725	39,833,126	39,833,126
Balance Sheet	0	0	0	0	0
Internal Reconciliations	0	0	0	0	0
	12,531,033	13,363,021	13,363,021	76,426,085	76,426,085
Total Comprehensive Income	1,709,834	182,699	182,699	(3,352,842)	(3,352,842)

Note: The presentation of the statement of comprehensive income aligns with Council's annual report.

The annual report is based on national approved accounting standards. These standards require us to eliminate internal transactions. Council is also required to report by activities. A number of Council functions relate to a number of activities, eg, finance. To share these costs, an internal transaction is generated between the finance business unit and the activity business units.

Within the annual report, Council also prepare Activity Funding Impact Statements. These statements are prepared under the Financial Reporting and Prudence Regulations 2014. This regulation requires internal charges and overheads recovered be disclosed separately. The Council Summary report is a summary of what these Activity Funding Impact Statements will disclose for income and expenditure at year end.

The result of this is that the revenue and expenditure in the Comprehensive Income Statement does not reconcile to the total income and total expenditure reported in the Council Summary Report on page 13 due to the elimination of the internal transactions. However, the net surplus/deficit (as per the Council Summary Report) matches the total comprehensive income (as per the Statement of Comprehensive Income).

D. Statement of Financial Position

Council's financial position as at 31 August 2019 is detailed below. The balance sheet as at 30 June 2018 is the balance sheet for activities of Council only and has not yet had audit sign-off.

SOUTHLAND DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION

as at 31 August 2019

	Actual 31-Aug-19	Actual 30-Jun-19
Equity		
Retained Earnings	720,932,811	719,222,977
Asset Revaluation Reserves	822,120,037	822,120,037
Other Reserves	42,546,133	42,546,133
Share Revaluation	2,666,473	2,666,473
	<u>1,588,265,454</u>	<u>1,586,555,620</u>
Represented by:		
Current Assets		
Cash and Cash Equivalents	19,045,087	15,724,208
Trade and Other Receivables	4,245,761	9,864,019
Inventories	134,056	134,056
Other Financial Assets	1,468,271	1,508,271
Property, Plant and Equipment	195,859	195,859
	<u>25,089,035</u>	<u>27,426,414</u>
Non-Current Assets		
Property, Plant and Equipment	1,557,081,785	1,557,472,403
Intangible Assets	2,552,531	2,565,313
Forestry Assets	11,900,000	11,900,000
Internal Loans	- 276,963	-
Work in Progress	30,610,817	31,315,988
Investment in Associates	314,495	314,495
Other Financial Assets	302,485	302,608
	<u>1,602,485,151</u>	<u>1,603,870,808</u>
TOTAL ASSETS	<u>1,627,574,186</u>	<u>1,631,297,221</u>
Current Liabilities		
Trade and Other Payables	4,368,192	7,537,647
Contract Retentions and Deposits	465,550	451,905
Employee Benefit Liabilities	1,279,611	1,583,186
Development and Financial Contributions	2,116,191	2,112,712
Provisions	14,000	14,000
	<u>8,243,544</u>	<u>13,399,450</u>
Non-Current Liabilities		
Employment Benefit Liabilities	18,010	18,010
Provisions	8,152	8,152
Internal Loans - Liability	31,039,025	31,315,988
	<u>31,065,187</u>	<u>31,342,151</u>
TOTAL LIABILITIES	<u>39,308,731</u>	<u>44,741,601</u>
NET ASSETS	<u>1,588,265,455</u>	<u>1,586,555,620</u>

F. Statement of Cash Flows**Statement of Cashflows for the period ended August 2019**

	2019/2020 YTD Actual
Cash Flows from Operating Activities	
Receipts from rates	10,867,667
Receipts from other revenue (including NZTA)	7,471,709
Cash receipts from Interest and Dividends	37,950
Payment to Suppliers	(9,460,123)
Payment to Employees	(2,204,132)
Interest Paid	(4,211)
GST General Ledger (net)	1,015,185
Net Cash Inflow (Outflow) from Operating Activities	7,724,044
Cash Flows from Investing Activities	
Receipts from sale of PPE	13,600
(Increase)/Decrease Other Financial Assets	40,124
Purchase of property, plant and equipment	(2,769,670)
Purchase of Forestry Assets	-
Purchase of Intangible Assets	12,782
Net Cash Inflow (Outflow) from Investing Activities	(2,703,165)
Cash Flows from Financing Activities	
Increase/(Decrease) Term Loans	(1,700,000)
Increase/(Decrease) Finance Leases	-
Net Cash Inflow (Outflow) from Financing Activities	(1,700,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	3,320,879
Cash and Cash Equivalents at the beginning of the year	15,724,208
Cash and Cash Equivalents at the end of August	19,045,087

Cash and Cash Equivalents and Other Financial Assets

1. At 31 August 2019, Council had \$10M invested in four term deposits ranging from two to four month maturities as follows:

SDC Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
ANZ	\$ 3,000,000	2.21%	20-Aug-19	19-Nov-19
ANZ	\$ 2,000,000	2.78%	27-May-19	19-Sep-19
WPC	\$ 2,000,000	2.26%	20-Aug-19	19-Nov-19
WPC	\$ 3,000,000	1.84%	20-Aug-19	17-Oct-19
Total	\$ 10,000,000			

At 31 August 2019, SIESA had \$1.69M invested in five six month term deposits as follows:

SIESA Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
BNZ	\$ 370,000	3.15%	29-Jul-19	2-Mar-20
BNZ	\$ 320,000	3.28%	1-Apr-19	1-Oct-19
BNZ	\$ 350,000	3.28%	23-Apr-19	23-Jan-20
BNZ	\$ 350,000	3.31%	23-Apr-19	23-Apr-20
BNZ	\$ 300,000	3.23%	6-May-19	6-Jul-20
Total	\$ 1,690,000			

2. Funds on Call at 31 August 2019:

Funds on Call				
	Amount	Bank	Account	Interest Rate
SDC	\$ 9,498,994	BNZ	Funds on Call	0.75%
	\$ 10,000	BNZ	Operating Bank Acc	1.00%
	\$ 678,535	BNZ	Restricted Funds Acc	3.25%
SIESA	\$ 122,154	BNZ	Funds on Call	3.25%

Council's Investment and Liability Policy states that Council can invest no more than \$10M with one bank. Investments and Funds on Call, comply with the SDC Investment Policy.

Management Report

Record No: R/19/9/20622
Author: Steve Ruru, Chief Executive
Approved by: Steve Ruru, Chief Executive

☐ Decision ☐ Recommendation ☒ Information

Chief Executive

Freshwater Reforms

1. On 5 September 2019 the government released the latest part of their Essential Freshwater package for consultation (<https://www.mfe.govt.nz/consultation/action-for-healthy-waterways>). The proposal seeks to stop further degradation and reverse past damage of New Zealand's freshwater resources, and has potential implications for all of those who use or manage freshwater.
2. The package includes three proposed management documents – a replacement National Policy Statement for Freshwater (NPS), proposed National Environmental Standards for Freshwater (NES) and draft Regulations for stock exclusion from waterways. The discussion document also seeks feedback on a range of other high level proposals. That feedback will inform development of detailed proposals, which will then be the subject of further consultation. It is understood that the government is looking to have the major decisions made by mid-2020.

Draft National Policy Statement for Freshwater

3. The draft NPS, which will replace the existing NPS, sees a focus on Te Mana o te Wai (the integrated and holistic well-being of the water), and an over-arching objective to manage resources within a hierarchy of priorities: first, the health and well-being of waterbodies and freshwater ecosystems; second, the essential needs of people; and third, other consumption and use.
4. To give effect to Te Mana o te Wai will, amongst other things, will require:
 - Applying the hierarchy of objectives
 - Managing freshwater in an integrated and holistic way
 - engaging with tangata whenua and communities and incorporating their values into the management of freshwater
 - enabling the application of broader systems of values and knowledge, such as mātauranga Māori, to the health and wellbeing of waterbodies and freshwater ecosystems.
5. Key components of the NPS include:
 - retention of the National Objectives Framework, with the introduction of new attributes for management, including nitrogen, phosphorus, sediment, and fish and macroinvertebrate numbers. Regional councils will now be required to prepare action plans to address deterioration or failure to achieve environmental outcomes for specified attributes.

- a range of specific requirements imposing requirements on regional councils to prevent loss of wetlands and streams, provide for fish passage (including a work programme for remediation of existing structures), manage primary contact sites (particularly for swimming in summer), operate freshwater accounting systems, and undertake assessment and reporting.
- exemptions from some management requirements for listed major hydro-electric schemes, to support renewable energy targets.

Proposed National Environment Standard for Freshwater

6. The proposed NES aims to reduce the effects of farming on waterways and groundwater. It is intended to act as an interim measure to effect immediate change, while regional plans are being revised to implement the proposed NPS.
7. Key components of the NES include:
 - standards for a range of activities in and around freshwater bodies, including earthworks, vegetation removal, water takes, river bed infilling, and river modifications affecting fish passage.
 - standards for farming, which would apply to pastoral and arable farms over 20 hectares and horticultural farms over five hectares. The proposal includes standards for activities such as intensive winter grazing, feedlots, and stock holding areas; and tight restrictions on intensification and land use change, which require no increase in discharge of nitrogen, phosphorus, sediment and microbial pathogens. Reductions in nitrogen losses are also proposed in identified catchments, to be achieved by one of three options:
 - i. a catchment cap on nitrogen loss
 - ii. a national nitrogen fertiliser cap; or
 - iii. requirements to demonstrate nitrogen reductions in farm plans.
8. The NES proposes that farms be required to have a Freshwater Module in a Farm Plan (FW-FP). The FW-FP must contain a risk assessment and corresponding actions to avoid, remedy, or mitigate the loss of contaminants. Timeframes for compliance are staged, with all farmers and growers required to have a certified FW-FP in place by the end of 2025.

Draft Stock Exclusion Regulations

9. It is proposed that new regulations be developed to exclude stock from waterways. The proposal is two tiered, with larger waterbodies more than one metre in width managed through National Standards and Stock Exclusion Regulations, and smaller waterbodies managed through farm specific FW-FPs. Oversight and enforcement of the Regulations and Farm Plans will be through regional councils.
10. Implementation requirements vary but are generally immediate for new systems, by July 2021 for dairy cattle and pig farms and by July 2023 for other stock farms.
11. For smaller waterbodies the FW-FP must include a farm specific plan for fencing and setbacks, and an implementation timetable.

Other Freshwater Proposals

12. Amendments to the RMA are proposed to allow government appointed commissioners to make decisions on the development and implementation of regional water management plans.
13. A number of revisions are also proposed to the current Drinking Water NES to strengthen requirements to assess and control risks to drinking water sources. There is likely to be further consultation on the proposed changes in 2020.
14. A new Wastewater NES and new Water Services Act, to set minimum standards for wastewater discharges and require all operators to follow good practice risk management is also expected to be developed. This will include the development of risk management plans and a new set of national performance measures. The risk management plan and national performance indicator requirements will also apply to stormwater.

Highly Productive Land NPS

15. In mid-August the Government released a discussion document on a proposed Highly Productive Land NPS (NPS-HPL).
16. The overall purpose of the NPS-HPL is to improve the management of highly productive land, and ensure that there are appropriate planning processes for managing changes to land use, subdivision/fragmentation and urban expansion. The NPS-HPL proposes three objectives:
 - Objective 1: Recognising the benefits of highly productive land;
 - Objective 2: Maintaining the availability of highly productive land; and
 - Objective 3: Protection from inappropriate subdivision, use and development.
17. The NPS-HPL will require local authorities to identify highly productive land through the Land Use Capability (LUC) system, which considers factors such as soil, erosion, and climate. Land would be categorised from Class 1 (high production) to Class 8 (low production) based on its versatility and ability to sustain productive uses. The proposed definition of 'highly productive land' includes Classes 1, 2, and 3; this covers 14% of the land in New Zealand, however, the NPS-HPL is also designed to enable local authorities to recognise highly productive properties in Classes 4-8 land in light of other features, such as land size or water availability.

Urban Development NPS

18. The government have recently released a discussion document on a proposed Urban Development National Policy Statement, which would replace the existing NPS on urban development capacity which is seen as being too narrow in its focus. A copy of the discussion document is available at <https://www.beehive.govt.nz/sites/default/files/2019-08/planning-successful-cities-discussion-document-proposed-nps-on-urban-dev>
19. Local authorities are required to give effect to the content of an NPS and hence it carries significant weight from an RMA planning perspective.

20. The proposed NPS would direct councils – particularly in the six high growth centres of Auckland, Hamilton, Tauranga, Wellington, Christchurch and Queenstown – to free up their planning rules to support the development of high and medium density urban development to allow for the growth pressures affecting these areas and avoid the pitfalls that can come with ‘urban sprawl’.
21. The NPS-UD contains objectives and policies in four key areas:
 - i. future Development Strategy – requires councils to carry out long-term planning to accommodate growth and ensure well-functioning cities.
 - ii. making room for growth in RMA plans – requires councils to allow for growth ‘up’ and ‘out’ in a way that contributes to a quality urban environment, and to ensure their rules do not unnecessarily constrain growth.
 - iii. evidence for good decision-making – requires councils to develop, monitor and maintain an evidence base about demand, supply and prices for housing and land, to inform their planning decisions.
 - iv. processes for engaging on planning – ensures council planning is aligned and coordinated across urban areas, and issues of concern to iwi and hapū are taken into account.

Community Wellbeing

22. The government have recently put the four well-beings back into the Local Government Act 2002.
23. Following-on from this change cabinet have recently approved a programme for central government to work with the local government sector to explore ways in which the two tiers of government can work together to better support an increased focus on community well-being.
24. The work to be progressed will focus on what the government sees as being three key barriers that would benefit from a stronger well-beings focus in the local governance space. These are:
 - a lack of alignment between central and local government in relation to service delivery
 - a lack of specific prioritisation and use of well-being data to drive the design of service delivery and measurement of the outcomes being achieved
 - a lack of effective community participation and relationships with Maori in decision-making processes and the design of service delivery initiatives.
25. Staff will continue to monitor the outputs from this work programme and report back as appropriate.

Southland Regional Development Agency (Great South)

26. In late July, Great South provided staff with a first draft of their proposed Statement of Intent (SOI) for the 2019/20 financial year. Production of this draft follows on from the Letter of Expectation that was provided by the mayoral forum back in March.

27. Staff from Invercargill City Council and Southland District Council have been providing feedback on the draft SOI for some time with the intention that there should be a degree of 'mutual support' to enable the document to be finalised.
28. In developing the draft Statement of Intent (SOI) the Great South Board has chosen to adopt a conservative approach to the setting of their direction and more particularly their work programme and budgets. In this regard, the level of conservatism shows, for example in a sizeable reduction in the level of projected revenue, outside of that provided by the councils, and corresponding reduction in the budgeted project/service expenditure and therefore work programme over the 3 years.
29. Council will need to determine whether they are prepared to accept the approach currently put forward by the Great South board or whether they would prefer to see a more ambitious work programme and budget, particularly for the out-years being developed.

People and Capability

30. Health, safety and wellness continues to be a focus within Council. Implementation of a health, safety and wellbeing system is at the initial stages with go live date expected at the end of 2019. The majority of our contractors have been reviewed and have gone through the new process of gaining approved contractor status.
31. Recruitment is a focus for people and capability with a number of vacancies occurring including building solutions officers, the commercial infrastructure manager and group manager environmental services.
32. There is continuation of our organisational development programme that will improve collaboration, partnerships and behaviour at an individual, leadership and team level with the overall goal to enhance the organisational climate and progress a collectively powerful organisation.

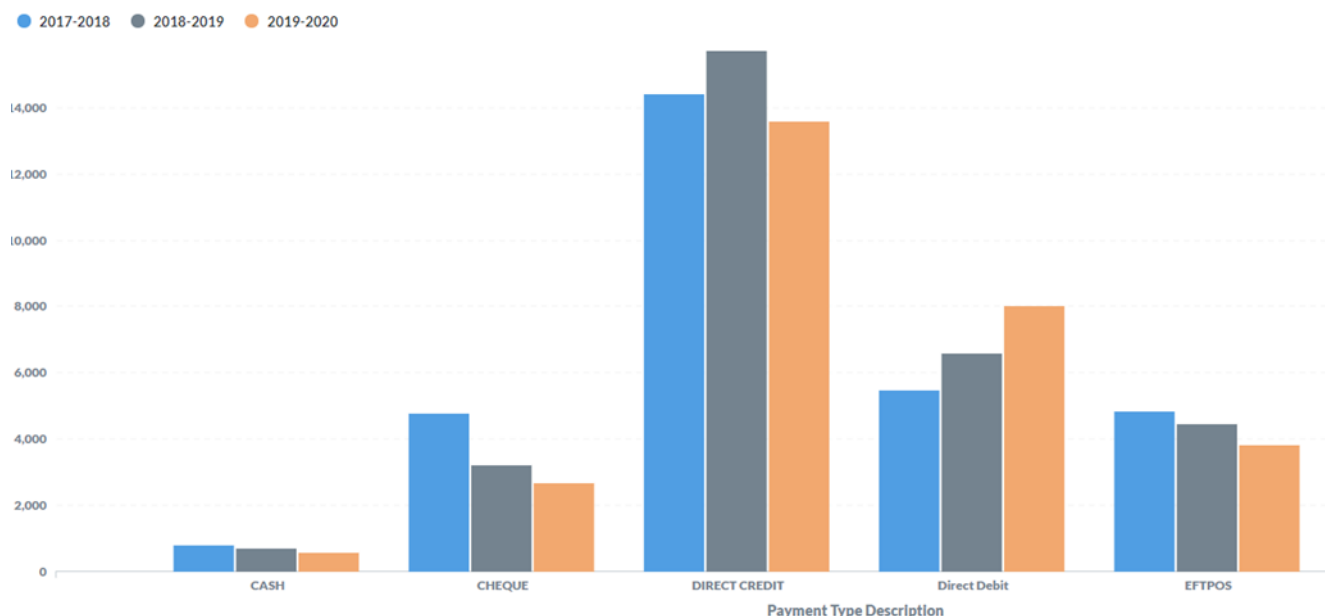
Customer Delivery

33. August saw the successful implementation of our new telephone system. This achievement reflects the strong planning and partnership our team has with our new providers. All Council staff were impacted by the change and their positive and collaborative outlook was greatly appreciated by the project team.
34. Work has continued at the Winton library to isolate the cause of the toxic mould. This has delayed the further report to Council as to what options are available going forward.

Customer Support

35. The last week of August has seen a number of customers visiting the offices to pay their rates, however staff have commented it does not feel as busy as previous years. This is reflected in the graph below of payment types over July – August for the last three fiscal years. Cash, cheques and Eftpos generally have a manual impact, for example, face to face or via mail. Further investigation into the payments shows customers prefer to pay larger sums with a cheque while

other payment methods were favoured by those paying smaller amounts or via instalments. Cash is now a small part of the payments taken overall which reflects national trends.



Visitor numbers data is impacted by the door counter not being available at Winton.

	AUGUST
Total number of calls to 0800 732 732	4437
Abandonment rate	1.17%
Request for Service received	944
Top three requests types	<ul style="list-style-type: none"> • Change of address • Building inspection request • Roading issues
Payments processed by Council	18022
Cash	1.6%
Cheques	9%
Direct Credit	47.8%
Direct Debit	31%
Eftpos	10.6%
Number of visitors to our Libraries and Council Service Centres	7230
<i>*Excludes Invercargill, Winton, Stewart Island, Wyndham and Book Bus</i>	

Libraries

36. The library team have continued to provide normal services across the District despite the Winton closure and relocation. At Winton, a pre-Father's day card making day was well received by the community and staff enjoyed sharing their skills with visitors. New shelving is set to be

deployed at Winton to increase the collection and the free wifi and computer access has made a positive difference for the local patrons.

37. We have continued to offer the range of programs for library patrons but would love to hear from people not using the library about how we can meet their needs. Please feel free to contact our district library manager, Mark Fraser via email on mark.fraser@southlanddc.govt.nz or via 0800 732 732.
38. The table below shows the number of individuals checking out items from a branch library each month.

LIBRARY NAME	AUGUST
Bookbus	373
Lumsden	88
Otautau	112
Riverton	201
Stewart Island	46
Te Anau	376
Winton	413
Wyndham	68

39. We currently have 5161 active library users across the District.
40. Our Library service has new books each month, these can be viewed online through our catalogue on <https://www.southlanddc.govt.nz/my-southland/libraries/>.

Knowledge Management

41. In August there were 27 LIMS issued and 111 property files were provided to customers.
42. Staff have been busy assisting building control to transition check sheets into records manager; working through training and classification review work with the services and assets teams (this has been well received in all teams we have worked with to date); progressing the LIM templates has taken longer than expected due to the work involved in the background to set up the templates. Work also continues on the Pathway/Records Manager integration with integration working in the development environment.

Business Solutions

43. August was a busy month with the main focus being the delivery and ongoing support of the new phone systems, being PureCloud, ReadyCloud and Jabber. The system was successfully configured and deployed, and went live on the 19th August with minimal impact to BAU. The team continues to solve small issues and introduce new functionality. The next step is to decommission the old call manager and Zeacom environments.
44. The infrastructure upgrade continues with new server hardware now mounted in the server room with the implementation set for the third week of September. The new network cabling has been run through the ceiling space and connected to the new network cabinet in the resource

management office. Phase two is to connect the cable in the building office and then back to the server room.

45. The internal charging application has been completed and is now in use. This will allow us to decommission the old SharePoint server.
46. Work continues on the Pathway – RM8 integration with initial testing in the development environment looking good.
47. The helpdesk received 459 tickets and resolved 423.

Community and Futures

Governance and Democracy

Elections

48. We are now in the official election period. At a national level there has been a good level of interest in the elections process with some 2,076 candidates standing for the 889 seats. There has also been an increased level of interest from the younger and middle age groups with more candidates aged under 40 standing than there has been seen in the past.
49. Voting will have started for the elections for Mayor, 12 ward councillors and four of the nine community boards. This will be the first election since 1989 that elections will take place in all wards. Elections are also being held for Environment Southland, Southern District Health Board, Gore and Districts Health Incorporated and the Maitua Licensing Trust (for the relevant areas).
50. This is a postal vote – voting papers will be delivered from 20 to 25 September and voters should post their papers back by Tuesday 8 October or drop them into any of our offices no later than Saturday 12 October at 12noon. Saturday 12 October is Election Day. Progress results will be available later that afternoon. The final result is expected about a week later and will be published in the Southland Times. Members come into office the day after the public notice.

Community Governance 2019

51. Arrangements are underway for the inaugural meetings of Council and the nine community boards and plans are underway for an induction programme. The implementation of the 2018 Representation Review marks the culmination of the four year community governance review project and at the same time, the beginning of a new community governance structure for Southland District Council.
52. In adopting this review, Council recognised two key pillars that support the wider community governance concept. A community led development pillar which is about 'place' being at the centre with Council being one of a number of agencies supporting the development of each place or local community, and a representative leadership pillar which is the more traditional role of elected representatives being the identified political leaders within their community.

53. Key features of the representative leadership model include:
- the community board members are elected to support, advocate for and provide leadership to the communities as elected representatives
 - the community board plans developed will outline the overall vision and outcomes for the wider community of interest area represented by the boards and assist in informing the work programme for each board including how they will provide support for their local communities
 - the elected representatives will have a particular focus on providing feedback on how Council can best customise the services it delivers to meet the needs of their local communities.
54. It is acknowledged that this is a sizeable shift for our communities, elected representatives and staff.

Community Leadership

Milford Opportunities

55. Milford Sound Piopiotahi is New Zealand's premier visitor attraction and an iconic destination in the world. A record 946,000 visitors went to Milford Sound Piopiotahi in 2018, with tourism growth forecast to continue, reaching 1.2 million by 2023 and 2 million by 2035. It is located in part of New Zealand's largest National Park (Fiordland) and holds UNESCO World Heritage status.
56. The Milford Opportunities project is a response to the increasing pressures that Milford, Fiordland, and the wider tourism sector are experiencing. Increasing numbers and the opportunities for managing them is an issue that affects the environment, communities, and the economy. There is also a chance to create leveraging opportunities for Te Anau, Southland, and New Zealand Inc.
57. In August it was confirmed that the Milford Opportunities project had received \$3 million of funding from the International Visitor Conservation and Tourism Levy. The project has a specific focus on Milford Sound Piopiotahi and a more general focus on the Te Anau Basin, the Southland region, Otago region and New Zealand.
58. The funding will enable Stage two of the project to be undertaken. Stage two will involve public and stakeholder engagement, option identification, robust analysis of the options, and the development of a master plan. A request for proposal has been advertised and it is expected a multi-disciplinary master plan development team will be appointed by the end of the year. The project is expected to be completed by July 2021.

Stewart Island Rakiura Future Opportunities Project

59. The project launch was held on the island on Wednesday 11 September 2019. The meeting was chaired by Mayor Tong and was an opportunity for the community to hear more about the project and how they can be involved.

60. Presentations were made by Sandra James (Connecting People) and key stakeholders, DoC, Environment Southland, Great South, Stewart Island Rakiura Community Board, Commerce South, Predator Free Rakiura, the Heritage Centre and SI Promotions.
61. Residents were able to register their interest in participating in one of three collaborative work streams:
 - community leadership, capacity and cohesion
 - environmental sustainability
 - economic development.
62. As part of the project, the Southland Leadership Academy program will be delivered by Commerce South on the Island in October-November.
63. The purpose of the program, which is completed over seven sessions, is to provide Stewart Islanders with the opportunity to build leadership capability through their own development and by learning from the experience of others.
64. The Leadership Academy is for people looking at developing leadership experience and who have the passion to get involved in future focused planning on the Island.
65. The topics have been selected specifically for Island participants:
 - what is leadership anyway?
 - asset-based community development
 - the power of collaboration
 - future focused thinking
 - understanding government-national, regional and local
 - governance vs management
 - future focused planning.
66. An application has been made to Community Trust South for funding assistance so that the program is delivered free to the participants. The program is limited to 14 participants and strong interest has been shown from the community. The role of Council was to connect Commerce South, Community Trust South and the community as well as collaborate on the program content.

Community Board Plans Update

67. At the time of writing this update five community board planning workshops have been held across the District in the townships of Riversdale, Lumsden, Winton, Edendale and Otautau, with attendance numbers steadily increasing from workshop to workshop.
68. The format of the evening includes a brief overview and introduction from staff and the consultant, and then follows a workshop format where attendees are asked to identify the strengths of the area, the challenges, weaknesses and opportunities for the area (and how to

achieve them). Attendees are then asked to prioritise the feedback after each question and spend some time working together to come up with a vision statement for the area.

69. Finally, attendees are asked to think about the Southland District as a whole and identify what the biggest challenges are for Southland over the next 10, 20 and 30 years and also why they choose to live in Southland.
70. Feedback from the workshops has been positive overall with attendees looking forward to seeing the plans being developed and actively asking about timeframes for delivery and implementation.
71. Alongside the workshops the community leadership team are also running two online surveys for those unable to attend the workshops. One of the surveys is specifically aimed at youth with the questions having been developed by Council's Youth Council. The questions relate to issues around climate change, discrimination and inclusion, the delivery of mental health services, what they like about living in their community and what would make it a better place for young people to live. A further survey for primary school aged children is also being developed.
72. Rebecca McElrea, the consultant engaged to deliver the workshops will be providing a summary of the workshops including draft vision statements and possible outcomes and actions for the new community boards. It is hoped that workshops with the nine new community boards will take place towards the end of this year to review the findings of the earlier elected member workshops, wider community board plan workshops, surveys and other engagement completed to date.
73. Next steps include developing the content of the plans with the nine new community boards, circulating drafts to workshop attendees with the intention of having an official launch of the completed plans in approximately April 2020 in time to tie in with the development of the 2021-2031 Long Term Plan.

Local Community Initiatives

Roslyn Bush Playcentre

74. The Roslyn Bush Playcentre are in the early stages of planning for the development of a cycle track/cycle park within their playcentre grounds. It is envisaged that the cycle park will be used by the children at the playcentre as well as available for public use. This project seeks to improve confidence of the kids on and around bikes.

Menzies College Walkway Project

75. Council staff are working alongside Menzies College with funding advice and planning assistance for the development of a public walkway and riparian planting along an area of the floodbank in Wyndham. The purpose of this project is to increase the amenity of the land and its value to the local community.
76. Additionally it seeks to support local bird life and the giant kokopu population as well as having positive effects on water quality.

Wyndham and Districts Historical Society

77. Ongoing support is being provided to the Wyndham and Districts Historical Society with planning for their future redevelopment/relocation of the museum and its collection.

Wyndham/Edendale Proposed Local Skate Park

78. Research is currently being undertaken to review design options for the proposed skate park/pump track. Other skate parks and pump tracks around the District and other parts of New Zealand are being looked at to provide inspiration for the design. Costings are also being factored in to this research. Support is also being provided with regard to fundraising and funding opportunities and consent requirements.

Tokanui Bowling Club

79. The Tokanui Bowling Club are currently fundraising for the installation of an irrigation system for their bowling club. They are awaiting the outcomes of final funding applications. The installation of an irrigation system will keep the green to a high standard during the summer period and will mitigate the current need for a volunteer to manually water the green every day.

Winton Mens Choir

80. Council staff are working alongside the Winton Men's Choir Committee with identifying possible funding options for their tour around the rest homes and retirement villages throughout the Southland region. This programme is undertaken throughout the year. It is a service which is well received by the residents of the rest homes.

Te Anau Community Garden

81. Support is being provided to a group in Te Anau wanting to develop a community garden. This garden is intended to grow vegetables, fruit, nuts and herbs. Advice is being provided around governance and formalising the group as well as negotiating with Council as to where this could be set up.

Milford Recreation Centre

82. Expressions of interest are being sought from designers to come up with a concept design for the facility. Once a designer has been chosen, it is proposed that there will be two stages for the design service. The first stage will be an initial concept design and engagement with the Milford Community Trust. Once the concept design is agreed by the Milford Community Trust, the second stage will be detailed building design and building consent.

Butterfields Beach Picnic Area Project

83. A local community group are wanting to further develop the Butterfields Beach area on Stewart Island so it is more suitable for community use. They are proposing picnic tables, a covered barbeque area, and more playground equipment. This area is frequently used by locals for summer picnics as it's a quiet beach where dogs are allowed off leash and it is a safe swimming area. Advice has been provided around the process that needs to be taken with Council and funding options.

Tuatapere Promotions

84. Tuatapere Promotions recently had its AGM and a new chair and secretary have been elected. Subsequently, a number of changes are being made to the organisation and new projects are in the works including changes to the management of the Western Wanderer publication, the construction of a community events sign, a proposed town clean-up day, and the development of

a community network hub. Guidance is being provided to the preparation and implementation of these projects.

Welcoming Communities

85. Attendance at Southland Murihiku Welcoming Communities Advisory Group meetings continues. The formal launch of Southland Murihiku Welcoming Communities is being held on 18 September at Murihiku Marae.
86. Internally at Southland District Council, International Welcoming Week is being celebrated by recognising the diversity of staff at Southland District Council. This is being done by getting staff to identify where they were born on a world map and through a development of a video montage of staff sharing their experiences of moving to and settling in Southland. This video will be available for all staff to watch on The Loop.

Strategy and Policy

Policy and Bylaw Updates

87. There are a number of Council bylaws and policies currently being reviewed and updated, and a number of bylaws due for review in the next 12-18 months.
88. The team is currently undertaking a formal consultation process on the speed limits bylaw, and submissions will be accepted until 5pm, 10 October 2019. All members of the public, including community boards are invited and encouraged to give their feedback. Work will begin shortly around reviewing 'The Keeping of Animals, Poultry and Bees Bylaw', with consultation anticipated early in 2020.
89. Staff have been involved in completing the formal consultation process and hearings on the combined Local Alcohol Policy (LAP), in collaboration with Invercargill City Council. A joint committee of the two councils will formally consider the feedback received, and may adopt a provisional LAP in October 2019. If a provisional LAP is adopted and publically notified, the LAP will be adopted 30 days after the notification, if no appeals are lodged. The LAP will come back to Council early in the New Year to bring into force/make operational.
90. Staff have completed a review of the Agency (TAB) Venue and Gambling Venue Policies. The policies adopted by Council on 21 August 2019 are largely the same as Council's previous policies, and are available to view on Council's website.
91. In collaboration with the resource management team, strategy and policy presented an issues and options paper to the Regulatory and Consents Committee at its August 5 meeting regarding measures to address abandoned vehicles and overgrown sections in the District. Further work will be undertaken to investigate appropriate measures.
92. Work to investigate a jetties user pay system on Stewart Island Rakiura has commenced, and a report outlining different charging methods will be presented to the Stewart Island Rakiura Jetties Subcommittee on 30 September 2019. Further work is required to assess what the fee to commercial users should be. Any new fee will be formally consulted on and will not come into effect until the Long Term Plan is operational in July 2021.

93. Work will commence in the New Year reviewing central government policy changes in the 'three waters area, and reviewing/developing Council strategies (including the Infrastructure Strategy) for the Long Term Plan 2031.

Community Futures Research and Analysis Work Programme

94. Council supports the continuation of research and analysis work to inform assumptions and support its decision making in preparation for the Long Term Plan 2031. This work will assist in leading the development of Council's overall approach to the management of change and preparation for what the future might hold for the District and its communities, and identify priorities for investing in community future planning. This programme of work includes socio-demographics, climate change, levels of service, rating affordability, land and water plan implications, community assistance and funding, and technological change.
95. This work programme ensures that projects needed to help inform future planning and decision making are undertaken in a logical and sequential manner, and that the project managers are aware of other pieces of work being undertaken alongside their own that may influence the overall work programme. Over the past few months, a number of work streams have reached key milestones:
- i. Council resolved at its 24 July 2019 meeting to establish a community partnership fund that will replace the previous community initiatives fund. This funding model will have a portion of the funds being allocated for District related activity, and the remaining portion distributed to Council's nine community boards based on a formula of population and equal distribution. The resolution for community boards to allocate District grant funds at a local level will enable community groups wanting to run a project in the respective board areas to apply directly to that board for funding assistance.
 - ii. This new grant model enables the nine community boards to allocate local funding and grants for local events and projects that focus on the overall wellbeing, leadership and sustainability of Southland communities. This will support community initiatives at a local level, with minimal Council intervention and be used to assist community-led projects or events that support greater local independence and opportunity. In addition, the grant allocations may assist in advancing community plans and community board plan outcomes.
 - iii. The socio-demographic work undertaken by BERL has been utilised to inform the assumptions for activity managers in the preparation of the LTP 2031. This data will also be used extensively to help inform discussion points for strategy project plan development over the next six to eight months.
 - iv. Council have engaged consulting company Xyst to undertake level of service work that looks across the community facilities portfolio. The objective of the project is to produce a standardised set of criteria for each asset area with regard to the minimum level of service Council will require or provide. The minimum levels of service will provide the basis for preparing works programmes and asset management. This level of service work includes community housing, community centres, Council offices and buildings, public toilets, parks and reserves (open spaces) and water structures. The project will provide the

information and analysis to enable an informed discussion with the community on setting a minimum level of service for all assets within the community facilities portfolio.

- v. Council staff have been involved in regional workshops around climate change implications being facilitated through Environment Southland. This is an evolving area and staff will continue to be part of and monitor developments as they evolve.
 - vi. The speed of technological change is likely to affect the way we travel, the way we work, and the way we live in our homes and communities, which creates uncertainty for long term infrastructure projects and service delivery approaches and how we determine appropriate levels of service for now and in the future. This on-going work identifies the need for Council to understand the potential impacts that mega trends and technological change may have on communities, industries, work patterns, land use and lifestyle choices. This is integral to supporting the approach of the research and analysis work programme, particularly in relation to prioritisation and future service provision requirements, social cohesion and engagement.
96. The research and analysis work programme will evolve into developing a programme of work to consider the District's strategy deficits that staff have identified. Information from the programme of works identified above will begin to inform this next stage for Council research and analysis over the next one to five years.

Risk Management Framework

97. Council continues to identify the need to invest in and develop its risk management processes and approach. The objective of the risk management framework is to create a framework to effectively understand, plan for, and mitigate risk across all levels and activities within the organisation that can provide assurance to Council, the Southland District community and stakeholders that critical risks are identified and managed effectively.
98. Since February 2019, work has commenced to transition from the current risk update approach to implementing a new risk management framework. Council's executive leadership team held a workshop in July 2019 to discuss in detail a collective approach to identify and manage Council's strategic risks, before the new risk management reporting approach is presented to the Finance and Audit Committee at its 23 September 2019 meeting.

Corporate Performance Framework

99. The corporate performance framework aligns Council's high level direction to its activities and outcomes, and its purpose is to streamline Council planning and reporting functions.
100. As part of the corporate performance framework, Council will deliver on its legislative requirements – including the Long Term Plan, Annual Plan, Annual Report and activity management plans. Council produces an interim performance report, undertaken three times a year – for the four month periods of July-October, November-February and March-June, with the third being produced to inform the Annual Report. The third report was presented to the Finance and Audit Committee on 29 August 2019. This report showed improvement from previous iterations as the CAMMs system has been adapted to meet the needs of Council and staff have a better understanding of the requirements of corporate reporting. Improvements will

continue to be made to the quality of the commentary and integrating performance measure reporting with project updates in future reports.

Annual Plan 2019/2020

101. The Local Government Act 2002 requires Council to prepare and adopt an Annual Plan in the second and third years between development of the Long Term Plan.
102. The purpose of the Annual Plan is to consider and approve any variations to the Long Term Plan for that financial year. Once finalised, the direction given for 2020/2021 will be used to set rates for the year beginning 1 July 2020 and deliver any additional projects identified. The proposed key dates project plan report to the Finance and Audit Committee meeting was rescheduled from the 29 August meeting to the 23 September due to changes to the proposed dates. Staff will begin preparing for direction-setting reports to Councils nine community boards in the new triennium to begin planning towards LTP 2021-31.

Annual Report 2018/2019

103. At the end of August the Finance and Audit Committee was presented with a draft unaudited Annual Report to endorse and provide feedback on. Audit NZ staff were onsite from 26 August to 20 September to conduct the audit of the report. The final report will be presented to the Finance and Audit Committee to recommend to Council for adoption at its meeting on 27 September. Following this a summary Annual Report document will be produced and presented to Council for approval in October and both designed versions made publicly available in October 2019.

Long Term Plan 2031

104. Workshops have been scheduled with activity managers from September to October 2019 to develop the infrastructure strategy and 13 activity management plans. A workshop has been set up to discuss the proposed management of activities with Council on the 16 and 17 December 2019 and this will provide the necessary guidance for the activity managers to continue drafting the activity management plans from January to June 2020.
105. Staff will conduct a strategic workshop with the new triennium Council on 8 November 2019 to bring them up to date with previous guidance received on the Long Term Plan 2031. A report on the proposed significant forecasting assumptions will also be reported to the new-triennium Council. The draft financial and infrastructure strategies are currently underway, and should be completed and ready for Council approval by early 2020.

Environmental Services

Group Managers Update

106. It is important to acknowledge the recent passing of Barry Slowley, Council's long term legal advisor, after a long battle with illness. Barry was legal advisor to Council and before that the Southland Country Council, an involvement in excess of 30 years. Barry was particularly involved in the preparation and review of the first and second generation District Plans and also represented Council before the Environment Court and High Court on numerous occasions, and

mentored numerous Council staff in giving evidence in this legal environment. Barry's work ethic was legendary and his service and support to Council is greatly appreciated.

107. After the very successful recent signing of the Predator Free Rakiura Memorandum of Understanding by 13 parties including Council in July 2019, the project is now moving into the technical design stage. A predator free project of this scale on an inhabited island is a major undertaking and it is imperative that the logistical and technical issues are very thoroughly traversed and scoped. Funding discussions are also occurring.
108. As Councillors are aware, International Accreditation New Zealand has flagged a concern with Code Compliance Certificate processing times in the Building Solutions area, and staff have been working through how to address this and clear this matter by the date which IANZ has specified of 10 October. It is intended to form a project team which can focus on this while the building solutions team continues to work on business as usual to keep workflows moving for customers who have applied for new consents.
109. Fonterra will shortly be applying to Environment Southland to re-consent its air discharges from the Edendale factory. A meeting was held with interested parties at the factory recently, which provided for a good exchange of information on both the issues and the process.
110. Following the recent release of the regional climate change report commissioned from NIWA, a "Climate Change Next Steps" workshop was arranged by the combined regional planners' group at Environment Southland in August. This was well attended by a range of planning, infrastructure and policy staff from across the Southland councils and provided some useful information to advance thinking and planning in this area.

Animal Control

111. Council is hosting the first inter-agency meeting of animal control/welfare agencies in Southland on 12 September. Attendees are the Gore and Invercargill Councils, Environment Southland, MPI, SPCA, Furever Homes, NZTA, DoC, and two vets. A pre-meeting survey has indicated that the following kinds of outcomes will be sought:
 - clarify roles
 - improve communication
 - depopulate cats
 - consistency
 - common public messages
 - education
 - support predator free
 - funding
 - shared public communication portals.
112. The team has been doing some work to improve the multiple dogs licensing process. Attention over the last year has focussed on the dog registration process, and as a result there are a number of properties identified that have more than two dogs that require a licence. A project group has

been working on refining the process so that it can be routinely managed as an electronic monthly process.

Environmental Health

113. An alcohol hearing for the Orepuki Tavern is tentatively scheduled for 26 September, before the District Licensing Committee (Chair Cr Macpherson). It has been quite some time since the last hearing (December 2018), and this will be the first for the new technical support partner team to provide support.
114. Staff attended a meeting of representatives of Southern Councils, concerning a proposed national freedom camping survey. The content would be similar to what Council captures by its rangers already, but expanded to include questions concerning expenditure, and what apps etc are used. Council is in good position to take part with rangers already circulating.

Resource Management

Dark Skies Plan Change for Rakiura

115. The resource management team have publicly notified the Council initiated plan change on 9 September. Submissions close on 7 October. The change to the District Plan has been sought to create rules around future artificial lighting on the Island in order to maintain the existing quality of the dark skies. Depending on the number and nature of submissions received it is expected that a hearing on the proposed changes will be held in early 2020.
116. Ongoing work is occurring on the regional work streams for Climate Change, Biodiversity, Landscapes and Natural Character. The Climate Change report was presented to Council on 22 May and wider communication of climate change was endorsed. Joint work on the next phases of climate change is currently being scoped. Internal climate change work has commenced to inform the initial phase of the next LTP process. Work on the biodiversity, landscapes and natural character projects is ongoing and they are likely to be released in 2020.
117. Council is part of the territorial authority reference group providing feedback to the Ministry of the Environment on the proposed National Policy Statement on Indigenous Biodiversity and the proposed New Zealand Biodiversity Strategy which are both proposed to be finalised in early 2020. Consultation on both of these work streams is anticipated to occur between September and November 2019.
118. Resource consent data for the previous two months:
 - July – 24 applications received, 31 decisions issued.
 - June – 43 applications received, 32 decisions issued.
 - On average 25 resource consents have been issued per month this year.

Building Solutions

119. During August, the team achieved the below compliance/alignment to timeframes:
- 97.8% of the 89 building consents were issued on time (≤ 20 days)
 - 54% of the 105 Code Compliance Certificates issued in August were issued on time (≤ 20 days). This is due to a significant effort to 'clean up' both old and overdue CCC's which will be continued and completed in September 2019.
 - 59% of the 85 further information items were processed on time (≤ 5 days)
 - Building consents issued for the month of August took an average of 28.15 calendar days to issue.
120. During August, customers achieved the below compliance/alignment to Council requirements:
- 64.5% of the applications received were complete and correct
 - 84% of the inspections completed showed work that complies with the consented plans.
121. Emerging strategic issues recently identified:
- IANZ requirement for all historical consents to receive a 'CCC Decision' has created the need to set up a 'project team', enabling the workload to be actioned without negatively impacting statutory timeframes
 - The 'Tiny Home' trend which is increasing in popularity across New Zealand is challenging many aspects of the Building Act 2004 and Building Code, as well as the procedures and fees structures utilised by Councils, which have not been designed to accommodate the variety of tiny home solutions created by New Zealanders today.

Services and Assets

Group Managers Update

122. Delivery remains a critical focus for the services and assets group as we ramp up into the new financial year. There is a significantly increased capital programme commitment for the financial year, due largely to the commencement of the Te Anau Wastewater project. The installation of the 18km pipeline started in late August and beyond the site preparation works at Kepler, this marks the first significant work-stream for what is one of the District's largest projects in recent history.
123. The infrastructure strategy workshops were held at the beginning of September where each of the infrastructure activity managers took the opportunity to identify the major issues and potential disruptors for their respective areas of responsibility. The refresh of the strategy is due to be completed at least in draft by the end of the calendar year, and is a critical document for informing the activity management planning process to commence in the first half of 2020 in the lead up to LTP 2031.

124. We are now starting to get some preliminary insights as to the direction in which the government is proposing to take 3-waters regulations. In order to ensure we are best positioned to respond to the changing needs and requirements we are reviewing our internal capacity and capability in relation to water and waste.

Strategic Water and Waste

Te Anau Wastewater

125. In October 2018 Council approved the business case for implementation of a new discharge method for the Te Anau wastewater discharge project based on an SDI discharge method.
126. As a result of the change in discharge method there has been a need to seek a new resource consent. An application has been prepared and is currently being processed by Environment Southland at present.
127. The decisions made by Environment Southland, particularly in relation to whether the consent needs to go through a public notification process, will have a significant influence on the likely processing times and therefore the 'critical path' for finalising development of the new SDI disposal system. It will also have an impact on when the SDI fields can be procured and installed and whether there will be a need to seek an extension to the Upukerora discharge consent. At the time of writing a decision on the notification approach was expected at any time.
128. Work has now commenced on construction of the pipeline from Te Anau to the Kepler block. The contract for construction of the pipeline was awarded to Fulton Hogan. Work is expected to be completed by March 2020.
129. Council approved the approach to be used to procure the remaining stages of the physical works at their 24 July meeting. This means a request for tender has now been released for construction of the membrane filter and the other works, which need to be completed at the treatment plant site.

Commercial Infrastructure

Stewart Island Electrical Supply Authority (SIESA) (PowerNet)

130. Powernet are reviewing the capital projects for 2019/20, these are currently being priced and will be completed in order of criticality.

Forestry (IFS)

131. Harvesting is continuing in Waikaia with approximately 57% completed, with volatile export pricing more of the volume has been directed to local markets namely chip which has offset some of the pricing issues. Existing contracts are in place with domestic suppliers therefore it is anticipated that Council will be 5% down on the original 2019/20 IFS forecast which was completed in May.

Around the Mountains Cycle Trail

132. The website is up and running with the Official Partnership Programme seeing 30 businesses advertising with the Around the Mountain Cycle Trail. The installation of the interpretation infrastructure is currently underway and the final sections of the trail to be reviewed in the

coming weeks. This will see the installation of water tanks, bike stands, picnic tables along with fencing and planting of flaxes.

Te Anau Manapouri Airport

133. The additional expenditure required for the Part 139 Certification has been approved by the Te Anau Community Board. The application for Part 139 Certification was submitted on the 4 July 2019 with CAA to be down to undertake their review of the Airport on the 24 September. Additional work in the form of an engineer's report on the runway has been required with Opus undertaking this work this is expected to be completed prior to the CAA review.

Property Services

134. The property register has been presented to the Finance and Audit Committee as a step towards identifying a list of surplus Council properties. Further work is still required at the detailed level to separate those non-strategic properties into surplus and non-surplus.
135. Property administration functions including ownership decision, lease/licence administration and property disposal queries are also actioned on a daily basis, which is business as usual given the number of properties and agreements Council has to manage. This includes the payment of rates which is quite a significant task for Council properties given that service charges have to be separated out and on charged, as well as charging the balance rates to the multitude of individual business units. The process is undertaken annually for Council with the Environment Southland rates to be processed when received.
136. Surveys for the coastal route, Clifden and Orawia land purchases as well as the Ringaringa Road deviation have been, or are nearing completion, to allow these projects to be finalised. The disposal of the Hokonui hall is still progressing, with both Menzies Ferry and Maitara Island working through the required steps.

Community Facilities

137. The team have been presented with some challenges early in the financial year with two projects, Holt Park Camping Ground and Monkey Island having to be put on hold due to structures being assessed as structurally unsound. In both cases it identifies that what we are doing around condition assessment of our assets is going to improve how we manage projects in the future.
138. Monkey Island has also identified a shortfall in the way that we engage with the community when a project is in its initiation phase. There have been a number of learnings that have come out of both of these projects that will be included in the CAMMS workflow moving forward.
139. We have also had some projects that have changed scope after consultation with elected members. Team members are working with the elected members to keep them informed on what is happening within their areas and moving forward we would see this as being a regular informal catch-up.
140. The project delivery team are working on delivering the TIF projects that are continuing from the previous year that will culminate in new toilets at Te Anau, Clifden and Monkey Island.

141. Work is underway with the Section 17A review, the Infrastructure Strategy and Activity Management Planning workshops.

Strategic Transport

Speed Limit Review

142. The speed limit bylaw is out for public consultation with submissions closing on 10 October 2019.
143. As part of the formal consultation process four drop in sessions are being held across the District during September. The sessions in Winton and Tokanui have already taken place with the remaining two being held in Te Anau and Lumsden.
144. A report will be presented back to Council following the consultation period outlining the submissions received and any recommended changes as a result before final adoption.

Road Safety

145. The government is currently considering a new road safety strategy and vision. The strategy will replace Safer Journeys, which concludes at the end of this year.
146. Road safety is a really important issue in New Zealand with approximately one person per day being killed and a thousand more seriously injured every year.
147. On Southland District roads alone 16 people were killed or seriously injured during 2018/2019 having a significant impact on families, survivors and communities as well as the economy and health systems.
148. The proposed vision is based on Vision Zero – an approach that says that no death or serious injury while travelling on our roads is acceptable. On the way to achieving this vision the government is proposing a target for reducing death and serious injuries on roads by 40% over the next decade (based on the 2018 levels).
149. Five focus areas have been identified which are:
- i. infrastructure improvement and speed management
 - ii. vehicle safety
 - iii. work related road safety
 - iv. road user choices
 - v. system management.

150. The final strategy and first action plan is proposed to be publicly released by the government in October 2019.

District Wide Renewals Programme

151. The first of the new season's construction projects have has been awarded. The Brydone Glencoe and Edendale Wyndham Road rehabilitation package was awarded to The Roding Company.

152. The Otapiri Gorge Road site and the Otara Haldane seal widening package were still out to tender at the time of writing the report. These packages of work are expected to be awarded by the end of September.

Bridges

153. Two design build packages totalling up to 19 bridge replacements have been put out to tender. The first of these is planned to be awarded by late September with the second package being awarded by the start of October.
154. A further two bespoke bridge designs have also been awarded in preparation for tendering and construction in 2020/21.
155. Council staff have had a meeting with NZ Transport Agency (NZTA) around the challenges Council faces with the bridging stock. The meeting was very productive and NZTA was supportive of the work Council had carried out in order to better understand the scale of the challenge and how to best manage the issue including prioritisation of works.
156. NZTA also indicated that based on the work Council had completed on understanding the challenge, including how Council was developing and prioritising the forward works programme, NZTA would be supportive of Council's funding application for this activity during the next round of funding (2021-2023) and beyond.

Pyramid Bridge Replacement

157. Concrete Structures Ltd through their design consultant Holmes have completed the detailed design of the bridge. The next phase is to have the detailed design peer reviewed before construction can commence. The programme is still on track for works to commence in October.

Recommendation

That the Council:

- a) Receives the report titled "Management Report" dated 16 September 2019.**

Attachments

There are no attachments for this report.

Delegation of Authority to Chief Executive

Record No: R/19/9/20812
Author: Steve Ruru, Chief Executive
Approved by: Steve Ruru, Chief Executive

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to allow for a number of governance matters to be attended to before the end of the current Council term.
- 2 These include the continuation of several Committees and arrangements for the period between the declaration of election results and elected members being sworn into office.

Executive Summary

- 3 During the period between the elections and the inaugural meeting of the new Council it may be necessary for decisions to be made. It is suggested that the chief executive be delegated authority to make such decisions and that he will consult with the Mayor-elect. This delegation would be subject to the general limits on delegations in clause 32(1) of schedule 7 of the Local Government Act 2002.
- 4 Clause 30(7) provides that unless the Council resolves otherwise all committees, subcommittees and joint committees are deemed to be discharged following the 2019 elections. It is considered there are two such bodies that should remain in existence and appoint new members to it as appropriate.

Recommendation

That the Council:

- a) **Receives the report titled “Delegation of Authority to Chief Executive” dated 13 September 2019.**
- b) **Determines that this matter or decision be recognised 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) **Agrees that subject to the limitations set out in clause 32(1) of the Seventh Schedule to the Local Government Act 2002, the Council delegates all of its responsibilities, duties, and powers to the Chief Executive for the period from the day after the declaration of the election results until the swearing in of the new Council, subject to a requirement that the Chief Executive may only exercise this delegation after the following:**
 - (a) **consultation with the Mayor-elect,**
 - (b) **may only attend to those matters that cannot reasonably await the first meeting of the new Council and;**
 - (c) **shall be reported to the first meeting of the new Council; and**
- e) **Agrees that if any urgent decisions arise in this period requiring significant political input, then an extraordinary Council meeting will be called.**
- f) **Agrees that all committees, subcommittees and joint committees in existence during the 2016-2019 electoral term are disestablished with the exception of the Creative Communities Funding Subcommittee and the District Licensing Committee.**

Background

- 5 Current elected members will vacate office when the members elected at the upcoming elections come into office (s.116(1) Local Electoral Act 2001).
- 6 Candidates who are elected come into office on the day after the day on which the official result of the election is declared by public office. The electoral officer advises that the notice should be published sometime in the week of 17 – 21 October.
- 7 Council will need to consider arrangements to ensure the effective and efficient conduct of the Council’s business during the period from the day after the declaration of the electoral result until the new Council is sworn in at the inaugural meeting of the Council. This is likely to be for the period from 17 October to 1 November 2019.

- 8 Clause 14 of Schedule 7 of the Local Government Act 2002 (LGA) provides that a person newly elected to Council (this would include a re-elected person) may not act until they have made the necessary declaration at the inaugural Council meeting.

Issues

- 9 There is a need for the Council to determine whether it should give an interim delegation to the chief executive to enable any issues that might arise in the transition period between the old and new Councils to be addressed in a pragmatic way.
- 10 The power to appoint committees, subcommittees and joint committees is contained in clause 30 of schedule 7 of the LGA. Clause 30(7) provides that unless Council resolves otherwise, these entities are deemed to be discharged on the coming into office of the members of the Council elected or appointed at, or following, the triennial general election of members next after the entities were appointed.
- 11 All committees of the current council will therefore be deemed to be discharged following the 2019 elections. The incoming Council will establish the committees it deems necessary to carry out the business of Council.
- 12 There are two committees that it is considered necessary to continue throughout this period, being the Creative Communities Fund Subcommittee and the District Licensing Committee.
- 13 The Creative Communities Fund Subcommittee is a requirement of Creative New Zealand which provides funds for locally based committees to distribute. This is a process that does not cease with the electoral cycle. The incoming Council will appoint members to sit on this committee.
- 14 Similarly, the District Licensing Committee is a committee established as a requirement of the Sale and Supply of Alcohol Act 2012 to make various decisions on the provision of managers' off and on licences etc. This work needs to continue throughout the electoral cycle. The incoming Council will appoint members to it.

Factors to Consider

Legal and Statutory Requirements

- 15 Council is able under the Local Government Act 2002 to delegate this authority to the chief executive to cover the period outlined in the report.
- 16 It is up to the incoming Council to decide upon its committee structure.

Community Views

- 17 The community would expect Council to take a pragmatic approach to dealing with an issue such as this.

Costs and Funding

- 18 There are no additional costs associated with granting the delegation proposed.

Policy Implications

- 19 There are no policy implications attached to this report as the request is to cover a certain period of time and also is specific in the delegation required to cover a specific situation.

Analysis

Options Considered

- 20 The Council has the option of either delegating or not delegating to the chief executive.

Analysis of Options

Option 1 – Delegating authority to act to the chief executive

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Provides for the continued business of Council to be carried out with appropriate safeguards in place.	<ul style="list-style-type: none">May be a delay in some decisions if delegated authority is not given.

Option 2 – Does not delegate authority

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">May be a delay in some decisions if delegated authority is not given	<ul style="list-style-type: none">Provides for the continued business of Council to be carried out with appropriate safeguards in place.

Assessment of Significance

- 21 A decision in accordance with the recommendations is not considered significant. It represents a pragmatic way of managing the transition period between the declaration of the election results and the first Council meeting.

Recommended Option

- 22 The risks involved in delegating to the chief executive include the Council not agreeing with the decisions made and overturning decisions at a later date. The risks of not delegating would be the risk of the Council not being able to undertake urgent business that might arise during the period from the declaration of the election result until the first meeting of the new Council.
- 23 The limited time period and the fact that any decision by the Chief Executive is required to be made in consultation with the Mayor elect and that it would only be pressing matters that must be attended to does provide a degree of comfort to elected members that decisions will not be made unless required for the smooth running of the Council.

Next Steps

- 24 If accepted that Council record in the minutes of this meeting that the chief executive has been delegated the powers during the interim period post-election.
- 25 Arrangements will be made for the establishment of various committees the incoming Council deems necessary at the beginning of the 2019 – 2022 term.

Attachments

There are no attachments for this report.

Proposed Road Stopping behind 26 Hythe Street Athol

Record No: R/19/8/18968
Author: Kevin McNaught, Manager Property Services
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 Consideration of a request from the adjoining landowners to stop a portion of unformed road behind 26 Hythe Street Athol.

Executive Summary

- 2 The owners of the property at 26 Hythe Street Athol have made an application to stop the unformed legal road between their property and the former Railway, given a portion of their house and a shed have historically been constructed over the boundary.
- 3 To commence the road stopping process under the Local Government Act 1974, Council is required to authorise this.

Recommendation

That the Council:

- a) **Receives the report titled "Proposed Road Stopping behind 26 Hythe Street Athol" dated 20 September 2019.**
- 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) **Resolves on the basis that the applicant has agreed to pay the survey costs and an agreed value for the land, to commence the process of stopping that unformed portion of road adjoining Section 5 Block XX Town of Athol pursuant to the Local Government Act 1974.**

Background

- 4 The owners of the property at 26 Hythe Street Athol have made an application to stop the unformed legal road between their property and the former Railway, given a portion of their house and a shed have historically been constructed over the boundary. The land subject to the proposal and the building locations are shown on the attached plans.

- 5 The application was made some time ago however it is only recently that the actual area being applied for has been confirmed after different options were considered and discounted.
- 6 The different options considered were only a portion of the road occupied, or not the full width. However, if either of these were pursued, the residual road would be of limited value to Council so the proposal as presented is best for all parties.

Issues

- 7 There is no issues identified at this point, as the former railway can be accessed from Price Street and the property to the west can be accessed by the residual portion of unformed legal road to the west.

Factors to Consider

Legal and Statutory Requirements

- 8 The proposal is to stop the road using the provisions as set out in the Local Government Act 1974. Council is required to first authorise the process commencing.

Community Views

- 9 There will be a public notification and objection process to be undertaken in accordance with the steps required. The Lessee of the Crown Land has advised no issues with the proposal, however LINZ as the owner of the Crown Land have not given any indication, rather they have responded they will make a decision when notified as part of objection process.
- 10 The Athol Community Development Area Subcommittee have advised they have no objections to the process commencing.

Costs and Funding

- 11 The landowners have agreed in writing to pay the survey costs to define the road to be stopped and also pay the valuation amount for the land, which has already been determined by Councils valuer.

Policy Implications

- 12 Council's policy is that the applicant pays the survey costs to define the land which they have agreed to do in writing.

Analysis

Options Considered

- 13 The options are to either commence the process or not.

Analysis of Options

Option 1 – Commence the process to stop the road.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Allows the adjoining landowner to own all the land upon which his house is located.	<ul style="list-style-type: none">Removes some legal access to the property to the west and south however they will still retain other legal access

Option 2 – Do not commence the road stopping process

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Retains the status quo	<ul style="list-style-type: none">Will create implications for the landowner in relation to his ability to appropriately manage his residence given its partly built on Council land.

Assessment of Significance

- 14 Not considered significant

Recommended Option

- 15 Option 1 – commence the road stopping

Next Steps

- 16 Have legal survey completed and undertake public notification.

Attachments

- A Plan of proposed road stopping behind 26 Hythe Street Athol [↓](#)



Southland Museum and Art Gallery 2018/2019 Annual Report

Record No: R/19/9/20907
Author: Bruce Halligan, Group Manager Environmental Services
Approved by: Bruce Halligan, Group Manager Environmental Services

☐ Decision ☐ Recommendation ☒ Information

- 1 The Invercargill City Council has supplied the attached Annual Report relating to the operations of the Southland Museum and Art Gallery Trust Board Incorporated (hereafter SMAG) for the 2018/2019 financial year ended 30 June 2019.
- 2 The Annual Report outlines levels of performance and delivery of outcomes in relation to the Outputs and Targets identified in the 2018/2019 SMAG Statement of Intent, and also provides information on financial performance.
- 3 The Trust is incorporated under the Charitable Trusts Act 1957.
- 4 Council appoints two representatives to the Trust in terms of the Trust deed, with these being Councillors Macpherson and Patterson in the 2018/2019 period which this Annual Report covers.
- 5 The SMAG building was closed to the public on 12 April 2018 for safety reasons.
- 6 This Annual Report is hence presented for Council's information only; although Councillors Macpherson and Paterson (as Council appointees) may have additional comments which they wish to make when this matter is considered.

Recommendation

That the Council:

- a) **Receives the report titled "Southland Museum and Art Gallery 2018/2019 Annual Report" dated 20 September 2019.**

Attachments

- A SMAG Annual Report to June 2019 [↓](#)

Southland Museum & Art Gallery Trust Board Inc

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019



*Southland Museum & Art Gallery Trust Board Inc***TABLE OF CONTENTS**

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Southland Museum & Art Gallery Trust Board Inc**ENTITY INFORMATION****Structure of the Trust's operations, including governance arrangements**

The Trust comprises a board of ten trustees who oversee the governance of the Trust.

	Current Trustee(s) appointment
3 trustees are appointed by Invercargill City Council	Cr Biddle (Chairperson) Cr Ludlow Cr Amundsen
2 trustees are appointed by Southland District Council	Cr Macpherson Cr Patterson
2 trustees are appointed by trustees appointed by Invercargill City Council & Southland District Council	G Neave R Eagles <i>appointed 6 Sep 2018</i>
1 trustee is appointed by Tangata Whenua	Vacant J Davis <i>resigned 14 Feb 2019</i>
1 trustee is appointed by Friends of the Southland Museum & Art Gallery	J Watson
1 trustee is appointed by Gore District Council	Vacant

The Trust has a management contract with Invercargill City Council for the operations of the museum facilities.

Main source of Trust's cash and resources

Grants received from Southland Regional Heritage Committee and service contract revenue from Invercargill City Council are the primary sources of funding to the Trust.

Registered office: 108 Gala Street, P O Box 1012, Invercargill

Postal address: 108 Gala Street, P O Box 1012, Invercargill, Phone (03) 219 9069

Solicitors: Preston Russell Law, 45 Yarrow Street, Invercargill

Bankers: Westpac, 62 Kelvin Street, Invercargill

Auditor: Audit New Zealand on behalf of the Auditor - General

Southland Museum & Art Gallery Trust Board Inc**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2019**

	<i>Note</i>	2019 \$	2018 \$
Revenue			
Grant - Invercargill City Council		15,000	649,407
Grant - Southland Regional Heritage Committee		1,187,429	1,119,055
Revenue from providing services	1	972,179	12,777
Donations		-	8,334
Bequests		3,841	10,000
Interest revenue		7,465	7,403
Total revenue	2	2,185,914	1,806,976
Expenses			
Cost of providing services	3	2,194,819	1,783,527
Depreciation of property, plant, and equipment	8	9,489	70,529
Impairment loss	8	-	1,519,036
Audit fees	4	7,458	7,322
Total expenses		2,211,766	3,380,414
Surplus / (Deficit) for the year		(25,852)	(1,573,438)
Other comprehensive revenue and expenses			
		-	-
Total other comprehensive revenue and expenses for the year		-	-
Total comprehensive revenue and expense for the year		(25,852)	(1,573,438)
Surplus / (Deficit) attributable to:			
Owners of the parent entity		(25,852)	(1,573,438)
		(25,852)	(1,573,438)
Total comprehensive revenue and expense attributable to:			
Owners of the parent entity		(25,852)	(1,573,438)
		(25,852)	(1,573,438)

The Statement of Accounting Policies and Notes are an integral part of, and should be read in conjunction with, these financial statements.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF CHANGES IN NET ASSETS/EQUITY AS AT 30 JUNE 2019

	Attributable to owners of the parent entity			
	Retained surplus	Restricted reserve	Special purpose reserve	Total equity
	\$	\$	\$	\$
Balance at 1 July 2017	2,909,765	-	11,269	2,921,034
Surplus / (Deficit) for the year	(1,573,438)			(1,573,438)
Total other comprehensive revenue and expenses for the year	-			-
Transfers	-	-	-	-
Balance at 30 June 2018	1,336,327	-	11,269	1,347,596
Balance at 1 July 2018	1,336,327	-	11,269	1,347,596
Surplus / (Deficit) for the year	(25,852)			(25,852)
Total other comprehensive revenue and expenses for the year	-			-
Transfers	(289,454)	262,232	27,222	-
Balance at 30 June 2019	1,021,021	262,232	38,491	1,321,744

The Statement of Accounting Policies and Notes are an integral part of, and should be read in conjunction with, these financial statements.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	<i>Note</i>	2019	2018
		\$	\$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	5	179,849	293,663
Receivables	6	59,546	51,204
Other financial investments	7	218,874	211,949
Total current assets		458,269	556,816
<i>Non-current assets</i>			
Property, Plant and Equipment	8	924,726	914,855
Total Non-current assets		924,726	914,855
TOTAL ASSETS		1,382,995	1,471,671
Liabilities			
<i>Current Liabilities</i>			
Payables and accrued expenses	9	8,482	17,206
Unused grants with conditions	10	52,769	106,869
TOTAL LIABILITIES		61,251	124,075
NET ASSETS		1,321,744	1,347,596
Equity			
Retained surplus		1,021,021	1,336,327
Restricted reserve	11	262,232	-
Special purpose reserve	11	38,491	11,269
		1,321,744	1,347,596



Toni Biddle
CHAIRPERSON

4 September 2019



Darren Ludlow
TRUSTEE

The Statement of Accounting Policies and Notes are an integral part of, and should be read in conjunction with, these financial statements.

*Southland Museum & Art Gallery Trust Board Inc***CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

	<i>Note</i>	2019	2018
		\$	\$
<i>Cash flows from operating activities</i>			
Receipts from grants and donations		1,156,706	1,840,613
Receipts from providing services		972,179	12,777
Interest receipts		7,468	7,364
Payments to suppliers		(2,209,845)	(1,787,716)
GST (net)		(14,037)	(2,356)
Net cash flows from operating activities		(87,529)	70,681
<i>Cash flows from investing activities</i>			
Payments to acquire property, plant and equipment		(19,360)	(10,324)
Payments to acquire investments		(6,925)	(6,807)
Net cash flows from investing activities		(26,285)	(17,131)
Net increase/(decrease) in cash & cash equivalents		(113,814)	53,551
Cash & cash equivalents at the beginning of the financial year		293,663	240,112
Cash & cash equivalents at the end of the financial year	5	179,849	293,663

The Statement of Accounting Policies and Notes are an integral part of, and should be read in conjunction with, these financial statements.

Southland Museum & Art Gallery Trust Board Inc**STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019**

REPORTING ENTITY

The reporting entity is Southland Museum & Art Gallery Trust Board Inc (the "Trust"). The Trust is domiciled in New Zealand and is a charitable organisation incorporated in New Zealand under the Charitable Trusts Act 1957.

The purpose of the Trust is to ensure prudent administration of the Museum facilities and collections within that facility and to monitor the management contract, which is currently with the Invercargill City Council.

The financial statements were approved and authorised for issue by the board of Trustees on 4 September 2019.

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with NZ GAAP. They comply with Tier 2 PBE (RDR) accounting standards on the basis the Trust is not considered publically accountable or large with expenditure under \$30 million per annum. All available disclosure concessions have been applied.

CHANGES IN ACCOUNTING POLICIES

These financial statements are the first to be presented under Tier 2 PBE (RDR) accounting standards. All accounting policies have been consistently applied throughout the period covered by these financial statements.

BASIS OF PREPARATION

The preparation of financial statements in conformity with Tier 2 PBE accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

The financial statements have been prepared on the basis of historical cost, except for heritage assets and the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Heritage assets are valued as per Property Plant and Equipment, Heritage Assets policy.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The financial statements have been prepared on a going concern basis, and the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

New Zealand dollars are the Trust's functional and presentation currency.

The trustees of the Trust do not have the power to amend the financial statements after issue.

Southland Museum & Art Gallery Trust Board Inc**STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019**

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

SIGNIFICANT ACCOUNTING POLICIES**REVENUE**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

Grants and Donations

Council, government, and non-government grants are recognised as revenue when the funding is receivable unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Interest revenue

Interest revenue is recognised on an accrual basis.

Revenue from providing services

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Donated Services

The work of the museum is dependent on the voluntary service of many individuals and organisations. Since these services are not normally purchased by the museum and because of the difficulty of determining their value with reliability, donated services are not recognised in these financial statements.

TAXATION

The Trust is exempt from the payment of income tax. Accordingly no charge for income tax applies or has been provided for.

GOODS AND SERVICES TAX

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

*Southland Museum & Art Gallery Trust Board Inc***STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019**

CASH AND CASH EQUIVALENTS

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

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Trust's Statement of Financial Position when the Trust becomes a party to contractual provisions of the instrument. The Trust is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents (including bank overdraft), trade and other receivables, other financial assets, trade and other payables and borrowings. The relevant accounting policies are stated under separate headings.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss which are initially valued at fair value.

(1) Financial Assets

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Trust's financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables or as available for sale financial assets. The Trust's financial assets include: cash and cash equivalents, short-term investments and receivables.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

(2) Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments or a derivative that is a financial guarantee contract.

(3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Trust's cash and cash equivalents, receivables transactions fall into this category of financial instruments.

(4) Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Southland Museum & Art Gallery Trust Board Inc**STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019**

(5) Impairment of financial assets

The Trust assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there are any objective evidence of impairment, the Trust first assesses whether there are objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Trust determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

(6) Financial liabilities

The Trust's financial liabilities include trade and other creditors.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

PROPERTY, PLANT AND EQUIPMENT

The Trust has the following classes of property, plant and equipment:

- (A) Land and buildings assets
- (B) Heritage assets

(A) LAND AND BUILDINGS ASSETS**Cost / Valuation**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The Trust has elected not to revalue property plant and equipment and record the asset value on the cost basis.

Southland Museum & Art Gallery Trust Board Inc**STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019**Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the assets. In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired through a non-exchange transaction, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Depreciation

Depreciation is calculated as detailed below:

Operational Assets	Rate
Buildings	2% SL
Fit-out	9 - 40% DV

Expenditure incurred to maintain these assets at full operating capability is charged to the Statement of Financial Performance in the year incurred.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Disposals

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the period the asset is derecognised.

(B) HERITAGE ASSETS

The Southland Museum & Art Gallery Trust Board owns an extensive collection of material and information relating to natural, cultural and scientific heritage.

Heritage assets are valued at cost or fair value at the date of acquisition and are not depreciated.

All assets acquired are recognised at cost at the date of acquisition. As a large number of the Heritage assets are donated or subsidised generally such cost will be nil unless they have been acquired as a result of a purchase by the Trust.

The bulk of the Trust's collection is represented by unrealisable or irreplaceable items and it is impracticable and cost prohibitive to value them on a "Market Based" or "Depreciated Replacement Cost" basis. As a consequence the Trust's collection is undervalued in these financial statements.

The result of this accounting policy means that the vast majority of the Museum's collection is effectively valued for accounting purposes at nil, or at historical cost for those few items purchased.

The primary function and purpose of the Southland Museum is the preservation and display of the extensive collection of heritage assets. These are the tasks that make up the bulk of the Southland Museum's activities.

Southland Museum & Art Gallery Trust Board Inc**STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019**

This means that much of the collection is valued at nil, or very old historical cost for those few items purchased. The Board is confident that if the collection, however unlikely, was to be sold, its market value would be very substantial.

The fact that most of the collection has a nil, or low, value for accounting purposes in no way reduces the true value of the collection or the care that is exercised in its conservation and exhibition.

The collection is valued at \$10,000,000 for insurance purposes.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

RESERVES

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or established by the Trust.

Restricted reserves are subject to specific conditions. Expenditure or transfers from these reserves may be made only for certain specified purposes.

Special purpose reserves are reserves established by decisions made by the Trust. The Trust may alter them without reference to any third party. Expenditure or transfers to and from these reserves is based on established policy.

*Southland Museum & Art Gallery Trust Board Inc*STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key Sources of Estimation Uncertainty

Judgements made by management in the application of Tier 2 PBE accounting standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Key Sources of Estimation Uncertainty include:

- Estimating the remaining useful life of various items of property, plant and equipment. If the useful life does not reflect the actual consumption of benefits of the asset, the Trust could be over or under estimating the depreciation charge recognised as an expense in the Statement of Financial Performance.
- Determining whether the conditions of a grant has been satisfied, to determine whether the grant should be recognised as revenue in the Statement of Financial Performance. This judgement will be based on the facts and circumstances that are evident for each contract.

Estimates and judgements are continually evaluated and are based on historical experience and other functions, including expectations of future events that are believed to be measurable under the circumstances.

Southland Museum & Art Gallery Trust Board Inc**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

1 REVENUE FROM PROVIDING SERVICES	2019	2018
	\$	\$
Service contract - Invercargill City Council	972,179	-
Rental revenue	-	12,777
<i>Total revenue from providing services</i>	972,179	12,777

2 REVENUE

For financial reporting purposes, Grant revenue received from Invercargill City Council & Southland Regional Heritage Committee, Bequests, Donations & Interest revenue are considered non-exchange revenue. These amount to \$1,213,735 in 2018/19 (\$1,794,199 in 2017/18).

Revenue from providing services are considered exchange revenue and amount to \$972,179 in 2018/19 (\$12,777 in 2017/18).

3 COST OF PROVIDING SERVICES	2019	2018
	\$	\$
Operating costs	133,181	22,962
Management Fee - Invercargill City Council	2,061,638	1,760,565
<i>Total cost of providing services</i>	2,194,819	1,783,527

4 REMUNERATION OF AUDITORS

	2019	2018
	\$	\$
Audit fees for Financial Statements Audit	7,458	7,322
<i>Total cost of providing services</i>	7,458	7,322

The audit of the Southland Museum & Art Gallery Trust Board is Audit New Zealand on behalf of the Auditor-General.

5 CASH AND CASH EQUIVALENTS	2019	2018
	\$	\$
Westpac Cheque account	39,548	72,679
Westpac Redevelopment Account	73,364	139,564
Bank accounts		
- Bequest	63,826	63,527
- Baird Library	741	738
- Capital acquisition	2,370	17,155
<i>Total cash and cash equivalents</i>	179,849	293,663

Some restrictions exist on the cash reserve funds which are set aside for special purposes at the discretion of the Trustees.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

6 RECEIVABLES		2019	2018
		\$	\$
Donations - Invercargill City Council		-	4,536
GST - Inland Revenue		59,491	46,610
Accrued interest - Westpac		55	58
<i>Total Receivables</i>		59,546	51,204
All Receivables above are recognised as non-exchange transactions			
7 OTHER FINANCIAL INVESTMENTS		2019	2018
		\$	\$
Available-for-sale at fair value			
Term deposits (Bequest) Current		218,874	211,949
<i>Total Other financial investments</i>		218,874	211,949
8 PROPERTY, PLANT AND EQUIPMENT			
	Land & buildings	Heritage	Total
	Assets	Assets	
	\$	\$	\$
Cost amount at 1 July 2017	3,767,626	796,222	4,563,848
Accumulated depreciation amount at 1 July 2017	2,065,448	-	2,065,448
Carrying amount at 1 July 2017	1,702,178	796,222	2,498,400
<i>Additions</i>	6,020	-	6,020
<i>Disposals (net of accumulated depreciation)</i>	-	-	-
<i>Depreciation expense</i>	(70,529)	-	(70,529)
<i>Impairment loss</i>	(1,519,036)	-	(1,519,036)
Cost amount at 30 June 2018	3,773,646	796,222	4,569,868
Accumulated depreciation amount at 30 June 2018	3,655,013	-	3,655,013
Carrying amount at 30 June 2018	118,633	796,222	914,855
Cost amount at 1 July 2018	3,773,646	796,222	4,569,868
Accumulated depreciation amount at 1 July 2018	3,655,013	-	3,655,013
Carrying amount at 1 July 2018	118,633	796,222	914,855
<i>Additions</i>	-	19,360	19,360
<i>Disposals (net of accumulated depreciation)</i>	-	-	-
<i>Depreciation expense</i>	(9,489)	-	(9,489)
<i>Impairment loss</i>	-	-	-
Cost amount at 30 June 2019	3,773,646	815,582	4,589,228
Accumulated depreciation amount at 30 June 2019	3,664,502	-	3,664,502
Carrying amount at 30 June 2019	109,144	815,582	924,726

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Southland Museum & Art Gallery Trust Board Inc**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

The Trust has not recognised exhibits and donated art works because the value of these are not readily available. However the direct purchase costs of exhibits and art collections acquired during the year have been capitalised.

During 2018, Win Clark peer reviewed the seismic assessment undertaken by Opus International in 2013 of the buildings at 108 Gala Street. The review determined the original assessment was fair, and concluded the museum buildings were "probably earthquake-prone". The Trust closed the museum buildings to the public on the 12 April 2018 as they could not provide a safe workplace under the Health and Safety at Work Act 2015. The Trust has impaired the buildings value to nil in 2017/18 as the buildings currently do not supply economic benefit; repairing the buildings is likely to cost more than the building's previous cost value and is unlikely to be repaired to the same floor & wall layout.

9 PAYABLES AND ACCRUED EXPENSES

	2019 \$	2018 \$
Audit fee	7,458	7,322
Invercargill City Council	-	3,720
Other payables	1,024	6,164
<i>Total payables and accrued expenses</i>	8,482	17,206

10 UNUSED GRANTS WITH CONDITIONS

	2019 \$	2018 \$
Invercargill City Council - Redevelopment Grant	52,769	52,769
Southland Regional Heritage Committee Grant	-	54,100
<i>Total unused grants with conditions</i>	52,769	106,869

The grant from the Invercargill City Council requires the Trust to spend the funds on the museum redevelopment project and has a "use or return" condition.

The grant from the Southland Regional Heritage Committee requires the Trust to spend the funds on the strategic review and development plan for the Southland Museum & Art Gallery project and has a "use or return" condition.

Southland Museum & Art Gallery Trust Board Inc**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

11 RESERVES	2019 \$	2018 \$
A) RESTRICTED RESERVES		
<u>Estate C F Broadley - Tuatara</u>		
<i>Balance as at 1 July</i>	-	-
<i>Transfer to reserve</i>	47,954	-
<i>Interest revenue</i>	-	-
<i>Purchases</i>	-	-
<i>Balance at 30 June</i>	47,954	-
<i>The bequest requires the Trust to spend the funds on Tuatara related expenses. Although the bequest is for a specific purpose, there is no obligation to return unspent funds, so no liability has been recorded for the unspent amount.</i>		
<u>Estate D I Alloo - Tuatara</u>		
<i>Balance as at 1 July</i>	-	-
<i>Transfer to reserve</i>	55,642	-
<i>Interest revenue</i>	-	-
<i>Purchases</i>	-	-
<i>Balance at 30 June</i>	55,642	-
<i>The bequest requires the Trust to spend the funds on Tuatara related expenses. Although the bequest is for a specific purpose, there is no obligation to return unspent funds, so no liability has been recorded for the unspent amount.</i>		
<u>Estate D I Alloo - Natural History</u>		
<i>Balance as at 1 July</i>	-	-
<i>Transfer to reserve</i>	158,636	-
<i>Interest revenue</i>	-	-
<i>Purchases</i>	-	-
<i>Balance at 30 June</i>	158,636	-
<i>The bequest requires the Trust to spend the funds on Natural History Gallery related expenses. Although the bequest is for a specific purpose, there is no obligation to return unspent funds, so no liability has been recorded for the unspent amount.</i>		

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
B) SPECIAL PURPOSE RESERVES		
<u>Education Service Reserve</u>		
Balance as at 1 July	11,269	11,269
Transfer to reserve	-	-
Interest revenue	-	-
Transfer from reserve	-	-
Balance at 30 June	11,269	11,269
<i>The Education Service reserve comprises the remains of a grant from the Ministry of Education for the delivery of Curriculum Support Programmes. This grant is for the Learning Experiences Outside The Classroom (LEOTC) program.</i>		
<u>Baird Library</u>		
Balance as at 1 July	-	-
Transfer to reserve	741	-
Interest revenue	-	-
Transfer from reserve	-	-
Balance at 30 June	741	-
<i>The Baird Library reserve comprises for funds to be used for the purchase of books for the museum's collection</i>		
<u>Collection acquisitions</u>		
Balance as at 1 July	-	-
Transfer to reserve	26,481	-
Interest revenue	-	-
Transfer from reserve	-	-
Balance at 30 June	26,481	-
<i>The Collection acquisitions reserve comprises for funds to be used for the purchase of items for the museum's collection</i>		
Total Reserves	300,723	11,269
Balance at 30 June		

Southland Museum & Art Gallery Trust Board Inc**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

12 RELATED PARTY TRANSACTIONS		2019	2018
		\$	\$
<i>The Trust paid a management fee and other expenses to Invercargill City Council (3 trustees are part of the Invercargill City Council)</i>	Value for year	(2,089,266)	(1,760,565)
	Balance outstanding	52,769	56,489
<i>The Trust received revenue from providing services from Invercargill City Council (3 trustees are part of the Invercargill City Council)</i>	Value for year	972,179	-
	Balance outstanding	-	-
<i>The Trust received grants from Invercargill City Council (3 trustees are part of the Invercargill City Council)</i>	Value for year	15,000	649,407
	Balance outstanding	-	-
<i>Invercargill City Council banks donations on the Trusts' behalf which are paid to the Trust twice a year (3 trustees are part of the Invercargill City Council)</i>	Value for year	-	8,334
	Balance outstanding	-	4,536
<i>The Trust received grants from Southland Regional Heritage Committee (2 trustees are members of the Southland Regional Heritage Committee)</i>	Value for year	1,133,329	1,173,155
	Balance outstanding	-	54,100
<i>The Trust received rental revenue from Venture Southland for the iSite premises (2 trustees are members of the Venture Southland Committee)</i>	Value for year	-	12,777
	Balance outstanding	-	-

The Southland Museum & Art Gallery is an entity dependent on local authority funding for ongoing operations. The Trust leases the land for the museum site from the Invercargill City Council for less than normal business rates.

13 COMMITMENTS

There are no capital or operating commitments at 30 June 2019 (2018: Nil).

14 CONTINGENCIES

There are no known contingent liabilities or contingent assets at 30 June 2019 (30 June 2018: nil).

15 SUBSEQUENT EVENTS

There have been no significant events between year end and the signing of the Financial Statements.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

OUTPUTS & OUTCOMES FOR THE YEAR ENDED 30 JUNE 2019

Below are the outputs planned by the organisation and the strategies that will be used to achieve these.

The Collections: Caring for, developing, and researching collections.			
Outputs	Strategies to achieve Outputs	2018/19 Outcome	2017/18 Outcome
The collection is developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage	• Collection management policies are reviewed as required.	Kōiwi Tangata, Natural History and Hazardous Materials policies developed	One review annually kōiwi tangata policy to iwi for endorsement
	• New acquisitions are considered according to the Collection Management Policy. (minimal acquisitions desired while museum building is closed)	Collection policy applied to all new acquisitions	100% of objects acquired are considered Collection policy followed, 600 items acquired
	• New acquisitions are entered into Vernon CMS (Collection Management System).	10% entered with a backlog of 2,120 items	100% entered & minimal backlog 500 items entered [^]
	• Existing CMS records are to be reviewed and updated.	Stage One: 1,072 items completed in 2018/19 (6,445 total items completed)	Stage One: 15,000 items. 5,373 items completed
• Collections items to have digital images made.		Stage Three: 0 items completed in 2018/19 (595 total items completed)	Stage Three: 0 items 595 items completed (focus on stages one & two)

[^] Figures are estimated as the total number of items recorded cannot be determined until all acquisitions are processed.

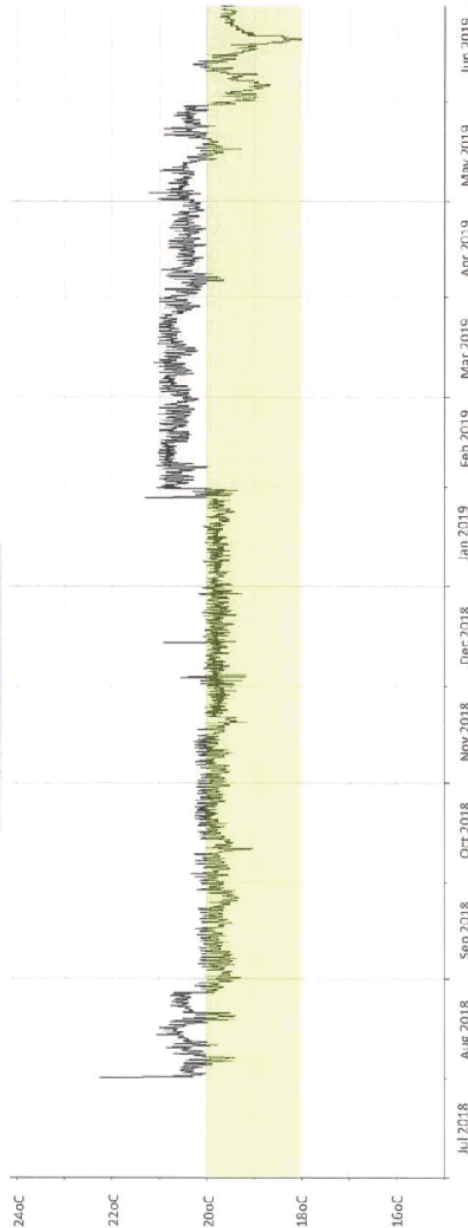
Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

OUTPUTS & OUTCOMES FOR THE YEAR ENDED 30 JUNE 2019

Below are the outputs planned by the organisation and the strategies that will be used to achieve these.

The Collections: Caring for, developing, and researching collections.				
Outputs	Strategies to achieve Outputs	2018/19 Outcome	2018/19 Target	2017/18 Outcome
The collection is prepared for removal from the building by 2021/22 (4 years)	<ul style="list-style-type: none"> • Pack items for storage and transportation. 	Stage Two: 7,114 items completed in 2019/20 (11,516 total items completed)	Stage Two: 15,000 items.	4,402 items completed
Collections are maintained in optimal conditions for their long term preservation.	<ul style="list-style-type: none"> • Storage space is kept at temperature of 19oC±1oC, percentage of time in range. 	50% of time	100%	95% of the time

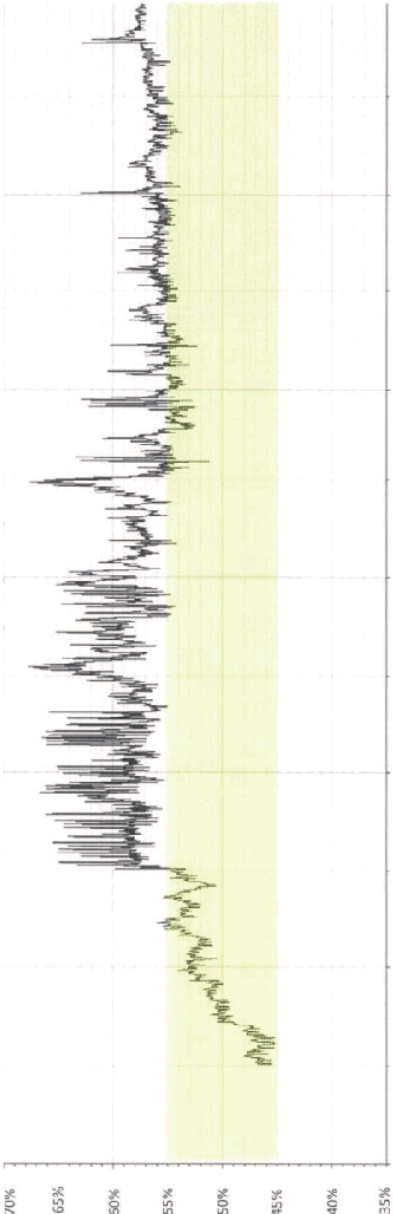


Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

OUTPUTS & OUTCOMES FOR THE YEAR ENDED 30 JUNE 2019

Below are the outputs planned by the organisation and the strategies that will be used to achieve these.

The Collections: Caring for, developing, and researching collections.												
Outputs	Strategies to achieve Outputs				2018/19 Outcome	2018/19 Target	2017/18 Outcome					
Collections are maintained in optimal conditions for their long term preservation.	• Storage space is kept at humidity of 50%±5%, percentage of time in range				26% of the time	100%	24% of the time					
												
• Storage space is monitored for infestation by pests and moulds.	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019
• A procedure to minimise deterioration by light is followed.	Few sightings				Minimum pests, moulds and pollutants found.				Few sightings			
• A procedure to avoid loss or damage to objects in the collection or on loan is followed.	Achieved (Followed)				Followed				Achieved			
	Achieved (Followed)				Followed				N/A			

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

OUTPUTS & OUTCOMES FOR THE YEAR ENDED 30 JUNE 2019

The Community: Engaging communities, including iwi, in exploring the culture and heritage of Southland				
Outputs	Strategies to achieve Outputs	2018/19 Outcome	2018/19 Target	2017/18 Outcome
Maintain strong relationships with iwi over issues relating to the collections, exhibitions and tuatara management	• Iwi Liaison Komiti (representing the four Southland runanga; Waihopai, Orakau, Aparima, Hokonui, Awarua) meets regularly.	Four meetings	Four meetings	Four meetings
Promotion of a museum presence	• Develop a marketing strategy for a museum presence	Communications strategy prepared and presented June 2019	Complete by June 2019	N/A
	• Promotion by website and Facebook and print media.	Postponed until branding launch (estimated to be in November 2019)	No target	82 print media & 79 Facebook posts *
	• Provide outreach to other museums and related organisations in the region and community.	233 hrs	No target	205 hrs *

* up to the closure of the museum to the public (12 April 2018).

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

OUTPUTS & OUTCOMES FOR THE YEAR ENDED 30 JUNE 2019

The Experience: Providing access to the collections and telling the Story of Southland through exhibitions, events, publications and learning programmes.				
Outputs	Strategies to achieve Outputs	2018/19 Outcome	2018/19 Target	2017/18 Outcome
Establish a temporary museum presence within the city.	<ul style="list-style-type: none"> Open a temporary museum presence within the city. 	Not achieved. Awaiting building consent for potential venue. Exhibition planning is well advanced with potential opening of venue by December 2019.	Complete by Dec 2018	N/A
	<ul style="list-style-type: none"> Deliver short-term exhibitions within the museum presence. 	Nil as museum presence is not open	Two	N/A
Development and delivery of inspiring education programmes to school children for the Ministry of Education contract for LEOTC (Learning Experiences Outside the Classroom).	<ul style="list-style-type: none"> No. of students participating annually No. of schools participating annually. No. of new education programmes delivered annually. 	1409 ** 27 Primary ** 5 Secondary ** N/A **	4,000 50 Primary 8 Secondary 20	4,159 pupils 53 schools N/A

** LEOTC contract expired on the 31 December 2018 and was not renewed.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

OUTPUTS & OUTCOMES FOR THE YEAR ENDED 30 JUNE 2019

The Development: Planning, consulting and establishing a future direction.				
Outputs	Strategies to achieve Outputs	2018/19 Outcome	2018/19 Target	2017/18 Outcome
Establish a clear strategic direction for the SMAGTB and the future of the museum (including collection and building on the current site)	<ul style="list-style-type: none"> Commission a review of the resources of SMAGTB, the expectations placed on opportunities and realistic expectations. Conduct a review of the governance of SMAGTB 	Consultant's report and recommendations received in June 2019.	Complete by Dec 2018	Consultant commissioned to help develop a 10-year vision and 5-year strategic plan with board and stakeholders
		Independent report commissioned by Invercargill City Council and presented to SMAGTB in February 2019. Currently being considered by Board and funding partners.	Complete by Dec 2018	N/A
	<ul style="list-style-type: none"> Carry out consultation with the community to generate a future vision for a museum 	Completed and the resulting report entitled 'Our Tale' was presented in August 2018.	Complete by Dec 2018	N/A
	<ul style="list-style-type: none"> Begin developing plans for a future museum on the current site 	Subject to ratification by the SMAGTB and funding partners.	In process by Jun 2019	N/A

Independent Auditor's Report

To the readers of Southland Museum and Art Gallery Trust Board's financial statements and statement of service performance for the year ended 30 June 2019

The Auditor-General is the auditor of Southland Museum and Art Gallery Trust Board (the Trust Board). The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Trust Board on his behalf.

We have audited:

- the financial statements of the Trust Board on pages 4 to 20, that comprise the statement of financial position as at 30 June 2019, statement of comprehensive revenue and expense, statement of changes in net assets/equity, cash flow statement and statement of accounting policies for the year ended on that date, and the notes to the financial statements that include other explanatory information; and
- the statement of service performance of the Trust Board on pages 21 to 26.

Qualified opinion

Qualified opinion on the financial statements because of non-recognition of certain heritage assets

In our opinion, except for the effect of the non-recognition of certain heritage assets, described in the *Basis for our qualified opinion* section of our report, the financial statements of the Trust Board on pages 4 to 20:

- present fairly, in all material respects:
 - its financial position as at 30 June 2019; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards Reduced Disclosure Regime.

Unmodified opinion on the statement of service performance

In our opinion, the statement of service performance of the Trust Board on pages 21 to 26 presents fairly, in all material respects, the Trust Board's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust Board's objectives for the year ended 30 June 2019.

Our audit was completed on 5 September 2019. This is the date at which our qualified opinion is expressed.

The basis for our qualified opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for our qualified opinion

As explained in the accounting policies on pages 8 to 14, the Trust Board has not recognised certain heritage assets in the statement of financial position or donated asset revenue in the statement of comprehensive revenue and expense. These are departures from Public Benefit Entity International Public Sector Accounting Standard 17: *Property, Plant and Equipment*, which generally requires assets to be recognised, and the fair value of donated assets to be included as revenue. There are no practical audit procedures that we have been able to apply, to quantify the effect of these departures from the accounting standards. It is our opinion that the heritage assets make up a significant proportion of the Trust Board's total assets. The comparative information in the financial statements also departs from PBE IPSAS 17 for the same reasons.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board for the financial statements and the statement of service performance

The Board is responsible on behalf of the Trust Board for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board also responsible for preparing the statement of service performance for the Trust Board.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Board is responsible on behalf of the Trust Board for assessing the Trust Board's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board intends to liquidate the Trust Board or to cease operations, or has no realistic alternative but to do so.

The Board's responsibilities arise from the Local Government Act 2002 and the Southland Museum and Art Gallery Trust Deed.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts and disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Board's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Trust Board's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Board to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board is responsible for the other information. The other information comprises the information included on page 3, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust Board in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust Board.



Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand

Valedictories

Record No: R/19/8/20102
Author: Fiona Dunlop, Committee Advisor
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Valedictories

- 1 Valedictories enable elected members to reflect on their time on Council.

Recommendation

That the Council:

- a) **Receives the report titled “Valedictories” dated 5 September 2019.**
- b) **Expresses its thanks to the Councillors who are not standing for election in the 2019 Local Authority elections for their service to Southland District Council.**

Attachments

There are no attachments for this report.

Minutes of the Community and Policy Committee Meeting dated 7 August 2019

Record No: R/19/9/20843
Author: Alyson Hamilton, Committee Advisor
Approved by: Alyson Hamilton, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Community and Policy Committee meeting held 7 August 2019 as information.

Attachments

- A Minutes of Community and Policy Committee Meeting dated 7 August 2019 (separately enclosed)

Minutes of the Finance and Audit Committee Meeting dated 18 June 2019

Record No: R/19/7/13049
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Finance and Audit Committee meeting held 18 June 2019 as information.

Attachments

- A Minutes of Finance and Audit Committee Meeting dated 18 June 2019 (separately enclosed)

Minutes of the Finance and Audit Committee Meeting dated 29 August 2019

Record No: R/19/9/20754
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Finance and Audit Committee meeting held 29 August 2019 as information.

Attachments

- A Minutes of Finance and Audit Committee Meeting dated 29 August 2019 (separately enclosed)

Minutes of the Regulatory and Consents Committee Meeting dated 11 July 2019

Record No: R/19/9/20844
Author: Alyson Hamilton, Committee Advisor
Approved by: Alyson Hamilton, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Regulatory and Consents Committee meeting held 11 July 2019 as information.

Attachments

- A Minutes of Regulatory and Consents Committee Meeting dated 11 July 2019 (separately enclosed)

Minutes of the Services and Assets Committee Meeting dated 7 August 2019

Record No: R/19/9/20317
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Services and Assets Committee meeting held 7 August 2019 as information.

Attachments

- A Minutes of Services and Assets Committee Meeting dated 7 August 2019 (separately enclosed)

Minutes of the Services and Assets Committee Meeting dated 4 September 2019

Record No: R/19/9/20752
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Services and Assets Committee meeting held 4 September 2019 as information.

Attachments

- A Minutes of Services and Assets Committee Meeting dated 4 September 2019 (separately enclosed)

Minutes of the Riverton Harbour Subcommittee Meeting dated 17 June 2019

Record No: R/19/9/20330
Author: Alyson Hamilton, Committee Advisor
Approved by: Alyson Hamilton, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Riverton Harbour Subcommittee meeting held 17 June 2019 as information.

Attachments

- A Minutes of Riverton Harbour Subcommittee Meeting dated 17 June 2019 (separately enclosed)

Minutes of the Edendale-Wyndham Community Board Meeting dated 25 June 2019

Record No: R/19/8/19883
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Edendale-Wyndham Community Board meeting held 25 June 2019 as information.

Attachments

- A Minutes of Edendale-Wyndham Community Board Meeting dated 25 June 2019 (separately enclosed)

Minutes of the Edendale-Wyndham Community Board Meeting dated 27 August 2019

Record No: R/19/9/20742
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Edendale-Wyndham Community Board meeting held 27 August 2019 as information.

Attachments

- A Minutes of Edendale-Wyndham Community Board Meeting dated 27 August 2019 (separately enclosed)

Minutes of the Stewart Island/Rakiura Community Board Meeting dated 10 June 2019

Record No: R/19/8/19495

Author: Kirsten Hicks, Committee Advisor/Customer Support Partner

Approved by: Kirsten Hicks, Committee Advisor/Customer Support Partner

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Stewart Island/Rakiura Community Board meeting held 10 June 2019 as information.

Attachments

- A Minutes of Stewart Island/Rakiura Community Board Meeting dated 10 June 2019
(separately enclosed)

Minutes of the Stewart Island/Rakiura Community Board Meeting dated 12 August 2019

Record No: R/19/9/21320

Author: Kirsten Hicks, Committee Advisor/Customer Support Partner

Approved by: Kirsten Hicks, Committee Advisor/Customer Support Partner

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Stewart Island/Rakiura Community Board meeting held 12 August 2019 as information.

Attachments

- A Minutes of Stewart Island/Rakiura Community Board Meeting dated 12 August 2019
(separately enclosed)

Minutes of the Wallacetown Community Board Meeting dated 2 May 2019

Record No: R/19/9/20328
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision

☐ Recommendation

☐ Information

Recommendation

That Council receives the minutes of the Wallacetown Community Board meeting held 2 May 2019 as information.

Attachments

- A Minutes of Wallacetown Community Board Meeting dated 2 May 2019 (separately enclosed)

Minutes of the Wallacetown Community Board Meeting dated 20 June 2019

Record No: R/19/9/20327
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Wallacetown Community Board meeting held 20 June 2019 as information.

Attachments

- A Minutes of Wallacetown Community Board Meeting dated 20 June 2019 (separately enclosed)

Minutes of the Wallacetown Community Board Meeting dated 22 August 2019

Record No: R/19/9/20743
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Wallacetown Community Board meeting held 22 August 2019 as information.

Attachments

- A Minutes of Wallacetown Community Board Meeting dated 22 August 2019 (separately enclosed)

Minutes of the Winton Community Board Meeting dated 10 June 2019

Record No: R/19/9/20923
Author: Alyson Hamilton, Committee Advisor
Approved by: Alyson Hamilton, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Winton Community Board meeting held 10 June 2019 as information.

Attachments

A Minutes of Winton Community Board Meeting dated 10 June 2019 (separately enclosed)

Minutes of the Balfour Community Development Area Subcommittee Meeting dated 24 June 2019

Record No: R/19/9/21077

Author: Rose Knowles, Committee Advisor/Customer Support Partner

Approved by: Rose Knowles, Committee Advisor/Customer Support Partner

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Balfour Community Development Area Subcommittee meeting held 24 June 2019 as information.

Attachments

- A Minutes of Balfour Community Development Area Subcommittee Meeting dated 24 June 2019 (separately enclosed)

Minutes of the Browns Community Development Area Subcommittee Meeting dated 16 May 2019

Record No: R/19/9/20745
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Browns Community Development Area Subcommittee meeting held 16 May 2019 as information.

Attachments

- A Minutes of Browns Community Development Area Subcommittee Meeting dated 16 May 2019 (separately enclosed)

Minutes of the Browns Community Development Area Subcommittee Meeting dated 29 August 2019

Record No: R/19/9/20757
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Browns Community Development Area Subcommittee meeting held 29 August 2019 as information.

Attachments

- A Minutes of Browns Community Development Area Subcommittee Meeting dated 29 August 2019 (separately enclosed)

Minutes of the Dipton Community Development Area Subcommittee Meeting dated 20 March 2019

Record No: R/19/9/20323
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Dipton Community Development Area Subcommittee meeting held 20 March 2019 as information.

Attachments

- A Minutes of Dipton Community Development Area Subcommittee Meeting dated 20 March 2019 (separately enclosed)

Minutes of the Dipton Community Development Area Subcommittee Meeting dated 21 August 2019

Record No: R/19/9/20744
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Dipton Community Development Area Subcommittee meeting held 21 August 2019 as information.

Attachments

- A Minutes of Dipton Community Development Area Subcommittee Meeting dated 21 August 2019 (separately enclosed)

Minutes of the Gorge Road and Districts Community Development Area Subcommittee Meeting dated 11 March 2019

Record No: R/19/9/20326
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Gorge Road and Districts Community Development Area Subcommittee meeting held 11 March 2019 as information.

Attachments

- A Minutes of Gorge Road and Districts Community Development Area Subcommittee Meeting dated 11 March 2019 (separately enclosed)

Minutes of the Gorge Road and Districts Community Development Area Subcommittee Meeting dated 1 July 2019

Record No: R/19/9/20325
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Gorge Road and Districts Community Development Area Subcommittee meeting held 1 July 2019 as information.

Attachments

- A Minutes of Gorge Road and Districts Community Development Area Subcommittee Meeting dated 1 July 2019 (separately enclosed)

Minutes of the Gorge Road and Districts Community Development Area Subcommittee Meeting dated 2 September 2019

Record No: R/19/9/20749
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Gorge Road and Districts Community Development Area Subcommittee meeting held 2 September 2019 as information.

Attachments

- A Minutes of Gorge Road and Districts Community Development Area Subcommittee Meeting dated 2 September 2019 (separately enclosed)

Minutes of the Limehills/Centre Bush Community Development Area Subcommittee Meeting dated 16 May 2019

Record No: R/19/9/20322
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Limehills/Centre Bush Community Development Area Subcommittee meeting held 16 May 2019 as information.

Attachments

- A Minutes of Limehills/Centre Bush Community Development Area Subcommittee Meeting dated 16 May 2019 (separately enclosed)

Minutes of the Limehills/Centre Bush Community Development Area Subcommittee Meeting dated 29 August 2019

Record No: R/19/9/20747
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Limehills/Centre Bush Community Development Area Subcommittee meeting held 29 August 2019 as information.

Attachments

- A Minutes of Limehills/Centre Bush Community Development Area Subcommittee Meeting dated 29 August 2019 (separately enclosed)

Minutes of the Lumsden Community Development Area Subcommittee Meeting dated 17 June 2019

Record No: R/19/8/19376

Author: Rose Knowles, Committee Advisor/Customer Support Partner

Approved by: Rose Knowles, Committee Advisor/Customer Support Partner

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Lumsden Community Development Area Subcommittee meeting held 17 June 2019 as information.

Attachments

- A Minutes of Lumsden Community Development Area Subcommittee Meeting dated 17 June 2019 (separately enclosed)

Minutes of the Manapouri Community Development Area Subcommittee Meeting dated 23 July 2019

Record No: R/19/8/19962

Author: Jenny Labruyère, Committee Advisor/Customer Support Partner

Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision

☐ Recommendation

☐ Information

Recommendation

That Council receives the minutes of the Manapouri Community Development Area Subcommittee meeting held 23 July 2019 as information.

Attachments

- A Minutes of Manapouri Community Development Area Subcommittee Meeting dated 23 July 2019 (separately enclosed)

Minutes of the Mossburn Community Development Area Subcommittee Meeting dated 11 March 2019

Record No: R/19/7/14576

Author: Rose Knowles, Committee Advisor/Customer Support Partner

Approved by: Rose Knowles, Committee Advisor/Customer Support Partner

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Mossburn Community Development Area Subcommittee meeting held 11 March 2019 as information.

Attachments

- A Minutes of Mossburn Community Development Area Subcommittee Meeting dated 11 March 2019 (separately enclosed)

Minutes of the Nightcaps Community Development Area Subcommittee Meeting dated 25 June 2019

Record No: R/19/9/21152
Author: Alyson Hamilton, Committee Advisor
Approved by: Alyson Hamilton, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Nightcaps Community Development Area Subcommittee meeting held 25 June 2019 as information.

Attachments

- A Minutes of Nightcaps Community Development Area Subcommittee Meeting dated 25 June 2019 (separately enclosed)

Minutes of the Orepuki Community Development Area Subcommittee Meeting dated 18 June 2019

Record No: R/19/9/21018
Author: Alyson Hamilton, Committee Advisor
Approved by: Alyson Hamilton, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Orepuki Community Development Area Subcommittee meeting held 18 June 2019 as information.

Attachments

- A Minutes of Orepuki Community Development Area Subcommittee Meeting dated 18 June 2019 (separately enclosed)

Minutes of the Riversdale Community Development Area Subcommittee Meeting dated 24 June 2019

Record No: R/19/9/21078

Author: Rose Knowles, Committee Advisor/Customer Support Partner

Approved by: Rose Knowles, Committee Advisor/Customer Support Partner

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Riversdale Community Development Area Subcommittee meeting held 24 June 2019 as information.

Attachments

- A Minutes of Riversdale Community Development Area Subcommittee Meeting dated 24 June 2019 (separately enclosed)

Minutes of the Thornbury Community Development Area Subcommittee Meeting dated 7 March 2019

Record No: R/19/8/19969
Author: Alyson Hamilton, Committee Advisor
Approved by: Alyson Hamilton, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Thornbury Community Development Area Subcommittee meeting held 7 March 2019 as information.

Attachments

- A Minutes of Thornbury Community Development Area Subcommittee Meeting dated 7 March 2019 (separately enclosed)

Minutes of the Tokanui Community Development Area Subcommittee Meeting dated 15 April 2019

Record No: R/19/9/20324
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Tokanui Community Development Area Subcommittee meeting held 15 April 2019 as information.

Attachments

- A Minutes of Tokanui Community Development Area Subcommittee Meeting dated 15 April 2019 (separately enclosed)

Minutes of the Tokanui Community Development Area Subcommittee Meeting dated 2 September 2019

Record No: R/19/9/20750
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Tokanui Community Development Area Subcommittee meeting held 2 September 2019 as information.

Attachments

- A Minutes of Tokanui Community Development Area Subcommittee Meeting dated 2 September 2019 (separately enclosed)

Minutes of the Woodlands Community Development Area Subcommittee Meeting dated 29 July 2019

Record No: R/19/9/20751
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Woodlands Community Development Area Subcommittee meeting held 29 July 2019 as information.

Attachments

- A Minutes of Woodlands Community Development Area Subcommittee Meeting dated 29 July 2019 (separately enclosed)

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 Forestry Investment

C10.2 Section 17A - Community Facilities Service Delivery Review

C10.3 Review of Resourcing within the Strategic Water and Waste Team

C10.4 Request for Council Approval of Unbudgeted Expenditure - Code Compliance Certificate Project Team

C10.5 Core Systems Review Project - Work Programme Update

C10.6 Great South - Draft Statement of Intent

C10.7 Milford Sound Tourism Limited - 2019 Annual Report

C10.8 Southland Regional Development Agency Board Appointments

C10.9 Southland Regional Development Agency - Asset Transfer

C10.10 Public Excluded Minutes of the Finance and Audit Committee Meeting dated 18 June 2019

C10.11 Public Excluded Minutes of the Finance and Audit Committee Meeting dated 29 August 2019

C10.12 Public Excluded Minutes of the Services and Assets Committee Meeting dated 4 September 2019

C10.13 Public Excluded Minutes of the Nightcaps Community Development Area Subcommittee Meeting dated 25 June 2019

C10.14 Chief Executive's Performance Review 2018/2019

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
Forestry Investment	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.
Section 17A - Community Facilities Service Delivery Review	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.
Review of Resourcing within the Strategic Water and Waste Team	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.
Request for Council Approval of Unbudgeted Expenditure - Code Compliance Certificate Project Team	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.
Core Systems Review Project - Work Programme Update	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry on, 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.
Great South - Draft Statement of Intent	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. 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.
Milford Sound Tourism Limited - 2019 Annual Report	s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied. 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.
Southland Regional Development Agency Board Appointments	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	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.

Southland Regional Development Agency - Asset Transfer	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.
Public Excluded Minutes of the Finance and Audit Committee Meeting dated 18 June 2019	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>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).</p>	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.
Public Excluded Minutes of the Finance and Audit Committee Meeting dated 29 August 2019	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an</p>	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.

	<p>obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>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).</p>	
Public Excluded Minutes of the Services and Assets Committee Meeting dated 4 September 2019	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.
Public Excluded Minutes of the Nightcaps Community Development Area Subcommittee Meeting dated 25 June 2019	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>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).</p>	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.
Chief Executive's Performance Review 2018/2019	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the</p>	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.

	<p>same source and it is in the public interest that such information should continue to be supplied.</p> <p>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).</p>	
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