

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

Date: Wednesday, 22 April 2020

Time: 9am

Meeting Room: Council Chamber Venue: 15 Forth Street

Invercargill

Council Agenda OPEN

MEMBERSHIP

MayorMayor Gary TongDeputy MayorEbel KremerCouncillorsDon Byars

John Douglas
Paul Duffy
Bruce Ford
Darren Frazer
George Harpur
Julie Keast

Christine Menzies Karyn Owen

Margie Ruddenklau

Rob Scott

IN ATTENDANCE

Chief ExecutiveSteve RuruCommittee AdvisorFiona Dunlop

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Full agendas are available on Council's Website

www.southlanddc.govt.nz



Nil



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1 Apologies

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

2 Leave of absence

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

3 Conflict of Interest

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

4 Public Forum

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

5 Extraordinary/Urgent Items

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

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

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

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

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

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

6 Confirmation of Council Minutes

- 6.1 Meeting minutes of Council, 4 March 2020
- 6.2 Meeting minutes of Emergency Council, 24 March 2020



Dog Registration Fees for 2020/2021

Record No: R/19/12/29532

Author: Michael Sarfaiti, Environmental Health Manager

Approved by: Fran Mikulicic, Group Manager Environmental Services

□ Decision □ Recommendation □ Information

Purpose

1 To set the dog control fees for the 2020/2021 year.

Executive Summary

- Council's dog control fees must be prescribed by resolution. It is proposed to increase the working dog fee by \$6 to \$36, and the non-working dog fee by \$10 to \$100.
- To enable the continuation of Council's ability to rehome all unclaimed impounded dogs, staff recommend that Council authorises free fees with respect to Council's authorised rehoming providers, for the first year of the dog's registration.

Recommendation

That Council:

- a) Receives the report titled "Dog Registration Fees for 2020/2021" dated 17 April 2020.
- 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 to set the dog control fees in Attachment A for the 2020/2021 registration year.
- e) Agrees to publicly notify the fees during the weeks starting 1 June 2020 and 15 June 2020.

Background

- The Dog Control Act 1996 requires territorial authorities to set dog control fees. Council currently has approximately 12,000 registered dogs within its District.
- The dog control service operates a register of dogs, investigates complaints about dogs, monitors the District, and promotes responsible dog ownership.

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- The dog control business unit is staffed by a manager, one full-time and part-time dog control officer, a part-time ranger, and a customer services officer. Support services are provided by a contractor (Armourguard) and via a shared service with Invercargill City Council.
- 7 Council has a combined dog pound with Invercargill City Council. Council has a licence to occupy the pound with an exclusive licence to use five of the 28 kennels.

Issues

Increase in fees

- The dog control business unit retains its reserve, as required by the Dog Control Act. This reserve has prevented the need to raise fees over the last five years, but the reserve has been utilised, and so it is necessary to raise fees to fund the business unit. If fees are not raised, the business unit will make an estimated loss of \$150K next year.
- 9 A breakdown of income from the proposed fees is as follows:

	No. of dogs	Proposed fee (incl. GST)	Income (incl. GST)
Working	5,700	36	205,200
Non-working dogs			
P - No discounts	36	100	3,600
P1 - Neutered	0	90	0
P2 - Fenced/controlled	461	80	36,880
P3 - Responsible(microchipped)	83	70	5,810
P12 - Neutered and fenced/controlled	118	70	8,260
P13 - Neutered and responsible (microchipped)	23	60	1,380
P23 - Fenced/controlled and responsible(microchipped)	2,496	50	124,800
P123 - Neutered and fenced/controlled and responsible(microchipped)	3,075	40	123,000
Infringement fines			20,000

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Late fees (estimated)		11,500
TOTAL INCOME		540,430 (incl)
		469,939 (excl.)

- The estimated income to fund the business unit next financial year is \$490,000 (excl. GST); and so a loss may still be incurred.
- Going forward, staff believe that small incremental increases to dog registration fees will be likely most years in order to sufficiently fund the dog control service.

Rehoming providers

13 Council's current fees provide as follows:

Registration fee for a dog that is required to be registered with SDC, that has been impounded by SDC, and released to a SDC authorised rehoming provider (initial registration only)

Free

14 It is proposed to add:

A dog *received by a SDC authorised rehoming provider* for the purpose of rehoming, that is either from the Southland District, or to be rehomed in the Southland District (initial registration only)



- 15 Reasons for this added provision:
 - a) There is limited funding for rehoming providers.
 - b) Costs for their activity include sustenance fees while in their care for the first seven days, and veterinary fees for dogs that require specialist care.
 - c) Council would be required to pay sustenance and veterinary fees if the dogs were in Council's pound, and so Council does not have to pay such costs when in the care of the rehoming agency.
 - d) The alternative would be paying more for euthanasia fees.
 - e) The Council's rehoming arrangements with Furever Homes have had a significant positive animal welfare effect. Over the last several years Council has had a near 100% rehoming success rate of dogs, with the few dogs that are not considered suitable for rehoming being euthanised by a vet. This is not only a great result for dog welfare, but also morale benefits for Council's animal control staff that infrequently have to deliver dogs to be euthanised.

Factors to Consider

Legal and Statutory Requirements

- Section 37 of the Dog Control Act 1996, is concerned with fee setting, and is attached to this report in Attachment B.
- 17 Council is legally required to set the fees by resolution and to subsequently publicly notify these fees.

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Community Views

The views of the community are not required to be sought, either under the Dog Control Act 1996, or in accordance with Council's Significance and Engagement Policy.

Costs and Funding

19 The dog control service is funded mainly from registration fees, and also from infringements, and fees and charges. Council has resolved that dog control is to be fully funded by fees and charges.

Policy Implications

20 This report is consistent with Council's Policy on Dogs 2015. In particular clause 5.2 provides that:

As recognition of responsible dog ownership and to encourage neutering and fenced containment, Council will set fees for non-working dogs that may take into account the following factors:

- whether there is fencing or a fenced enclosure sufficient to contain the dog on the premises
- whether the dog is neutered or spayed
- whether there has been a written warning, barking abatement notice, seizure or infringement under the Dog Control Act 1996 within the previous two years relating to any dog owned by the person applying for the registration
- whether the dog has been microchipped
- a fee for late registration.
- 21 Clause 5.3 of the policy also provides that:

The Dog Control Act 1996 requires that all money received from dog registration fees or other charges levied are to be applied for dog control purposes. The intention of Council is that dog control in the District is on a user pay basis of fees and charges will be set at a level to give effect to that intention.

Analysis of Options

Option 1 – Do not increase fees – status quo.

Advantages	Disadvantages	
dog owners would appreciate the status quo	• the business unit is estimated to lose \$150,000 next financial year	

Option 2 – That Council sets the dog control fees in Attachment A for the 2020/2021 registration year, with any amendments as it sees fit.

Advantages	Disadvantages	
enables the business unit to be adequately funded	some adverse reaction from District dog owners	

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Assessment of Significance

This review is considered to be not significant in accordance with Council's Significance and Engagement Policy.

Recommended Option

Option 2, so that the dog control activity can continue to be sufficiently funded by dog registration fees.

Next Steps

Council's decision will be publicly notified and also on Council's website. The fees will come into effect on 1 July 2020.

Attachments

- A Dog Control Registration Fee Schedule for 2020/21 🕹
- B Section 37 of the Dog Control Act J.
- C Fees comparison with other Councils J

DOG CONTROL FEE SCHEDULE - EFFECTIVE 1 JULY 2020

(All fees GST inclusive)



Registration - Dog (non-working) Discounts	\$100.00
(a) The dog is spayed or neutered	-\$10.00
(b) The dog is in a fenced or controlled property	-\$20.00
(c) Responsible owner (according to Council's criteria) and microchipped dog	-\$30.00
Registration fee inclusive of (a), (b) and (c)	\$40.00
Registration - Working Dog	\$36.00
Late Registration - All Dogs	50%
Registration fee for a dog that is required to be registered with SDC, that has been impounded by SDC, and released to a SDC authorised rehoming provider (initial registration only)	Free
A dog received by a SDC authorised rehoming provider for the purpose of rehoming, that is either from the Southland District, or to be rehomed in the Southland District (initial registration only)	Free

Dog Control Fees

(a)	Dog hearing lodgement fee	\$100.00	
(b)	Multiple dog licence application fee	\$50.00	
(c)	Sale of collars	\$9.00	
(d)	Withdrawal of infringement fee, per infringement	\$30.00	

Microchipping

(a)	Microchipping of a dog registered by SDC	Free
(b)	Commercial breeders that require more than four pups	\$30.00 per dog,
	to be microchipped per registration year	for the fifth and
		subsequent dog

Dog Impounding Fees

(a)	Impounding of dogs	\$150.00
(b)	Sustenance of impounded dog per day or part thereof	\$20.00
(c)	Euthanasia	\$40.00

8.1 Attachment A Page 12

Section 37 Dog Control Act 1996

Territorial authority to set fees

(1) The dog control fees payable to a territorial authority shall be those reasonable fees prescribed by resolution of that authority for the registration and control of dogs under this Act.

- (2) Any resolution made under subsection (1) may—
 - (a) fix fees for neutered dogs that are lower than the fee for dogs that have not been neutered:
 - (b) fix fees for working dogs that are lower than the fee for any other dog, and may limit the number of working dogs owned by any person which qualify for lower fees under this section:
 - (c) fix different fees for the various classes of working dogs:
 - (d) fix fees for dogs under a specified age (not exceeding 12 months) that are lower than the fee that would otherwise be payable for those dogs:
 - (e) fix, for any dog that is registered by any person who demonstrates to the satisfaction of any dog control officer that that person has a specified level of competency in terms of responsible dog ownership, a fee that is lower than the fee that would otherwise be payable for that dog:
 - (f) fix by way of penalty, subject to subsection (3), an additional fee, for the registration on or after the first day of the second month of the registration year or such later date as the authority may fix, of any dog that was required to be registered on the first day of that registration year:
 - (g) fix a fee for the issue of a replacement registration label or disc for any dog.
- (3) Any additional fee by way of penalty fixed under subsection (2)(f) shall not exceed 50% of the fee that would have been payable if the dog had been registered on the first day of the registration year.
- (4) In prescribing fees under this section, the territorial authority shall have regard to the relative costs of the registration and control of dogs in the various categories described in paragraphs (a) to (e) of subsection (2), and such other matters as the territorial authority considers relevant.
- (5) Where any 2 or more territorial authorities have formed a joint standing or joint special committee in accordance with section 7, the resolution of that committee under subsection (1) may fix different fees in respect of dogs kept in the different districts, having regard to the costs of registration and dog control in the districts concerned.
- (6) The territorial authority shall, at least once during the month preceding the start of every registration year, publicly notify in a newspaper circulating in its district the dog control fees fixed for the registration year.
- (7) Failure by the territorial authority to give the public notice required by subsection (6), or the occurrence of any error or misdescription in such public notice, shall not affect the liability of any person to comply with this Act or to pay any fee that is prescribed by the territorial authority under subsection (1).
- (8) No increase in the dog control fees for any year shall come into effect other than at the commencement of that year."

8.1 Attachment B Page 13

Fees Comparison (Simplified)

	WORKING		NON	WORKING	
		Standard	Neutering discount	Good history discount	Fencing discount
Southland (proposed)	\$36	\$100	- \$10	-\$30	-\$20
Invercargill	\$35	\$100	- \$15	-\$30	
Gore	\$25 +\$30 for poor history	\$120	- \$10	-\$30	-\$20
Clutha	\$40	\$50 (rural non- working)			
		\$40 (rural working)			
		\$70 urban (working and non-working)			
		\$50 responsible			
Central Otago	\$12	\$55			
Dunedin	\$52 \$27 (2 nd and subsequent)	\$106	- \$10	- \$46	
Queenstown	\$70	\$155	-\$40	-\$40	-\$40

8.1 Attachment C Page 14



Draft Annual Plan 2020/2021

Record No: R/20/3/8196

Author: Shannon Oliver, Planning and Reporting Analyst Approved by: Rex Capil, Group Manager Community and Futures

□ Decision	☐ Recommendation	\square Information

Purpose

The purpose of this report is for Council to endorse the progression of work on the Annual Plan 2020/2021, on the basis of a 2.65% proposed rates increase and advise of any necessary amendments required prior to completion of the full document for adoption on 23 June 2020.

Executive Summary

- Every three years, Council adopts a ten year plan which is referred to as the 'Long Term Plan (LTP)'. In the intervening years, an Annual Plan is developed to address any variances from the LTP, confirm service levels and budgets for the year and set rates. This is also a requirement under the Local Government Act 2002 (LGA). Year three of Council's LTP 2018-2028 serves as the base for the Annual Plan 2020/2021.
- On 11 March 2020, the World Health Organisation (WHO) declared Covid-19 as a global pandemic. On Monday 23 March the New Zealand alert level was raised to level 3 and it was declared that the alert level would rise to level 4 by 11.59pm on Wednesday 25 March. This meant that the nation went into lockdown for at least four weeks with only essential services running and the majority of New Zealanders staying inside their houses to help reduce the spread of Covid-19.
- As a result of the pandemic there will be widespread impacts within our communities, including but not limited to, an increase in unemployment and widespread economic and social disruption anticipated for some time. On this basis, measures have been taken in this Annual Plan to reduce the rates increase to our ratepayers, without compromising the services that Council delivers to the community. Council has an important role in helping to lead the response and economic recovery from the pandemic and in that sense it is seen as important that Council with the delivery of its services albeit that some of the immediate priorities will change and that it will need to manage a number of new risks.
- As part of these measures, Council reserves have been used to reduce the rates increase, which has resulted in a proposed rates increase of 2.65%.
- The draft Annual Plan 2020/2021 budgets are broadly consistent with what was projected for the 2020/2021 year in the LTP 2018-2028. The majority of changes relate to capital works projects for roading, sewerage and water renewals. These projects were already included in the LTP 2018-2028 and budgeted within the work programme.
- At its meeting on 30 January 2020, Council formally considered the need for consultation on the 2020/2021 Annual Plan. Council confirmed there was no community consultation required for the Annual Plan 2020/2021 as there were no significant variances to the LTP 2018-2028. This

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was in accordance with the Significance and Engagement Policy that was adopted in June 2018 through the LTP process.

- A copy of the draft Annual Plan 2020/2021 key financial statements are included as attachment A. Please note these are subject to change as staff undertake the final review and finalisation of the Annual Plan document.
- 9 The Annual Plan 2020/2021 is scheduled for adoption by Council in June 2020.

Recommendation

That Council:

- a) Receives the report titled "Draft Annual Plan 2020/2021" dated 17 April 2020.
- 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 that the draft Annual Plan 2020/2021 budgets have been prepared based on reasonable judgement and assumptions and that it considers the projected financial results, including the projected operating deficit for 2020/2021, to be financially prudent given its financial position.
- e) Endorses the proposal to progress work on the Annual Plan on the basis of a 2.65% proposed rates increase, noting that while it differs from year three of the LTP, it does not constitute a significant or material change.
- f) Endorses the revised project plan dates as follows:

ANNUAL PLAN KEY TASK	START	END	RESPONSIBILITY
APRIL 2020			
Council meeting on 22 April 2020 - where we have got to now and endorsement to continue including revised key milestone dates	22-Apr-20	22-Apr-20	Project team
Distribute copy of "Annual Plan Information" document to key stakeholders, those on mailing list via email, Facebook and website	30-Apr-20	30-Apr-20	Communications
Compile whole draft Annual Plan document using agreed guidance	22-Apr-20	10-May-20	Project team
MAY 2020			
ELT review of full draft Annual Plan	10-May-20	10-May-20	ELT
Design graphics version of draft Annual Plan	20-May-20	2-Jun-20	Communications
JUNE 2020			
Final checks of designed document	10-Jun-20	12-Jun-20	Project team

Council and Finance and Assurance Committee reports due (note intention to strike rates report also due)	15-Jun-20	15-Jun-20	Project team
Finance and Assurance meeting to recommend adoption of Annual Plan (designed version)	22-Jun-20	22-Jun-20	Project team
Council meeting - Adoption Annual Plan (designed version)	23-Jun-20	23-Jun-20	Project team
Arrange print of final Annual Plan (printers)	23-Jun-20	23-Jun-20	Communications
Add the Annual Plan document to the SDC website	24-Jun-20	24-Jun-20	Communications
Finalise fees and charges booklet, print and deliver on 30 June	24-Jun-20	30-Jun-20	Finance

- g) Endorses the reduction of the Te Anau Airport rate from \$128 (incl GST) to \$67.69 (incl GST) subject to the agreement of the Fiordland Community Board. Noting this reduction is being done by extending the airport loan by one year and deferring the 2020/21 airport loan repayment and by funding the interest charge by adding it to the airport loan balance to be repaid over the life of the loan.
- h) Recognises that resolution 'g' above, will be inconsistent with Council's Revenue and Financing policy because it is funding an operational cost from a loan and that it would be appropriate for Council to consider recording this as an inconsistent decision made in accordance with section 80 of the Local Government Act 2002 should it confirm this decision in setting the rates for the 2020-21 financial year.
- i) Notes that this alternative funding is proposed in response to the potential financial impact of Covid-19 on affordability of rates particularly in the Fiordland rating area and that a review of the Revenue and Financing policy will be undertaken as part of its 2021-31 Long Term Plan but at this stage there are no plans to alter the policy to generally allow the funding of operational costs from loans.

Background

- Once every three years, Southland District Council is required to adopt a Long Term Plan (LTP), and in the intervening years an Annual Plan. These plans set out the service levels and budgets for the coming year as well as being used to set rates.
- Year three of the Council's LTP 2018-2028 serves as the base for the Annual Plan 2020/2021. The Annual Plan 2020/2021 is broadly consistent with what was projected for the 2020/2021 year in the LTP 2018-2028.
- All councils are required by legislation to prepare and adopt an Annual Plan for each financial year before the start of the new financial year. The Annual Plan is not audited.

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- 13 The purpose of an Annual Plan is to:
 - contribute to the accountability of the local authority to the community
 - detail the proposed annual budgets and Funding Impact Statement
 - identify any variation from the financial statements and Funding Impact Statement included in the Long Term Plan (LTP) in respect of the year
 - provide integrated decision-making and co-ordination of the resources of the local authority.
- As part of developing the Annual Plan, community boards and water supply subcommittees were provided the opportunity at their direction-setting meetings to highlight any planned changes for the 2020/2021 financial year from what was budgeted for year three of the Long Term Plan 2018-2028. Hall committees and Council staff were also asked to advise of any changes to fees and charges for the 2020/2021 year.
- On 17 December 2019, Council informally discussed a number of key matters associated with the 2020/2021 Annual Plan, including:
 - proposed fees and charges
 - grants and donations
 - planned capital projects for 2020/2021
 - roading rate model
 - impact on the overall and specific rates for 2020/2021
 - key financial matters, including loans, reserves, forestry dividend, SIESA
 - and local services contracts review.
- At its meeting on 30 January 2020, Council formally considered the need for consultation on the 2020/2021 Annual Plan. Council confirmed there was no community consultation required for the Annual Plan 2020/2021 as there were no significant variances to the LTP 2018-2028. This was in accordance with the Significance and Engagement Policy that was adopted in June 2018 through the LTP process.
- From January to March 2020 management reviewed the 2020/2021 budgets in conjunction with forecasted results for 2019/2020 as well as incorporated known additional costs (predominantly associated with the lease of the two Don Street offices, following seismic results of Council's Forth Street premises). A review of the capital work programme for 2020/2021 was also undertaken by activity managers.
- Subsequently, on 24 March 2020, staff informally briefed Council on the issues associated with the current global pandemic, the approaches being taken to respond to the event and its potential impact on the draft 2020/2021 Annual Plan.

Issues

8.2

19 The Covid-19 pandemic and subsequent lockdown has led to a high level of uncertainty and risk particularly in regard to its potential economic, social and cultural impacts. This is on top of environmental legislation changes such as land and water plans, RMA reforms, increased building control costs and new three waters regulation. The issue of affordability of rates within

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communities means that it is important to try and minimise any proposed rates increase given the current circumstances, while ensuring that Council continues to provide an appropriate level of service to its communities and manage the increased risks that it faces as an organisation such as reductions in other revenue streams and increased costs in providing support during the response and subsequent recovery phases.

The Annual Plan 2020/2021 includes budgets based on best available information at early March 2020. Included in this is planned 2019/20 capital projects that have been forecast to be completed or undertaken in 2020/21. This information was compiled prior to the declaration of the alert level 4 nationwide lockdown. The lockdown will impact on the final operational and/or capital work budgets. Time constraints will not enable Council to evaluate and quantify these changes for this Annual Plan and may result in a higher level of capital works being carried forward to 2020/2021 outside the 2020/2021 Annual Plan. Overall, however this is not expected to have a significant effect on rates that would have been required as part of the 2020/21 Annual Plan as generally capital projects are funded from long term loans, the repayment of which occurs in the year following drawdown.

Cashflow forecasts and funding

- Council is forecast to be in overdraft by 30 June 2020 (\$3.5 million) increasing to \$3.9 million by 30 June 2021. Interest on the overdraft has been allowed for in the budgets at 3.65% consistent with the 2018-2028 LTP assumptions, however this may vary depending on the cashflows of Council throughout the year and the actual interest rates incurred.
- 22 Council is also forecast to be drawing down external debt in 2020/2021 of approximately \$20 million. Interest on the term debt has been allowed for in the budgets at 3.65% and drawn down in full on 1 January 2021 consistent with the 2018-2028 LTP assumptions. Obviously, this may also vary depending on the actual cashflows of Council throughout the year and the actual interest rate incurred, particularly on external debt.
- Council has a district operations reserve which is made up of any unused operational funds offset by operational deficits and costs associated with specific projects. This reserve is forecast to be approximately \$1 million overdrawn at 30 June 2020 and planned to increase further into deficit in 2020/2021. At this stage repayment has not been incorporated. It will, however, need to be considered as part of Council's Long Term Plan when the actual results of operations and planned projects for 2019/20 will be known.

Utilising reserves to offset rate increases

The proposed rate increase for 2020/2021 has been reduced by using \$1.7 million of roading reserves as well as an additional \$0.4 million of the forestry reserve. This is a one-off approach to assist in addressing the potential impact of rates increases on our ratepayers given the effect that the pandemic will have on the economy. This approach may result in a higher rates increase in 2021/2022 and beyond.

Building control

The building control activity exists to manage the risks from development, construction, weather tight home issues and earthquakes. Council has to balance the need for additional resources to ensure that it can meet the required service levels against the flow-on impact that this will have on the level of user fees charged for services. A number of assumptions have been made around the building control activity in developing the 2020/2021 Annual Plan.

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- Increase in fees the building control department is funded 80% from fees and charges and 20% from rates. Fees and charges are the main funding source for this activity reflecting the direct benefit to those who use the service. Fees and charges are proposed to be increased in 2020/2021 by 7.5% in order to cover the proposed increased costs for this activity. This increase is most significant in relation to consents for new dwellings. A 7.5% increase equates to \$245 for a new dwelling less than 300 square metres, or \$295 for a new dwelling larger than 300 square metres. Council's fees in this area are generally lower than neighbouring councils. There is a risk that if the fees and charges are not increased, the increased costs budgeted for will need to be covered from rates and/or reserves.
- Additional costs Council was audited by International Accreditation New Zealand (IANZ) in February 2019 and was advised that IANZ was not satisfied that Council's Code Compliance Certificate processing times and that processes were to the level that they needed to be. Council has taken a number of steps to improve its performance in this area and ensure we meet the required standards. It is important that Council be able to maintain the appropriate standards moving forward to ensure that it can retain accreditation as a Building Consent Authority (BCA). As a result staff have made an allowance for additional resourcing in the Annual Plan 2020/2021. There has been an increase in costs of \$0.9 million between the year three of the LTP and the Annual Plan 2020/2021 which includes staffing and contractor costs.
- New fees and charges the Ministry of Business, Innovation and Employment undertook an audit of Council's Territorial Authority (TA) functions in 2019 and made some recommendations around the work required to be undertaken and the associated fees that could be charged. Staff are proposing to include the following five new fees and charges (including GST) associated with these TA functions in the 2020/2021 Annual Plan:

Swimming pool inspection	\$165.00
Annual renewal of Building Warrant of Fitness	\$111.00
Inspection of Building Warrant of Fitness	\$350.00
Amendment fee	\$400.00
Discretionary exemption fee	\$342.00

It is anticipated that these fees will generate approximately \$150,000-\$200,000 of revenue per annum which can cover the cost of the additional resource required to undertake this work. A separate report will be brought to Council in due course, which will explore the issues and staff propose addressing these more fully.

Changes from year three of the LTP 2018-2028

- 30 The majority of the changes between what was forecasted in the 2020/2021 year in the LTP 2018-2028 from what has been included in the draft Annual Plan 2020/2021 relate to capital works projects. Key changes include:
 - the addition/deferral of \$4.1 million of water capital projects (Lumsden/Balfour, Manapouri, Riverton, Te Anau)
 - the addition/deferral of \$12.5 million of wastewater capital projects (Ohai, Riversdale, Riverton, Stewart Island, Te Anau) noting that Te Anau represents \$11.3 million of this increase (of which \$2 million is funded from a government grant)
 - refurbishment/fit out of the Don Street office (\$0.9 million)
 - Council's 2020/2021 contribution to the Pyramid Bridge replacement (\$0.3 million)

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- \$1 million emergency roading works as a result of the February 2020 floods
- \$1.5 million of bridge renewals.
- Additionally, there are a number of changes to operational costs from what was forecast in the LTP 2018-2028 for 2020/2021. Key operational changes include:
 - increased water maintenance costs (\$0.3 million)
 - increased rubbish and recycling costs, including Emission Trading Scheme (\$0.3 million)
 - lease of two Don Street offices and associated costs (\$0.4 million)
 - \$1.8 million Milford Opportunities Project costs (fully funded by government grants)
 - additional contractors required to assist with building regulation activities (\$0.5 million), partially offset by increased revenue
 - increase employee related costs (\$1.9 million)
 - loss of revenue from Venture Southland (\$0.3 million)
 - reduction in internal loan repayments (\$0.3 million)
 - increase in external loan repayments (\$0.1 million).
- Where appropriate loan funding is used to fund capital expenditure with the following reserve transfers being utilised to reduce the impact on the 2020/2021 rates increase:
 - transfer from the forestry reserve to reduce rates (\$0.4 million)
 - utilisation of the roading reserve to reduce the roading rate (\$1.7 million).

Te Anau Airport Manapouri rate

- As part of the response to Covid-19, the government has shut the borders to New Zealand for overseas visitors and mandated a one month lockdown. The impact of this has seen the tourism market and those associated with provision of goods and services to the tourism market particularly affected.
- 34 Councillor Kremer has noted the impact of the loss of tourism on the Fiordland Basin as a result of this event and also the recent flooding. In response to this he has asked Council staff to look at the possibility of reducing the airport rate for the coming year with the potential of also extending this reduction as part of discussions around Councils 2021-31 Long Term Plan.
- The Te-Anau Airport Manapouri rate is set at \$128 incl GST per rating unit per year, projected to raise \$361,471 in 2020/21. 47% of the rate relates to the repayment of interest and principal on the airport loan. 53% relates to the annual operation of the airport and funds transferred to the airport reserve to fund future capital projects.
- 36 It is important to note, as previously indicated that the annual operations of the airport, may be affected by Covid-19, both in terms of potential reductions in income as well as some expenditure. The current estimates are based on the best information known in early March 2020.
- 37 Council's Revenue and Financing Policy outlines in section 2.3 that operating expenditure should be met from funding sources such as rates, reserves, user fees and charges. Capital expenditure can also be met from loans. Although Council's policy indicates these preferred funding sources, where Council makes a significantly inconsistent decision it can as a result of section 80 of the

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Local Government Act 2002, clearly identify as part of the decision the inconsistency, the reasons why and the intention or not to amend the policy to accommodate the decision.

38 Options, including advantages and disadvantages are noted below

Option	Advantages	Disadvantages
Make the rate zero, by utilising the airport reserve to fund costs for the year	Attempts to recognise and mitigate the effect of Covid-19 on the affordability of rates. In line with Council's revenue and financing policy Gives the maximum amount of financial benefit to ratepayers for the year	The reserve funds used will not be available for the future capital programme. The current ratepayer base are not contributing to the annual cost of the service.
Reduce the airport rate by effectively taking a mortgage holiday. This means that no annual loan repayment would be made, by adding one year to the loan. Additionally the annual interest charge could be added to the airport loan balance, to be repaid over the loan term.	Attempts to partially recognise and mitigate the effect of Covid-19 on the affordability of rates. Gives a partial financial benefit to ratepayers for the year. Still recognises that the majority of operational costs (excl interest) should be met from the current ratepayer base.	The current ratepayer base are not contributing to the full cost of the service. Inconsistent with Council's Revenue and Financing Policy

39 Discussions with Councillor Kremer, indicate a preference, subject to Fiordland Community Board agreement, in recognising that a level of operational costs should be met from current ratepayers, although the addition of a mortgage holiday will result in interest being added to the loan balance repaid over the term of the loan.

Updated project plan

40 The following table shows the updated project plan

ANNUAL PLAN KEY TASK	START	END	RESPONSIBILITY
APRIL 2020			
Council meeting on 22 April 2020 - where we have got to now and endorsement to continue including revised key milestone dates	22-Apr-20	22-Apr-20	Project team
Distribute copy of "Annual Plan Information" document to key stakeholders, those on mailing list via email, Facebook and website	30-Apr-20	30-Apr-20	Communications

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Compile whole draft Annual Plan document using agreed guidance	22-Apr-20	10-May-20	Project team
MAY 2020			
ELT review of full draft Annual Plan	10-May-20	10-May-20	ELT
Design graphics version of draft Annual Plan	20-May-20	2-Jun-20	Communications
JUNE 2020			
Final checks of designed document	10-Jun-20	12-Jun-20	Project team
Council and Finance and Assurance Committee reports due (note intention to strike rates report also due)	15-Jun-20	15-Jun-20	Project team
Finance and Assurance meeting to recommend adoption of Annual Plan (designed version)	22-Jun-20	22-Jun-20	Project team
Council meeting - Adoption Annual Plan (designed version)	23-Jun-20	23-Jun-20	Project team
Arrange print of final Annual Plan (printers)	23-Jun-20	23-Jun-20	Communications
Add the Annual Plan document to the SDC website	24-Jun-20	24-Jun-20	Communications
Finalise fees and charges booklet, print and deliver on 30 June	24-Jun-20	30-Jun-20	Finance

Engagement with the public/feedback opportunities

- Local authorities need to consult with the public during the Annual Plan process if the Annual Plan includes significant or material differences from the content of the LTP for the financial year to which the proposed Annual Plan relates (see section 95A).
- The Local Government Act (2002) provides guidance on the types of differences and variations that will require consultation. This includes:
 - significant or material variations or departures from the financial statements or funding impact statement
 - significant new spending proposals; and
 - a decision to delay or not proceed with a significant project.
- At the Council meeting on 30 January 2020, the Annual Plan 2020/2021 variations were assessed and it was agreed that there are no significant variations that would result in a need for formal consultation. It was also agreed to provide information to the public in an Annual Plan information document. This update document was scheduled for release in March 2020 but due to the impacts of Covid-19 has been delayed until late April, early May 2020.
- A proposed project plan was approved by Council in January 2020, however this has been revised in response to the Covid-19 pandemic and subsequent lockdown, and presented to Council above (para 37) for endorsement.
- Stakeholders and the public are encouraged to provide feedback on the Annual Plan information document which will be available online on Facebook and Council's website. Feedback can also

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be provided in person via live streaming of public forum in Council committee meetings or via Council's engagement platform - www.makeitstick.nz

Wellbeings

46 The Covid-19 pandemic and subsequent lockdown has led to a high level of uncertainty and risk around cost to the economy, and wider social and cultural impacts. It is unknown at this stage what the long term impacts on the district's wellbeing will be. The Annual Plan relates to the next financial year 1 July 2020 to 30 June 2021.

Economic

- As a result of the Covid-19 shutdown it is predicted that a number of businesses will close permanently and there could be an economic recession. It is also likely that the unemployment rate can be expected to remain elevated for a significant period of time.
- Some economists estimate that unemployment will increase from the current 4% to somewhere between 15% and 30%. That is an additional 300,000 to 720,000 people left jobless across the country. Many of these will be from small businesses operating in regional New Zealand (www.medium.com).

Social

- 49 The flow on effects of Covid-19 are currently unknown. It is suggested however that there will be an increase in mental health issues (including higher rates of suicide), more heart attacks, strokes and general health issues brought about by stress and/or heightened impoverishment (BNZ Markets outlook 2020).
- There could also be long-term health problems (including reduced life expectancy for some) as a consequence of the pressure (both financial and physical/mental) being faced now.
- Post lockdown people may continue to use new technology such as video conferencing to stay in contact and to strengthen social ties.
- The move to strengthen Council's community-led development will be particularly important throughout this period, as communities seek to find their own way forward in a new environment, and new opportunities in light of the challenges now faced.

Cultural

Many different cultural practices cannot occur during the current lockdown period as they involve larger groups of people. For example tangi (Maori funeral rituals). It is expected that all cultural practices will recommence and be a particular focus for communities after being isolated during the lockdown period.

Environmental

54 Some of the environmental legislation changes and reforms may be delayed as a result of Covid-19. For example national policy standards changes, 3 water regulations and Resource Management Act (RMA) reforms.

Factors to Consider

Legal and Statutory Requirements

The Annual Plan is a statutory requirement under the Local Government Act 2002 (section 95).

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All local authorities are required by legislation to prepare and adopt an Annual Plan before the commencement of the financial year to which it relates (1 July 2020).

Community Views

- 57 Local authorities need to consult with the public during the Annual Plan process only if the Annual Plan includes significant or material differences from the content of the LTP for the financial year to which the proposed Annual Plan relates.
- As Council is not consulting on the Annual Plan 2020/2021, stakeholders, groups and individuals are encouraged to provide feedback through Council's social media sites including Facebook, Council website or www.makeitstick.nz. There is also opportunity to provide feedback to Council through public forum at any Council or Committee of Council meeting by live streaming during Covid-19 lockdown, or in person at a Council meeting once the lockdown is lifted.
- 59 Council's nine community boards were involved in the direction setting for the Annual Plan 2020/2021 and provided input into the project work plan for their areas and the fees and charges for the local assets. This feedback has been included in the Annual Plan 2020/2021.

Costs and Funding

- There are various costs incurred in compiling the Annual Plan including staff costs and budgets. These are included in Council's annual budgets and funded accordingly.
- The specific financial implications of the changes made to the final Annual Plan are outlined in the financial considerations section below.

Policy Implications

- The changes set out in the Annual Plan are consistent with Council's current Financial Strategy, Infrastructure Strategy and policies, including the Revenue and Financing Policy except for the potential adding of the interest on the Te Anau Airport Loan to the Te Anau Airport Loan.
- 63 No policies have been amended as part of the Annual Plan development process.

Financial considerations

64 The financial implications of the proposed Annual Plan 2020/2021 are noted below:

Rating impact

- the proposed rate increase for 2020/2021 is 2.65%, compared to 3.27% in the LTP 2018-2028.
- this reduction in proposed rates has been achieved by using roading and forestry reserves to offset increased costs in 2020/2021. This is a one-off approach to assist in addressing the potential impact of rates increases on our ratepayers given the effect that the Covid-19 pandemic will have on the economy and is not sustainable in future years.

Impact on financial reports

• the consolidated impacts of the changes are shown in the draft forecast statement of comprehensive income and statement of financial position included in Attachment A of this report. Please note these may be subject to change as staff undertake the final review and finalisation of the Annual Plan document.

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- in comparing the draft Annual Plan 2020/2021 forecast deficit to year three of the LTP 2018-2028, the deficit has increased \$1.6 million, from \$3.1 million to \$4.7 million.
 - o increased revenue (\$6.7 million) is forecast from NZTA \$1.8 million and grants and subsidies (\$4.7 million). The grants expected to be received are for the Te Anau Wastewater project \$2 million, Milford Opportunities Project \$1.8 million, SIESA \$0.5 million and Stewart Island Jetties \$0.4 million.
 - this revenue is offset by increased costs, being employee associated costs (\$2.3 million) and other Council expenditure (\$5.8 million). Increased employee related costs are as a result of the need to continue to meet ongoing service and legislative requirements and as a result of some functions and associated positions being transferred from Venture Southland. Other Council expenditure includes costs relating to the Milford Opportunities Project, SIESA wind energy project and building regulation area (\$2.8 million), flood damage reinstatement works (\$1 million), office lease (\$0.3 million), and Council's contribution to Pyramid Bridge (\$0.3 million).
- the prospective statement of financial position in the draft Annual Plan incorporates 30 June 2019 actual balances (as opening balances) as well as changes resulting from revised forecasts for 2019/2020.
 - the main variance from year three of the LTP 2018-2028, is the increase in property, plant and equipment and external debt which is due to the increase in planned capital works including the Te Anau Wastewater project.

Compliance with financial strategy

The draft Annual Plan is in compliance with the key financial indicators outlined in the financial strategy, being specifically:

- rates increases to be no more than Local Government Cost Index (LGCI) + 2.0%. For 2020/2021 in the 2018-2028 Long Term Plan, the LGCI was budgeted at 2.2%, resulting in a limit of 4.2%. The revised LGCI forecast for June 2021 based on BERL forecasts at September 2019 remains at 2.2%. The draft rates increase proposed is 2.65%
- total debt not to exceed 100% of total annual revenue. Council anticipates it will require \$20 million of long term external debt in the 2020/2021 year (to be repaid over 30 years). Additionally, Council is forecast to be in overdraft at 30 June 2021 of \$3.9 million.

Analysis

Options Considered

Analysis of Options

65 There are two options to be considered in this report:

Option 1: confirm the proposed approach and revised project plan

Option 2: make amendments to the proposed approach and revised project plan

Option 1 – confirm the proposed approach and revised project plan

Advantages	Disadvantages
Council will comply with statutory requirements and timeframes	• the utilisation of reserves to reduce rates is a short term measure.
is consistent with the overall direction set through the LTP 2018-2028, and the expectation of stakeholders and communities	
• will enable rates to be set for the 2020/2021 financial year	
recognises the changed environment resulting from the Covid-19 pandemic.	

Option 2 – make amendments to the proposed approach and revised project plan

Advantages	Disadvantages
• provides the opportunity to reconsider the implications of amending the budgets and associated rate movements.	if substantial amendments are made there is a risk that Council will not comply with statutory timeframes
	rates will not be able to set for the 2020/2021 financial year until an Annual Plan is adopted
	will be inconsistent with the expectation of stakeholders and communities that Council works towards the adoption of an Annual Plan in an efficient and effective manner.

Assessment of Significance

The draft Annual Plan 2020/2021 does not contain significant variance from year three of the LTP 2018-2028. Therefore it did not meet the significance threshold in the Significance and Engagement Policy and the process for formal consultation was not undertaken.

Recommended Option

67 Staff recommend Option 1 – that Council confirms the proposed approach and revised project plan.

Next Steps

- 68 If resolution 'g' is adopted a report on the potential reduction of the Te Anau Airport rate will be prepared and presented to the Fiordland Community Board.
- 69 The full draft Annual Plan 2020/2021 document will be provided to the Finance and Assurance Committee for their review and formal recommendation to Council for adoption on 22 June 2020.

- 70 The draft Annual Plan will be presented to Council for adoption on 23 June 2020.
- 71 Following Council adoption, the Annual Plan 2020/2021 will be made available on the Council's website www.southlanddc.govt.nz.

Attachments

A Prospective financial statements for the year ending 30 June 2021 J



Draft Prospective Financial Statements for the year ending 30 June 2021

	AP 19/20	AP 20/21	LTP 20/21
	(\$000)	(\$000)	(\$000)
REVENUE			
RATES REVENUE	48,411	49,698	49,924
OTHER REVENUE	8,372	8,317	7,797
INTERESTS AND DIVIDENDS	68	73	73
LAND TRANSPORT NEW ZEALAND FIN	13,129	15,507	13,795
GRANTS AND SUBSIDIES	4,171	5,306	561
OTHER – GAINS/(LOSSES)	(1,447)	(258)	(237)
VESTED ASSETS		-	_
DEVELOPMENT AND FINANCIAL CONT	368	24	46
	73,073	78,666	71,959
EXPENDITURE			
EMPLOYEE BENEFIT EXPENSES	13,388	15,279	12,977
DEPRECIATION AND AMORTISATION	23,183	23,815	23,808
FINANCE COSTS	22	422	304
OTHER COUNCIL EXPENDITURE	39,834	43,851	38,007
	76,427	83,367	75,096
SURPLUS/(DEFICIT) AFTER TAX	(3,354)	(4,702)	(3,138)
INCOME TAX BENEFIT	-	-	-
SURPLUS/(DEFICIT) AFTER TAX	(3,354)	(4,702)	(3,138)
SHARE REVALUATION	-	-	-
ASSET REVALUATION RESERVES	30,544	31,324	31,324
TOTAL COMPREHENSIVE RESERVE AND EXPENDITURE	27,191	26,623	28,186

Draft Prospective Financial Statements

Southland District Council Te Rohe Pôtae o Murihiku



8.2 Attachment A Page 30



	AP 19/20	AP 20/21	LTP 20/21
	(\$000)	(\$000)	(\$000)
EQUITY			
RETAINED EARNINGS	716,633	717,331	713,041
ASSET REVALUATION RESERVES	830,003	883,988	842,453
SHARE REVALUATION	2,369	2,666	1,916
OTHER RESERVES	39,681	34,458	39,042
	1,588,686	1,638,444	1,596,452
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	(3,173)	(3,932)	1,951
TRADE AND OTHER RECEIVABLES	4,633	9,840	7,466
INVENTORIES	85	111	66
WORK IN PROGRESS	-	-	-
OTHER FINANCIAL ASSETS	314	314	334
	1,860	6,332	9,818
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	1,582,338	1,649,670	1,591,380
INTANGIBLE ASSETS	2,521	3,449	2,859
FORESTRY ASSETS	10,342	10,009	10,317
WORK IN PROGRESS	-	-	-
LONG TERM INVESTMENTS	607	-	826
	1,595,808	1,663,128	1,605,381
TOTAL ASSETS	1,597,668	1,669,460	1,615,199
CURRENT LARGE TELES			
CURRENT LIABILITIES	4.404	7.044	7.450
TRADE AND OTHER PAYABLES	4,481	7,064	7,452
CONTRACT RETENTIONS AND DEPOSIT	571	325	74
EMPLOYEE BENEFIT LIABILITIES	1,675	1,652	1,609
DEVELOPMENT AND FINANCIAL LIABILITIES	2,189	2,115	1,880
LANDFILL CONTINGENCY – CURRENT	14	13	13
CURRENT PORTION OF TERM LOANS	-	380	155
	8,931	11,549	11,182

Draft Prospective Financial Statements

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NON-CURRENT LIABILITIES			
EMPLOYMENT ENTITLEMENTS	49	18	67
PROVISION FOR DECOMMISSIONING	2	-	-
TERM LOANS	-	19,449	7,497
	51	19,467	7,564
TOTAL LIABILITIES	8,982	31,016	18,746
NET ASSETS	1,588,686	1,638,444	1,596,452



Draft Prospective Financial Statements

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8.2 Attachment A Page 32



Great South - Draft Statement of Intent 2020-2021

Record No: R/20/3/6020

Author: Rex Capil, Group Manager Community and Futures

Approved by: Steve Ruru, Chief Executive

□ Decision	☐ Recommendation	☐ Information	
	_ 1100011111101110111		

Purpose

1 This report seeks Council approval for revised guidance and purchasing requirements for Great South given the changes created by the COVID-19 pandemic.

Executive Summary

- The Southland Regional Development Agency Ltd, trading as Great South, is a limited liability company incorporated under the Companies Act 1993. It operates in accordance with its constitution and is a council controlled organisation as per the Local Government Act 2002 and as such the board is required to produce a statement of intent.
- The process and requirements for developing the statement of intent are detailed in the Local Government Act 2002, the Southland Regional Development Agency Ltd Shareholders Agreement and the Southland Regional Development Agency Ltd Constitution.
- 4 Primarily, in accordance with section 64(1) of the Local Government Act 2002 every council controlled organisation must prepare and adopt a statement of intent. Section 64(2) further highlights the purpose of the statement of intent is to highlight publically the activities to be undertaken, the intentions and objectives that the activities will contribute to; provide an opportunity for shareholders to influence the direction of the council controlled organisation; and provides a basis for accountability of the directors to the shareholders for the performance of the organisation.
- To this end Great South provided, on 28 February 2020, a draft Statement of Intent 2020-2021, which had been developed based on the expectations approved by Council in December 2019 and the Mayoral Forum letter of expectation that was finalised at the end of January 2020.
- The principles of the relationship between Great South and the shareholder councils remain unchanged and are highlighted in the mayoral letter of expectation which are based on the following roles and responsibilities:
 - Mayoral Forum and Joint Shareholders Committee sets the direction and establishes the regional priority areas of focus for Great South by way of the annual letter of expectation
 - Great South Board governs, oversees resource allocation and monitors performance of the organisation by way of an annual statement of intent
 - Great South management plans, delivers and reports to the Great South Board by way of an annual business plan and report.

- 7 The letter also reinforced the importance of the success of Great South and offered insights to the direction sought by the Mayoral Forum specifically related to the following themes, which have remained unchanged from when Great South was first established:
 - recognising that while some time has passed since the Southland Regional Development Strategy was produced it is still the guiding document for regional development activity whether that work is undertaken by Great South or other agencies
 - regional priorities and regional actions should remain the focus of Great South
 - the focus should be on a smaller number of high priority value added initiatives that develop the Southland region rather than individual communities
 - the focus should be on promoting new investment to support development across the whole of the Southland region.
- Since the original letter of expectation was developed, and first draft of the Great South statement of intent for 2020-2021, the COVID-19 pandemic has 'taken hold' with widespread public health and economic impacts around the world. It is considered appropriate that Great South should revise its proposed areas of focus and statement of intent for the 2020-2021 financial year to ensure that it can respond appropriately to the effects that the pandemic is expected to have on Southland communities.
- 9 It is important for Council to recognise that during the development of the original draft statement of intent and then working through the redraft process there has been positive and constructive progress made involving all parties in getting to this point.
- 10 It is acknowledged that this is the second year of Great South's operation and it is reassuring that the statement of intent builds on the progress made last year and refines and refocuses the work to be completed in an ever-changing environment.
- To this end, for continuity and establishing a strong foundation to build on going forward, it is reassuring that the vision, goals, the roles related to how it operates and contributes, values, areas of focus will remain similar. What the redraft has focussed on is with respect to the objectives and performance measures which have had to be reassessed as a result of COVID-19.
- 12 Council has the opportunity to reconfirm and further specify its priority areas of investment recognised in the draft statement of intent when it enters into the investment agreement with Great South for core contribution and purchase and supply of service/deliverables for the period 1 July 2020 30 June 2021.

Recommendation

That Council:

- a) Receives the report titled "Great South Draft Statement of Intent 2020-2021" dated 17 April 2020.
- 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) Notes the progress that has been made since the establishment of Great South and recognises the efforts of the Great South Board in working effectively alongside Council as a shareholder and purchaser of service.
- e) Recognises that subsequent to the preparation of the Mayoral Forum letter of expectation and the original Great South draft statement of intent, the COVID-19 pandemic event has occurred and the global impact as a result of this has had an unprecedented effect on the Southland region.
- f) Acknowledges that the COVID-19 pandemic event impact is in the response and mitigation phase and has created a volatile and fast changing environment at an international, national, regional, District and local level.
- g) Agrees that Great South has a role to play for the Southland region in supporting regional response, recovery, and restart phase initiatives alongside other national and regional partner organisations.
- h) Agrees that the Great South Statement of Intent 2020 2021 should reflect the changing environment as a result of the COVID-19 pandemic.
- i) Acknowledges that as a result of the COVID-19 pandemic event the requirement for Great South to reprioritise and refocus its work programme to respond and this will be different to what was proposed as per the original Mayoral Forum letter of expectation and associated original Great South draft Statement of Intent.
- j) Agrees that the principles used to drive the draft statement of intent refocus and realignment process should recognise that Great South:
 - has an important role to play, alongside of other agencies, in providing support to Southland communities given its role as a regional development agency
 - will need to collaborate and work with a range of national, regional and District stakeholders in providing support to Southland communities

- should realign its work programme to support the new external environment including new stakeholder needs and priorities and that this will require some reprioritisation of existing workloads and resources
- will need to remain 'nimble' and flexible in its approach to ensure that it can respond quickly to changes that might occur as the COVID-19 pandemic and its associated effects on the economy and different communities unfold
- will need to change existing and/or develop new processes and tools to support delivery of the new priorities
- operate in a transparent and open manner, particularly in regard to the information and resources it utilises to deliver its services.
- k) Confirms as a result of the COVID-19 pandemic event and following a review of its priorities and levels of investment in Great South for 2020 2021 to reallocate resource to Great South areas of focus as follows:

Statement of Intent 2020 - 2021	Letter of expectation – SDC level of investment	Revised SDC level of investment as a result of COVID-19
Core contribution	\$500,000	\$500,000
Regional economic development	\$200,000	\$100,000
Business support services	\$Nil	\$250,000
Regional tourism development	\$210,000	\$100,000
Regional event delivery	\$ 90,000	\$ 50,000

- I) Notes that Council will support District and local community recovery initiatives alongside other external agencies as part of Council's community leadership function and based on the community led development approach.
- m) Delegates to the deputy mayor and chief executive officer authority to provide any final comments to Great South as the redrafted Statement of Intent 2020 2021 is finalised and subsequently negotiate and execute the investment agreement for 2020 2021.

Background

- 13 The Southland Regional Development Agency Ltd (SRDA) was incorporated on 29 March 2019 as a limited liability company and began its operation on 1 July 2019 using the trading name of Great South.
- Great South is a council controlled organisation as per the Local Government Act 2002 and the board is required to produce an annual statement of intent.

Council

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- 15 At the Council meeting on 18 December 2019 Council agreed to:
 - endorse the Southland Regional Development Agency Smart Purchaser Framework approach to assist with informing the Mayoral Forum developing its letter of expectation to Great South
 - confirm the high level Southland District Council regional development activity areas of focus and associated level of investment to be incorporated in the Mayoral Forum Letter of expectation to Great South to assist with its preparation of the statement of intent, being:

core contribution

\$500,000

regional economic development \$200,000

regional tourism development

\$210,000

regional event delivery

\$ 90,000

- delegate authority to Mayor Tong to present, and amend if necessary, Council's priority areas to the Mayoral Forum and other shareholders as part of the process of finalising the letter of expectation and investment agreements with Great South.
- 16 This was subsequently followed up at the Mayoral Forum and used to prepare the letter of expectation which was presented to Great South early in February 2020. It is that letter of expectation which was used by Great South to inform the preparation of the draft statement of intent that was sent to shareholding councils on 28 February 2020.
- 17 The 28 February 2020 draft set out the overall intentions and activities for Great South for the next financial year, and the objectives to which the activities contribute. It generally reflected the expectations that were set via the letter of expectation and built on the progress that had been made in their first year of operation.

COVID-19 pandemic

- The COVID-19 pandemic has created a fundamentally different environment and outlook to that which existed back in December 2019, when Council confirmed its priorities and at the start of 2020 when Great South started production of their first draft statement of intent, which led to the draft that Council received on 28 February. As a result staff are of the view that a revised draft statement of intent is required.
- In developing and considering Southland District Council reprioritisation opportunities there has been work undertaken to assess and consider the potential impacts of COVID-19 on the Southland region and District in particular. This assessment has involved a desktop scan of information and analytics available as the pandemic unfolds and also feedback from community representatives and other agencies in the response phase. It has also involved consideration of the situation directly with Great South and other local authority staff in what has been an iterative process to ensure that there is a level of agreement between the parties involved. The Mayoral Forum has also discussed the need for a change in approach.
- The work completed is being used by Great South to produce a revised draft statement of intent, which should be available by Friday 17 April 2020. It is intended that this revised draft will then go to the Great South Board for approval at a scheduled meeting on 21 April 2020, prior to it being formally resubmitted to shareholders.

Council

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In developing the proposed new expectations staff have developed a number of principles and objectives as well as a suggested reallocation of funding and resultant new priorities.

High level principles

- As a result of the COVID-19 pandemic event the Great South Statement of Intent 2020 2021 requires a refocus and realignment to ensure that it reflects the new environment.
- The aim is to keep the redrafted statement of intent simple and focussed on the actions that are needed in 2020-2021, recognising that there may be a need for further changes in focus depending on how the pandemic, and its flow-on effects, unfold over the next 12 months.
- In the initial period, and over the next year in particular, it is expected that there will need to be a high level of priority placed on the provision of a range of practical business support services for local industry. A number of businesses, such as those in the tourism, hospitality and other service industries will likely need help to work out what the changed environment and economic outlook might mean for their particular business.
- Over time there will be a gradual shift in focus from a response and mitigation phase to the recovery and restart/reactivation phases with the majority of the work required in this area expected to occur in the 2021 2024 period.
- It is proposed that the principles used to drive the refocus and realignment process proposed should recognise that Great South:
 - has an important role to play, alongside of other agencies, in providing support to Southland communities given its role as a regional development agency
 - will need to collaborate and work with a range of national, regional and District stakeholders in providing support to Southland communities
 - should realign its work programme to support the new external environment including new stakeholder needs and priorities. This will require some reprioritisation of existing workloads and resources
 - will need to remain 'nimble' and flexible in its approach to ensure that it can respond quickly
 to changes that might occur as the COVID-19 pandemic and its associated effects on the
 economy and different communities unfold
 - will need to change existing and/or develop new processes and tools to support delivery of the new priorities
 - operate in a transparent and open manner particularly in regard to the information and resources it utilises to deliver its services.

Areas of focus and levels of investment

In terms of revising the high level Southland District Council regional development activity areas of focus and associated level of investment; and to assist Great South with its preparation of the redrafted statement of intent; as a result of the early indicators of the impact of the COVID-19 pandemic, the following reallocation of SDC resource is suggested, being:

Statement of intent 2020 - 2021	Letter of expectation – SDC level of investment	Revised SDC level of investment as a result of COVID-19
Core contribution	\$500,000	\$500,000
Regional economic development	\$200,000	\$100,000
Business support services	\$nil	\$250,000
Regional tourism development	\$210,000	\$100,000
Regional event delivery	\$ 90,000	\$ 50,000

As part of the refocus and realignment process for the Great South Statement of Intent 2020 – 2021 the following has also been provided to Great South to provide some idea of the indicative outcomes and deliverables that will form part of the investment agreement that supports the services that Council is purchasing:

Regional economic development \$100,000

29 Inclusive of:

Economic diversification

• priorities identified through the Southland Regional Development Strategy still remain the core focus for moving forward. These were focussed on aquaculture, tourism and then primary industry extension etc.

Employment and training

- continue to develop and align the Youth Futures Project to the new environment
- develop and establish job matching schemes in partnership with MSD

Business support services \$250,000

30 Inclusive of:

Advisory and network connection opportunities

- expand and build on the NZTE funded Regional Business Partner Programme and other central government programmes and packages that are created and available in response to COVID-19
- work with national, regional and local business advisory networks to establish a current/live inventory of business support packages, support agencies, advisory services available to SMEs
- directly focus resource on aligning and linking SMEs in the Southland District area to appropriate agencies and programmes to offer targeted support

Council

22 April 2020

- foster and promote business support programmes tailored to support and assist businesses in accommodation, hospitality, service sector support industries and rural communities
- establish in conjunction with Iwi, ICC, SDC, GDC, Chamber of Commerce et al a Southland SME Business Recovery Taskforce.

Regional tourism development \$100,000

31 Inclusive of:

Destination management

- refocus resource and support to existing product and product development opportunities (as identified in the SMDS) to support industry and operator resilience, viability and long term sustainability
- align with central government and national industry led initiatives that support a nationally coordinated and industry led domestic marketing and NZ pride in place initiative
- establish in conjunction with Iwi, ICC, SDC, GDC, DF, ILT et al a Southland Tourism Sector Recovery Taskforce

Regional event delivery

\$50,000

32 Inclusive of:

Sector leadership

• support event organisers/providers to develop a coordinated and focussed destination event schedule to align with the above domestic marketing approach.

Issues

- 33 The refocus of priorities and support being directed into areas of need identified as a result of COVID-19 will require a good level of change for Great South. This is not only about what is done, but also about what is not done. It will mean some areas of the 'old' business as usual should no longer be required and will not need to be resourced.
- 34 The investment agreement between Council and Great South, to be developed and signed off in June 2020, will provide clarity and confirmation with regards accountabilities and reporting requirements.
- Great South has recognised it needs to change the language used when redrafting its statement of intent. In particular, the language used or story being told needs to reflect the uncertainty created by COVID-19 and that the approaches that will be required through the response and mitigation phase followed by the recovery, rebuild and reactivation phases will be quite different to the aspirational language that had been used in the original draft statement of intent.
- All parties recognise the need to support a staged approach to the response phase and that this will continue to be developed as more information becomes available and the effects are further understood over time. To this end the statement of intent needs to recognise Great South's need to be agile and to have the ability to come back to its shareholders and confirm some variation to its approach and priorities as necessary.

Council

22 April 2020

- 37 The refocusing and reprioritisation process has supported and reconfirmed the regional development role that Great South plays. It has reinforced the difference between regional priorities which remain the focus for Great South and the District and local priorities which remain the focus for Council and communities.
- This process has also highlighted the desire and support for Great South to continue to be involved in the national conversations relating to regional development opportunities. This is important so as to link and align the Southland regional focus with national initiatives and national programmes/schemes which will be developed and released over coming months.
- 39 The approach that has been followed in working through the refocussing and reprioritisation process with Great South has been based on keeping this as simple as possible for Great South so it is able to get on and deliver benefits for the region while ensuring benefits are achieved for Council and the local communities it serves.
- 40 Council recognises there are a number of agencies required to be involved and working together on the recovery and restart priorities for the Southland region and that local government is a key player in this space, alongside Great South and many other regional and national agencies.
- Council has an opportunity to seek clarification and assurance from the Great South Board as part of this process in supporting the redrafting of the statement of intent and providing feedback on such. It is important that Council utilises this opportunity.

Factors to Consider

Legal and Statutory Requirements

- There is a legislative framework that Great South is operating within as detailed in the Local Government Act 2002.
- The Local Government Act 2002 s64 (1) specifically refers to statements of intent for council controlled organisations and that they must adopt a statement of intent in accordance with Part 1 of Schedule 8. This is a change to the requirements of last year as the legislation saw Section 64 replaced on 22 October 2019, by section 23 of the Local Government Act 2002 Amendment Act 2019.
- Schedule 8 Part 1 specifically refers to the adoption of statements of intent, Part 2 refers to the content of statements of intent: all council controlled organisations, and Part 4 refers to additional content of statements of intent of council controlled organisations that are not trading organisations.
- The Great South Statement of Intent 2020-2021 will comply with the above.

Community Views

No specific community views have been sought in relation to the draft statement of intent development.

Costs and Funding

47 There are no additional unbudgeted costs or funding incurred as a result of the development of the Great South draft Statement of Intent.

Policy Implications

48 There are no identified policy implications for Council.

Analysis

Options Considered

Council is provided with two options to consider with regards to this report – option 1 is to support the refocussing and reprioritisation approach required as a result of the COVID-19 pandemic situation or option 2 is to progress the development of the statement of intent process with limited reference to COVID-19 and proceed with considering the original draft statement of intent developed as a result of the original letter of expectation.

Analysis of Options

Option 1 – Support the refocussing and reprioritisation approach

Advantages	Disadvantages
supports the opportunity to continue to build the relationship with the Great South Board and management and work together in progressing the development of a statement of intent which is acceptable and appropriate for all parties	revised statement of intent will not reflect original letter of expectation.
• reflects good practice from Council in adapting the process to reflect the COVID-19 situation while at the same time utilising the legislative requirement in providing feedback to the process.	
ensures Council receives the appropriate information to assist it in gaining the clarification required to provide Council with the assurance it needs as a category A shareholder owner of Great South	
assists Council in supporting the next steps in the development of the investment agreement as a purchaser of service in an appropriate manner by delegation to the mayor and chief executive	
ensures clarity and a consistency of message is conveyed to Great South so it can review the feedback and provide appropriate responses	
allows all parties the opportunity to progress the statement of intent and investment agreement development so it is developed in a timely manner to meet statutory obligations.	

Option 2 – Progress development of statement of intent in accordance with original letter of expectation.

Advantages	Disadvantages
statement of intent will reflect original letter of expectation and priorities as approved by Council in December 2019.	it does not reflect the dramatically changed environment all parties are now having to deal with as a result of COVID-19
	the priorities and work programmes will not reflect the changing needs of Southland communities required as a result of COVID-19
	it could be seen as inappropriate for Council to ask Great South to operate by not reflecting the changed environment.

Assessment of Significance

The Great South Statement of Intent 2020 - 2021 is not considered significant in relation to Council's Significance and Engagement Policy given that it is a statutory requirement and that the priorities will reflect community needs.

Recommended Option

51 Council is requested to consider the recommended option being Option 1 - to support the refocussing and reprioritisation approach. Council would subsequently enter into an investment agreement with Great South on receipt of the final version of the Great South Statement of Intent 2020-2021.

Next Steps

If the recommended option is supported and the associated recommendations are resolved by Council then staff will follow up with Great South directly. On the receipt of the final statement of intent, Council staff will proceed with developing the investment agreement with Great South and have the deputy mayor and chief executive sign it off.

Attachments

There are no attachments for this report.



Great South - 2019/20 six monthly report - to 31 December 2019

Record No: R/20/3/6321

Author: Rex Capil, Group Manager Community and Futures

Approved by: Steve Ruru, Chief Executive

 \square Decision \square Recommendation \boxtimes Information

Purpose

1 To present the Great South 2019/20 six monthly report – to 31 December 2019.

Background

- 2 Great South has provided the attached 2019/20 six monthly report to 31 December 2019.
- 3 The report provides information on the performance measures and delivery of outcomes in relation to the targets identified in the Great South statement of intent 2019-2021, and also provides financial statements.
- 4 Southland Regional Development Agency Ltd, trading as Great South, is a limited liability company incorporated under the Companies Act 1993. It is also recognised as a council controlled organisation under the Local Government Act 2002.
- 5 Section 66 of the Local Government Act 2002 details a council controlled organisation is required to provide a half yearly report to its shareholders.
- This report fulfils the obligations under the Local Government Act 2002 section 66. It was received within two months of the end of the first half of the financial year and includes the information required to be included as detailed in the statement of intent.
- According to section 66(5) it is noted that council must publish the report on an internet site maintained by or on behalf of council within one month of receiving it and must maintain it on the site for at least seven years.

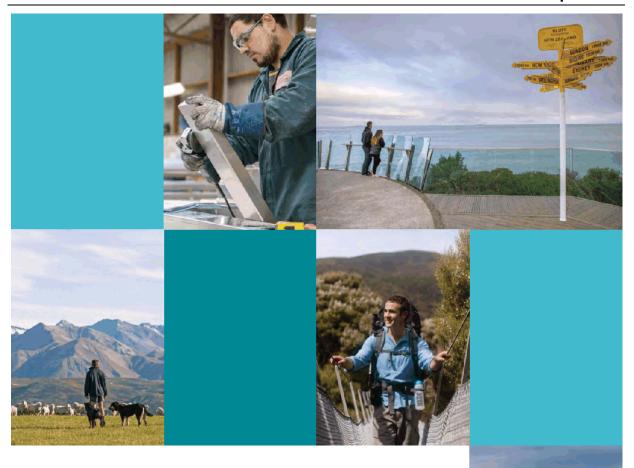
Recommendation

That the Council:

- a) Receives the report titled "Great South 2019/20 six monthly report to 31 December 2019" dated 17 April 2020.
- b) Notes the report fulfils the obligations under section 66 of the Local Government Act 2002.

Attachments

A Great South - Six Monthly Report 2019-20 U





2019/20 Six-monthly report

TO 31 DECEMBER 2019



Great South Six Monthly Report

Company directory

SOUTHLAND REGIONAL DEVELOPMENT AGENCY LIMITED

Trading as Great South

PO Box 1306 Invercargill 9810 (03) 211 1400 www.greatsouth.nz

DIRECTORS

Ian Collier Dean Addie Sarah Brown Lucy Griffiths Joc O'Donnell

Maria Pera

REGISTERED OFFICE

Southland Regional Development Agency Limited 143 Spey Street, Invercargill

BANK

Westpac New Zealand Limited

AUDITORS

Audit New Zealand (on behalf of the Office of the Auditor General)

SHAREHOLDERS

Class A Shareholders

Invercargill City Council

Southland District Council

Gore District Council

Environment Southland

Class B Shareholders

Invercargill Licensing Trust

Mataura Licensing Trust

Southland Chamber of Commerce

Environment Southland

Southern Institute of Technology

MEMBERS

Community Trust South

LEGAL STATUS

Southland Regional Development Agency Limited ("SRDA") was incorporated in New Zealand on 10 March 2019 under the Companies Act 1993 (NZBN 9429042001096).

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Great South Six Monthly Report

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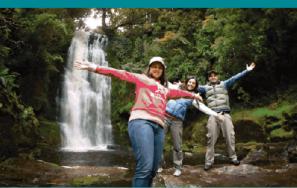
Great South Six Monthly Report



Kaitiakitanga

GREATSOUTH'SVALUES

Sustainability





Quality over quantity

Southland proud



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Being real

Heritage







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About

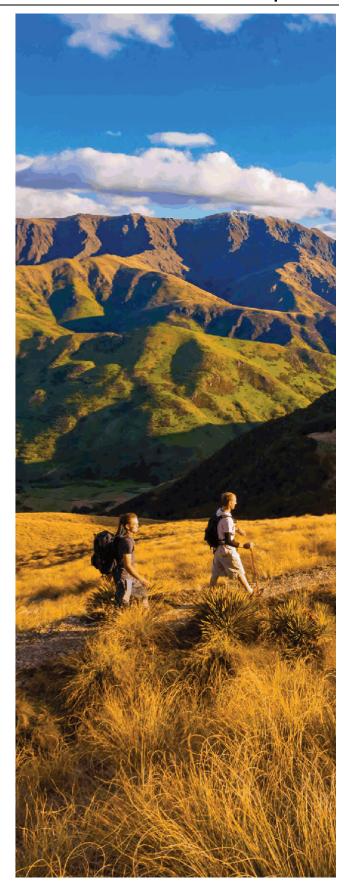
Great South was established as Southland's regional development agency in March 2019.

Committed to driving economic, social and cultural growth, Great South has a clear mandate to leverage opportunities for Southland in the areas of economic development, business development services, tourism and events, and regional wellbeing.

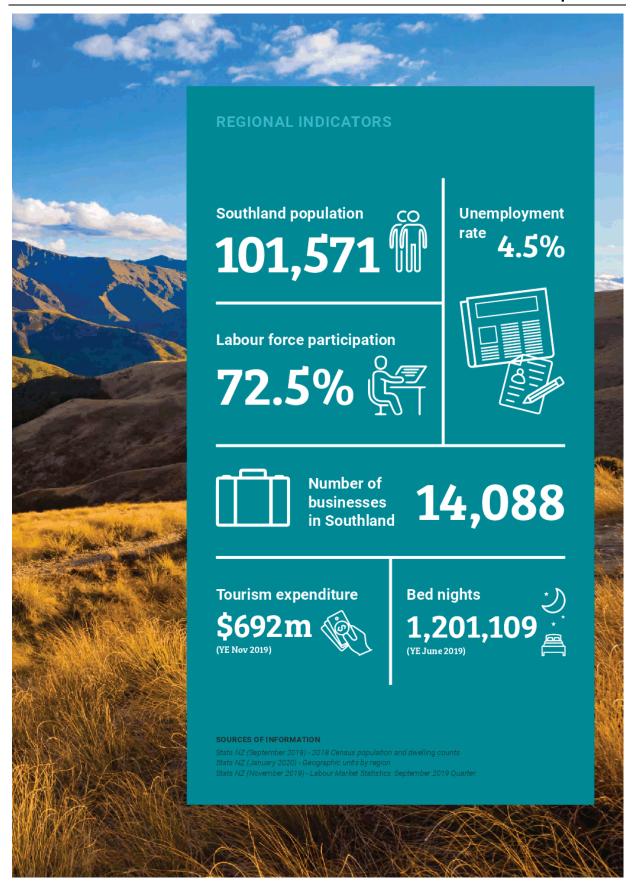
With strong backing from local authorities and representatives from the private and public sectors, including its nine shareholders and members the Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, ILT, MLT, Southland Chamber of commerce, Southern Institute of Technology and Community Trust South, Great South is committed to encouraging the future growth of the Southland region.

To stimulate this growth and address challenges within the regional development space, Great South incorporates the Southland Regional Tourism Organisation, central government's Regional Business Partner (RBP) Network and coordinates a number of government-funded contracts that play a pivotal role in helping to grow the Southland population – the major goal identified in the 2015 Southland Regional Development Strategy.

Together, with the range of innovative initiatives delivered, Great South provides a unified voice for the region, establishes a strong platform for regional success and takes strides towards its vision of better lives through sustainable development.



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Great South Six Monthly Report



Message from the Chair

With the establishment of Great South, it's been a productive start to the 2019/20 year.

The launch of Great South marked the start of a new chapter in Southland's regional development with a renewed commitment to encouraging the advancement of a connected, contemporary and competitive region.

While these first six months have involved extensive work in getting the Great South brand and the organisation's operations established, they have also reinforced our commitment to the region with involvement in a number of initiatives that position Southland as a preferred place to live, work, visit and invest.

In November, Southland Youth Futures – Great South's regional careers programme – was awarded \$1.55 million from the Provincial Growth Fund. The funding will allow the programme to expand its industry involvement, increase employer and student participation and continue to improve outcomes for youth across the region.

The expansion of the programme will also play a significant role in addressing Southland's projected labour market shortage by focusing on the retention of youth and their skills, and further strengthening the pathway between education and employment across the region.

Overlaying Great South's initiatives, is our commitment to sustainable development. The Carbon Neutral Advantage project, which aims to mitigate the impact of climate change across



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Great South Six Monthly Report

the region, is fundamental to this approach. The release of the Southland Greenhouse Gas Emissions profile for 2018 helped to paint a clear picture of where the region's major sources of emissions are coming from and is helping Great South to support local businesses in reducing emissions and insulating themselves against the rising costs associated with climate change.

In the July school holidays the ILT Kidzone Festival was delivered and attended by close to 10,000 people. With hundreds of activities on offer, the Festival is an exciting day out for children and their families and an incredible asset for the region. The value for those that attend is second to none and there is serious potential for the festival to become one of Southland's signature destination events.

The success of the event is directly linked to the tremendous support it receives each year - including generous local funding - and the ability of Great South to understand what festival attendees are looking for and balance this with the extensive logistical requirements of a six-day event.

Events are just one of the many channels through which Southland is able to gain exposure and attract visitors - something that was highlighted in the Southland Murihiku Destination Strategy.

The launch of the Strategy in November was a major highlight for the year so far and is providing a blueprint for the future of Southland's tourism industry by identifying areas that will lead to increased overnight visitation and tourism revenue.

In embracing a shift to destination management and focusing

on a holistic approach to planning for and sustainably growing the visitor economy, Southland is now in the driving seat to shape its development and establish itself as a preferred visitor destination.

While Great South is excited to play a coordination role in the Strategy's implementation, its overall success and continued momentum will rely upon a collaborative approach with local and central government, key stakeholders, operators and members of the tourism sector all playing a pivotal role.

The strategy is a clear example of where Great South is proactively looking to maximise the region's potential and leverage significant regional growth.

This half-year report has been prepared to respond to the targets set in the 2019-20 Statement of Intent, and to provide you - our shareholders - an update of how Great South is tracking towards its own personal goals and the ambitious goals of the region.

Along with the highlights already mentioned, this report will provide updates on Great South's key areas of focus: economic development, business development services, tourism and events and regional wellbeing, and highlight the progress that is being made in these areas for the advancement of the Southland region.

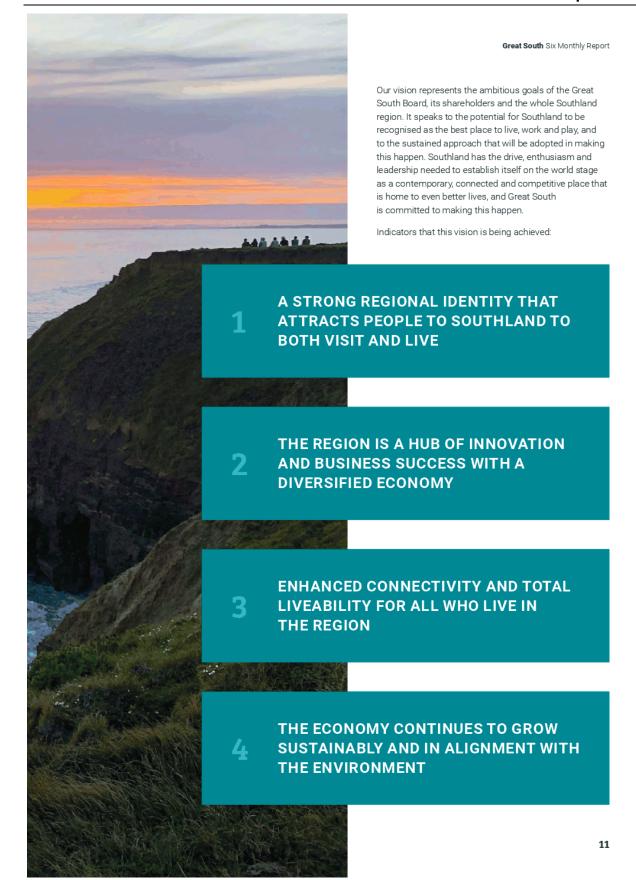
Thank you for your support of Great South and its initiatives, we look forward to continuing to enable the region to succeed.

Ian Collier

Great South Board Chair









Great South Six Monthly Report

Developing a vibrant, diverse and strong region

REGIONAL ECONOMIC DEVELOPMENT

Vital to the region's future prosperity is being able to leverage economic performance through initiatives that increase gross domestic product, extend local industry capability and create employment opportunities. This involves seeking opportunities for economic expansion that complement traditional channels and instilling a sense of confidence in the region for investors, local and central government agencies, members of the community and potential new business ventures and workers.

SEEKING OPPORTUNITIES FOR DIVERSIFICATION

Identifying opportunities for regional economic diversification is pivotal to ensuring the development of a vibrant, diverse and strong economy that profiles Southland as a preferred place to live, work and invest. This involves identifying areas where Southland has a natural advantage and capitalising on these, building resilience against environmental challenges and leveraging opportunities for new investment. To encourage diversification, Great South has been providing support to investigate opportunities in the areas of food (sheep milk and alternative protein), health and wellness products, aquaculture and tourism. Together, these opportunities are providing significant potential for industry development and helping to foster innovative thinking across the region.

SUPPORTING PRIMARY SECTOR EXTENSION

With Southland's economy largely built upon agriculture and the primary industries, it is important that opportunities to extend these sectors, and reduce the region's economic dependency on them, are identified and developed. During the past six months, Great South supported the development of Thriving Southland, an innovation project led by the primary producers of Southland working with their rural communities to support

farmer engagement and build a shared understanding of current and future risks. Great South coordinated the development of the business case, the establishment of the project's governance group, and is continuing to provide support that will enable environmentally sound planning and decision-making of Southland farms.

SOUTHLAND'S VOICE

With a clear mandate to develop opportunities across the region, Great South embraces its role to provide a unified voice for Southland at national and international level. This involves advocating for improved infrastructure and services across the region, attracting investment for future growth and bringing together industry and community representatives to form a coordinated approach for the advancement of Southland. During the reporting period, Great South helped to attract over \$15 million of investment into the region, including \$5 million for the Hump Ridge Track, \$300,000 for the Auckland to Invercargill jet service marketing initiative and \$1.55 million for Great South's career exploration programme - Southland Youth Futures. Great South also helped to coordinate a regional response to the transmission pricing methodology and the housing shortage while also providing economic information for the Tiwai smelter and vocational educational reviews

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Great South Six Monthly Report

Making big things happen

BUSINESS DEVELOPMENT

Developing and extending the potential of local businesses can have a cascading effect upon the region's economic and social success by stimulating innovation, creating employment opportunities and increasing confidence. Development in this area involves supporting business capability, efficiency and competitiveness, addressing labour market challenges, and building connections with employers to retain talent in the region. Having a thriving business sector contributes to more people wanting to work and invest in the region, and paves the way for big things to happen!

STRENGTHENING LOCAL BUSINESS

Through ties to the Regional Business Partner Network, Great South's Business Growth Advisors connect businesses with the resources and information needed to grow efficiently and effectively at all stages of their business journey. This involves assisting with planning and management capability, supporting businesses to consider research and development opportunities and connecting them with the resources that can further build success.

By partnering with New Zealand Trade and Enterprise,
Business Mentors New Zealand and Callaghan Innovation,
Great South was able to offer a range of support and activities
that strengthened local business during the past six months,
including holding a product development workshop, coordinating
the Lean programme to increase business efficiency, connecting
businesses with research and development and student grant
opportunities, and providing information to help insulate
businesses against the rising costs of carbon.

DEVELOPING SOUTHLAND'S WORKFORCE

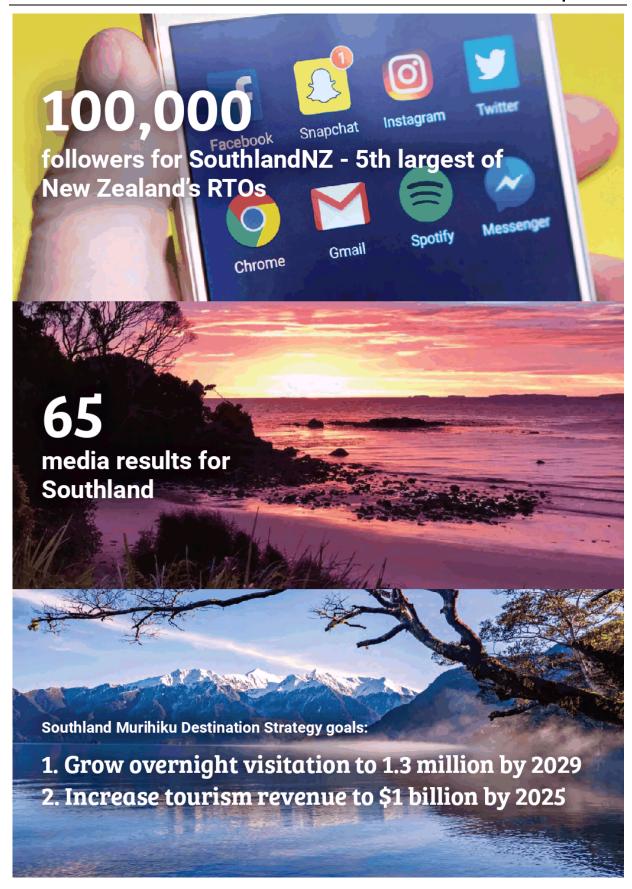
To drive innovation, strengthen local business and guarantee the future prosperity of the region, it is vital that Southland is backed by a strong and future-focused workforce. To address challenges

in this area, Great South delivers national contracts that connect Southland youth and skilled migrants with employment pathways across the region. Retention is the first step in building a strong workforce and Great South's career exploration programme, Southland Youth Futures, plays a vital role in helping employment opportunities across the region to be realised and encouraging local industries to invest in youth.

In November, the programme was granted \$1.55million from the Provincial Growth Fund giving Great South the tools to expand the reach of the programme. Further supporting the development of Southland's workforce, Great South's Skills Placement Programme connects job-seeking migrants with employment opportunities and assists their transition to working life in Southland.

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Putting Southland on the map

REGIONAL TOURISM DEVELOPMENT

Building awareness of Southland as a preferred visitor destination has extensive benefits for the region, including increasing the direct economic impact from travellers and making Southland attractive for migrants, new business and investment. With Southland considered an emerging destination, there are exciting opportunities for growth and the region is now in the driving seat to shape its development and establish itself as a preferred visitor destination. Support for this goal involves identifying opportunities for new products and services, marketing the region to different audiences, supporting local tourism operators and, perhaps most importantly, managing destination development so that its aligns with cultural, environmental and economic factors.

PROMOTING THE SOUTHLAND DESTINATION

Inspiring travel to Southland is vital to increasing visitor nights and ensuring the region benefits from increased tourism expenditure. In the role of the regional tourism organisation, Great South proudly shares Southland's story with the world through a range of marketing campaigns, initiatives and publications. This involves working alongside industry representatives, including Tourism New Zealand and Air New Zealand, to maximise exposure for the region, and collaborating with neighbouring regions to present complementary touring routes in the lower South Island. Strong digital presence for the region via the southlandnz com website and its associated social media channels during the past six months has helped to strengthen Southland's positioning. This was further emphasised by the strong media programme Great South coordinates which contributed to media features in Kia Ora Magazine, North and South, and Stuff.

MANAGING SOUTHLAND'S DESTINATION DEVELOPMENT

Southland is home to some of New Zealand's most stunning natural environments. As the regional tourism organisation, Great

South is committed to ensuring that these environments are preserved and that tourism growth is done so in alignment with social, cultural, infrastructural and environmental considerations. In November the Southland Murihiku Destination Strategy was launched providing a blueprint for Southland's future by identifying the areas of opportunity that will lead to increased visitation and tourism revenue.

The strategy represents a shift in tourism planning, with Great South embracing a holistic approach to planning for and sustainably growing the visitor economy across the five pillars of destination management; product development, marketing and promotion, sustainability, infrastructure and governance. The strategy has identified two overarching goals; to increase tourism expenditure to \$1 billion by 2025 and to grow overnight visitation to 1.3 million by 2029, with Great South championing the strategy to achieve success in these areas.

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Bringing the party to Southland

REGIONAL EVENT DELIVERY

By encouraging diversity and vibrancy across the region and providing an opportunity for people to visit, events are a catalyst for economic development and contribute to the region's growth. This is equally important for creating better lives for those who live here and for enticing investment from outside of the region. Development of the events sector involves Great South supporting community groups with their event planning, attracting high-profile events to Southland, delivering events and supporting national and international conference organisers. Together these different components strongly contribute to Southland being seen as a preferred place to visit, live and work.

EVENT DELIVERY AND SUPPORT

To create an exciting and action-packed events calendar which can be enjoyed by locals and those from further afield. Great South delivers a range of events. A highlight for the past six months was the ILT Kidzone Festival which was held in the July school holidays. After 15 years, the festival has established itself as a favourite on the Southland events calendar and last year welcomed close to 10,000 patrons during the course of the six day event. Offering over 160 activities to try, the festival provides wonderful learning and recreational opportunities for children and their families during the July school holidays. Growing awareness of the event encourages travel from outside Southland and plans are in place to enhance the event even further so as to align the economic benefit of the Festival with the social benefit it brings to locals. Along with delivering the ILT Kidzone Festival, Great South also provided support to 62 event organisers during the past six months.

DESTINATION EVENTS AND PLANNING

While Southland is home to some unique and successful events, more events of a destination nature would encourage increased travel to Southland and further increase the economic and social impact of the sector. To support the development of this, Great

South is coordinating the development of the Southland Regional Events Strategy. The strategy will provide a strong foundation for the events sector by understanding and communicating the role of destination events and building upon the region's profile to establish an integrated approach to major events, visitor marketing, and economic development. Along with developing the Southland Regional Events Strategy, Great South also assisted groups across the Southland region with their event planning by providing access to the resources and advice needed to encourage success.

CONFERENCES

Conferences have become a vital component to achieving tourism, economic and regional growth due to their ability to encourage repeat visitation. To support this, and build upon Southland's reputation for its famous southern hospitality, Great South has a conference coordinator who promotes Southland as a premier conferencing destination and supports conference organisers with their event delivery. During the past six months this involved Great South preparing nine bids for conferences to be held in the future, and providing support to some major conferences that were held in the region including Ngai Tahu Hui-a-lwi, NZ professional Fire Fighters Conference, and the NZ Deer Velvet Awards.

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Home is where the heart is

REGIONAL WELLBEING

To retain people in Southland, and attract newcomers to live and work here, it is vital that the wellbeing of the region is considered first and foremost. This requires looking at the region as a whole and considering the facilities, infrastructure and lifestyle on offer and making a conscious effort to identify areas of improvement for Southland and its people. Wellbeing is at the heart of all that Great South does, with every goal set, project or initiative undertaken done so for the betterment of the Southland region. This involves advocating for greater experiences, connectivity and improved housing stock while also supporting regional growth and development through the areas of economic development, business services, tourism and events.

next five years to serve the region's expected population growth. With goals to increase the region's population and enhance liveability, Great South is collaborating with local industry representatives to support the Southland Housing Action Forum in identifying solutions. In the past six months this has involved compiling and sharing statistical data on the housing shortage and advocating for housing investment in the region.

WELCOME TO SOUTHLAND

It is recognised that communities are healthier, happier and more productive when newcomers are welcomed and encouraged to participate fully in their new home. To encourage and build upon the region's famous southern hospitality, Great South has coordinated the Welcoming Communities Programme on behalf of the four Southland councils. One of only five regions to initially be invited to participate in the pilot programme, which has been developed by Immigration New Zealand, Great South has led the region in embracing the inclusive values that underpin the initiative. In building awareness and understanding of newcomers and their cultures, and coordinating welcoming initiatives, Great South has successfully implemented the programme in Southland. As a result, the region was formally recognised by Immigration New Zealand as a region committed to valuing newcomers and building welcoming and inclusive communities where residents can thrive

ADDRESSING HOUSING CHALLENGES

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Southland's housing shortage has escalated and is a significant concern for the government and Southland's local councils. It is predicted that 500 houses are needed per year, for at least the

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Performance measures

REGIONAL ECONOMIC DEVELOPMENT

Identifying opportunities, encouraging development and supporting new initiatives and investment in the region that influence the creation of a diverse, resilient and strong economy.

DIVERSIFYING THE ECONOMY

Reducing Southland's dependency on a narrow range of industries by looking at opportunities for industry extension and new development.

Contribution	Target 2019-22	Half yearly measure
Develop satellite ground station services	Increase ground station revenue	No new contracts have been signed in the first six months of the year in addition to the 11 international space agencies that Great South currently works with. Negotiations are ongoing with a number of potential customers.
Extend the primary sector	Establish governance groups for specific projects	Facilitated the establishment of the Thriving Southland governance group. This group looks at driving positive, farmer-led change in Southland's primary sector, working with farmers and catchment groups as agents for change.
Support the aquaculture industry	Assist with attracting investment opportunities	Supported funding application of the asparagopsis seaweed development project which aims to reduce biogenic methane emissions and environmental impacts by turning seaweed into cattle feed supplements.
Promote regional talent pathways	Increase regional talent pathways	Three workshops were held to assist migrants on their job-seeking journeys, along with five school talks and seven workplace tours which were held to highlight employment pathways available in Southland.
Enable digital connectivity	Advocate for improved digital enablement	Responded to community and business requests by monitoring the deployment of the Rural broadband programme, mobil black spot sites and fibre across the Southland region.

Additional activity:

ENCOURAGING SOUTHLAND SUSTAINABILITY

Preserving the environment for future generations, insulating businesses against the rising cost of carbon and supporting the transition to a low emission future.

Contribution	Target 2019-22	Half yearly measure
Monitor regional emissions	Create a local carbon measurement tool	A carbon measurement tool, specifically adapted to the New Zealand setting, was released in December 2019 to transparently calculate overall emissions based on the GPC (Global Protocol for Community-Scale Greenhouse Gas Emissions) standard.
Support businesses with transition to low-emission future	Assist businesses to set carbon reduction targets	This development of the Greenhouse Gas emission profile, which was prepared under the Carbon Neutral Advantage programme, formed a baseline for regional Greenhouse Gas emissions and highlighted priority reduction areas for businesses to consider with their planning. Workshops on carbon reduction and monitoring are planned for the second half of the year.

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Great South Six Monthly Report

BUSINESS DEVELOPMENT SERVICES

Building capacity and capability, encouraging innovation and business competitiveness, and increasing confidence in the Southland region.

STRENGTHENING LOCAL BUSINESS

Supporting businesses at all stages of their journey and providing the resources and training needed to achieve growth.

Contribution	Target 2019-22	Half yearly measure
Manage business development programmes	Increase number of businesses actively engaged with	During the past six months, 114 businesses were actively engaged with and provided with the resources and advice needed to support their business goals. This included establishing seven new business mentor matches and connecting local businesses with the opportunity to up skill and develop by allocating \$89,561.00 of capability vouchers to attend training with registered providers across the region.

DEVELOPING SOUTHLAND'S FUTURE WORKFORCE

Coordinating initiatives that support the retention and attraction of talent in Southland, contribute to the creation of strengthened employment pathways and position Southland as a preferred place to live and work.

Contribution	Target 2019-22	Half yearly measure
Manage the development of career pathway programmes	Maintain participation in Southland Youth Futures career exploration activities	To strengthen career exploration activities and highlight employment opportunities across Southland industries, Southland Youth Futures delivered five school talks and seven workplace tours, along with attending two career expos. The programme was also awarded Provincial Growth Funding for its expansion.
	Increase number of Job- seeking migrants actively engaged with	As part of the Skills Placement Programme, 73 migrants were assisted with their job seeking journey – 17 of which were able to be directly connected with employment and a further nine who found employment following assistance with their CV and interview techniques.



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Great South Six Monthly Report

REGIONAL TOURISM DEVELOPMENT

Leveraging the potential of tourism across the region and building Southland's reputation as a preferred place to visit.

MANAGING THE SOUTHLAND DESTINATION

Embracing a holistic approach to planning for and sustainably growing the visitor economy by focusing equally on product development, infrastructure, governance, sustainability and destination marketing.

Contribution	Target 2019-22	Half yearly measure
Champion the Southland Murihiku Destination Strategy	Increase number of commercial tourism products	The launch of the Southland Murihiku Destination Strategy in November 2019 identified opportunities to develop tourism experiences and attractions in Southland. By working with local operators, community groups, councils and national tourism organisations, Great South supported the expansion of Southland's current commissionable product offerings. This included working on 45 South (lower south collaboration), product packaging and itinerary development and looking at low carbon tourism opportunities.

ATTRACTING VISITORS TO SOUTHLAND

Inspiring travel to Southland by sharing Southland's story with media and industry representatives, and working with and for local tourism operators.

Contribution	Target 2019-22	Half yearly measure
Manage Regional Tourism Organisation services	Increase visitor nights	As a result of partnering with media, trade and industry representatives, there has been an increase in Southland's exposure to national and international markets. This has contributed to commercial guest nights increasing to 1,201,109 (YE Oct 2019). Aneodotally, there has also been an increase in the number of properties registering on peer to peer platforms such as Airbnb. While this is not formally measured, it is contributing to increased visitor nights across the region.
	Increase tourism expenditure	As a result of attracting more travellers to Southland and developing more commissionable product, there has been an increase of regional tourism expenditure to \$692 million (YE Nov 2019).
	Increase website traffic and usage	The southlandnz.com website is the region's digital presence and provides a way for potential visitors to learn more about what the region has to offer. During the last six months the site saw increased website traffic of 2.05% with 97,043 users when compared to the same period in 2018. This has been supported by strong social media growth, with the SouthlandNZ Facebook page now ranked 5th region (out of 31) in New Zealand.



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Great South Six Monthly Report

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REGIONAL EVENTS DELIVERY

Enhancing liveability, driving infrastructure and showcasing the region's uniqueness through the delivery of regional events.

ATTRACTING VISITORS TO SOUTHLAND

Profiling Southland's range of events gives visitors further motivation to visit Southland and explore what the region has to offer.

Contribution	Target 2019-22	Half yearly measure
Attract events and conferences to Southland	Increase destination events	During the reporting period, consideration was given to identifying opportunities for destination events which would stimulate demand in low and shoulder seasons and utilise local accommodation and amenities. Planning of the Southland Events strategy, which will include destination events, and looking at the scheduling and promotion of events across the region, also began.
	Increase number of conferences held in Southland	During the reporting period, nine conference bids were prepared profiling Southland as a preferred conferencing destination resulting in seven conferences being secured for the future. Support in this area included coordinating site inspections and familiarisation programmes, developing promotional material and providing recommendations for venues, suppliers and leisure activities in the region.

SUPPORTING EVENT MANAGEMENT

Supporting the delivery of events to build capability and capacity of the local events sector.

Contribution	Target 2019-22	Half yearly measure
Support the delivery of events across the Southland region	Increase number of groups supported with event delivery	Along with managing events coordinated in-house like the ILT Kidzone Festival and the Southland Arts Festival, where resource allowed, support was provided to event organisers across Southland. This included providing advice to 62 event organisers on the promotional tools and channels available.

REGIONAL WELLBEING

Working across a wide range of sectors to support investment in Southland and contribute to better lives being achieved through sustainable development.

WELCOMING NEWCOMERS TO SOUTHLAND

 $Coordinating \ the \ Welcoming \ Communities \ Programme \ and \ embracing \ its \ inclusive \ principles \ to \ help \ grow \ Southland's \ population.$

Contribution	Target 2019-22	Half yearly measure
Coordinate the Welcoming Communities Programme	Accreditation for the Southland region according to the Welcoming Communities Standard	Following the development of the Southland Murihiku Welcome Plan, the Southland region gained accreditation for its commitment to Immigration New Zealand's Welcoming Communities Programme. This formally recognised Southland as achieving the outcomes set out in the national standard for developing a more inclusive community. Moving forward, the programme will be taken back in-house by each of the individual councils to build on the progress achieved.

ADDRESSING SOUTHLAND'S HOUSING SHORTAGE

Advocating for new housing development and investment across the Southland region so there is infrastructure in place to support desired population growth.

Contribution	Target 2019-22	Half yearly measure
Support the development of Southland housing	Increase investment for housing across Southland	Support was provided to the Southland Housing Forum to highlight the extent of the Southland housing shortage and work was undertaken to identify possible investment streams to support infrastructure development. This included monitoring and updating Southland's housing needs including, social housing, Airbnb and population based demands, and providing statistical insights to the Southland housing forum.

Great South Six Monthly Report

Financial statements

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the six months ended 31 December 2019

	Actual (Unaudited) Jul-Dec 2019	Budget (SOI) 30 June 2020
Operating Revenue		
Class A Shareholder Investment		
Core	602,500	1,555,000
Contract	577,500	1,405,000
Total	1,180,000	2,960,000
Other Revenue		
Service Revenue	497,696	929,665
Project Revenue	258,024	800,000
Interest	-	-
Other Revenue	51,823	-
Total	807,543	1,729,665
Total Operating Revenue	1,987,543	4,689,665
Expenditure		
Project and Service Expenditure		
Regional Economic Development	305,498	687,194
Business Development	252,071	603,957
Regional Tourism Development	475,085	1,029,639
Regional Event Delivery	357,149	643,186
Regional Wellbeing	46,337	169,142
Total	1,436,140	3,133,118
Core Expenditure		
Directors Fees	43,470	100,000
Employee Expense	365,769	768,725
Depreciation and Amortisation	23,477	48,000
Other Expenses	317,354	639,822
Total	750,070	1,556,547
Total Expenditure	2,186,210	4,689,665
Net Surplus / (Deficit) Before Tax	(198,667)	-
Taxation	-	-
Net Surplus / (Deficit) After Tax	(198,667)	

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STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Actual (Unaudited) Jul-Dec 2019	Budget (SOI) 30 June 2020
Assets		
Current Assets		
Cash and Cash Equivalents	525,897	1,1 06,000
Receivables and Accruals	1,486,663	500,000
Prepayments	-	15,000
Inventories	10,000	10,000
Total	2,022,560	1,631,000
Non-Current Assets		
Property, Plant and Equipment	417,891	400,000
Intangible Assets	296,569	330,000
Total	714,461	730,000
Total Assets	2,737,020	2,361,000
Liabilities		
Current Liabilities		
Payables and Accruals	679,686	300,000
Employee Entitlements	68,800	100,000
Deferred Revenue	1,315,498	650,000
Other Current Liabilities	-	100,000
Total	2,063,985	1,150,000
Total Liabilities	2,063,985	1,150,000
Net Assets	673,035	1,211,000
Equity and Reserves		
Contributed Capital	738,421	1,367,000
Retained Earnings	(65,386)	(156,000)
Total Equity and Reserves	673,035	1,211,000

Great South Six Monthly Report

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Actual (Unaudited) Jul-Dec 2019	Budget (SOI) 30 June 2020
Equity Opening Balance	133,281	(156,000)
Shares Issued		
Class A	9,000	9,000
Class B	3,000	3,000
Class C	738,421	1,3 55,000
Uncalled Share Capital	(12,000)	0
Total Share Capital Issued	738,421	1,367,000
Total Comprehensive Revenue And Expense For The Period	(198,667)	0
Equity Balance At 30 June	673,035	1,211,000

STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

	Actual (Unaudited) Jul-Dec 2019	Budget (SOI) 30 June 2020
Cash Flow From Operating Activities		
Receipts of shareholder investment	1,180,000	3,560,000
Receipts from other operating activities	528,297	1,729,665
GST	184,541	(370,977)
Payment to suppliers and employees	(1,702,424)	(4,132,688)
Net In / (Out) Flow From Operating Activities	190,414	786,000
Cash Flow From Investing Activities		
Purchase of fixed assets and intangibles	(9,517)	(25,000)
Net In / (Out) Flow From Investing Activities	(9,517)	(25,000)
Net Cash Flows	180,897	761,000
Cash Balances		
Cash, cash equivalents and overdrafts at beginning of period	345,000	345,000
Cash, cash equivalents and overdrafts at end of period	525,897	1,1 06,000
Net Change In Cash Balances For Period	180,897	761,000

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Great South Six Monthly Report

Statement of accounting policies

REPORTING ENTITY

The Southland Regional Development Agency Ltd (trading as Great South) was established on 29 March 2019, and commenced operations on 1 July 2019 under the Companies Act 1993 (NZBN 9429047359185). As the Class A shareholders (Invercargill City Council, Southland District Council, Gore District Council and Environment Southland) hold 75% of the share capital, Southland Regional Development Agency is a Council Controlled Organisation as defined in section 6 of the Local Government Act 2002.

Southland Regional Development Agency Ltd has desingated itself as a public benefit entity (PBE) for reporting purposes. The registered office for the Southland Regional Development Agency Ltd is 143 Spey Street, Invercargill.

The financial statements are for the six months ended 31 December 2019

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and the accounting policies have been applied on a consistent basis unless otherwise stated.

STATEMENT OF COMPLIANCE

The financial statements of Southland Regional Development Agency Ltd have been prepared in accordance with the Local Government Act 2002, the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practise in New Zealand (NZ GAAP).

These financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPAS) Reduced Disclosure Regime (RDR) and has elected to report in accordance with Tier 2 PBE Standards on the basis the entity has no public accountability and has expenses >\$2m and < \$30m.

PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest dollar.

HISTORICAL COST

The financial statements have been prepared on an historical cost basis.

CHANGES IN ACCOUNTING POLICY

There have been no changes to the accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received. Where funding is not conditional and the Company has no obligation to deliver a specific event or service, the revenue will be recognised when receipted.

Where the funding has conditions attached to it, the funding is recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. The funding is held as a liability until the specific conditions are met.

In certain circumstances funding is not received until after the event, in which case the revenue will be accrued when it is highly probable the funding will be received.

REVENUE IN ADVANCE

Revenue in advance is recognised where amounts received are in excess of the amounts recognised as revenue.

INVENTORIES

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

EXPENDITURE

All expenditure is recognised as incurred unless the liability is known and can be reasonably estimated, in which case the expenditure is accrued.

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FORFIGN EXCHANGE TRANSACTIONS

Foreign currency transactions are translated into NZ\$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

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

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

INCOMETAX

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax.

EOUITY

Equity is the shareholders interest in the company, measured by total assets less total liabilities

TRADE AND OTHER RECEIVABLES

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

A receivable is considered impaired when there is evidence that the Southland Regional Development Agency will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment consists of the following asset classes: buildings, furniture and fittings, plant and equipment, IT Equipment, and motor vehicles.

Property, plant and equipment is measured at cost, less accumulated depreciation and impairment losses.

Individual assets, or group of assets, are capitalised if their cost is greater than \$500.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the

item will flow to the Company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost 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:

Furniture & Fittings: 6% - 33% Straight Line 3 - 16.5 years IT Equipment: 17.5% - 67% Straight Line 1.5 - 5.5 years Plant & Equipment: 0% - 33% Straight Line 3 years \rightarrow Vehicles: 13.5% Straight Line 7.5 years Buildings: 3% - 7% Straight Line 14 - 33.3 years

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

An annual review for impairment is also undertaken on all assets and any impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

GOODWILL

Goodwill on acquisition of businesses and subsidiaries is included in "intangible assets". Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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 financial year 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:

Awarua Ground Station lease 29 years 3%

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IMPAIRMENT OF INTANGIBLE ASSETS

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. For further details, refer to the policy for impairment of property, plant, and equipment. The same approach applies to the impairment of intangible assets.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

Non-Cash Generating Assets - Intangible assets subsequently measured at cost that have an indefinite useful life or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets held 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 service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the present value of the asset's remaining service potential. Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

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

LEASES - OPERATING

An operating lease is a lease that does not transfer substantially all the risks and benefits incidental to ownership of an asset. Payments under these leases are recognised as expenses in the Statement of Comprehensive Revenue and Expense in periods in which they are incurred. Lease incentives received are recognised.

PAYABLES

Short-term payables are recorded at their fair value.

FINANCIAL INSTRUMENTS

Southland Regional Development Agency Ltd is party to financial instruments as part of its normal operation. These financial instruments give rise to financial assets and liabilities and include cash and on-call deposits, accounts receivable, investments, and accounts payable, deposits held, other financial liabilities and financial quarantees.

All financial instruments are recognised in the Statement of

Financial Position on the basis of the Southland Regional Development Agency's accounting policies. All financial instruments disclosed in the Statement of Financial Position are recorded at fair value or amortised cost. Revenue and expenditure arising from these financial instruments is recognised in the Statement of Comprehensive Revenue and Expense.

CASH AND CASH EQUIVALENTS

Bank accounts and cash comprise of cheque and savings accounts held at call with banks.

PROVISIONS

Southland Regional Development Agency Ltd 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 deficits.

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 a finance cost.

EMPLOYEE ENTITLEMENTS

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, Southland Regional Development Agency Ltd 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 recognised in the financial statements are described in the notes to the financial statements

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Notes to the financial statements

Actual (Unaudited) Jul-Dec 2019

Actual (Unaudited) Jul-Dec 2019

Total	1.180.000
Environment Southland	70,000
Gore District Council	30,000
Southland District Council	250,000
Invercargill City Council	830,000
1. Council Investment	

2. Employee Expense	
Salaries and Wages	1,259,768
Employer Contribution To Kiwisaver	31,055
Movement In Employee Entitlement	67,988
Total	1,358,812

3. Operating Expenditure (Including Projects)		
Depreciation and Amortisation	23,477	
Audit Fee	23,955	
Operating Lease Costs	78,089	

ncome		

An income tax expense figure of zero has been calculated in the period ended 31 December 2019 on the assumption that there will be no net surplus for the 15 months to 30 June 2020. The Southland Regional Development Agency Ltd's first income taxation return is for the 15 month period ended 30 June 2020.

5. Cash And Cash Equivalents	
SRDA Cheque Account	424,863
i-SITE Trading Account	100,876
Cash On Hand	158
Total	525,897

6. Trade And Other Receivables	
Trade Receivables	909,144
Accrued Revenue	577,518
Total	1,486,663
Receivables From Exchange Transactions	1,486,663
Receivables From Non-Exchange Transactions	-

7. Property, Plant And Equipment									
	Opening Value	Accum Depn	Carrying Amount	Additions	Disposal	Depn	Closing Value	Accum Depn	Carrying Amount
Buildings	-	-	-	223,594	-	(4,881)	218,713	(4,881)	218,713
Plant and Equipment	-	-	-	117,707	-	(6,577)	111,130	(6,577)	111,130
Furniture and Fittings	-	-	-	52,485	-	(3,721)	48,764	(3,721)	48,764
IT Equipment	-	-	-	18,652	-	(3,146)	15,506	(3,146)	15,506
Vehicles	-	-	-	25,500	-	(1,721)	23,779	(1,721)	23,779
Total				437,938		(20,046)	417,892	(20,047)	417,891

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Actual (Unaudited) Jul-Dec 2019

Actual (Unaudited) Jul-Dec 2019

8. Intangible Assets	
Lease Goodwill	
Balance as at 1 July 2019	-
Additions	200,000
Disposals	-
Amortisation	(3,431)
Balance as at 31 December 2019	196,569
Ground Station Goodwill	
Balance as at 1 July 2019	-
Balance as at 1 July 2019 Additions	- 100,000
	100,000
Additions	100,000
Additions Disposals	-

11. Financial Instruments	
Loans and Receivables	
Cash and Cash Equivalents	525,897
Receivables and Accruals	1,486,663
Total	2,012,559
Financial Liabilities At Amortised Cost	
Payables and Accruals	588,076
Payables and Accruals Total	588,076

12. Contingent Liabilities/Contingent Assets

There are no contingent assets or liabilities as at 31 December 2019.

13. Related Parties - 'Parent' Accounts

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 Southland Regional Development Agency Ltd would have adopted in dealing with the party at arm's length in the same circumstances.

9. Payables and Accruals	
Payables and Accruals Under Exchange Transactions	
Trade Payables	372,584
Accrued Expenses	215,492
Total	588,076
Payables and Accruals Under Non-Exchange Transactions	
GST Payable	91,610
Total	91,610
Total	679,686

14. Key Personnel Compensation	
Directors (6)	
Remuneration	43,470

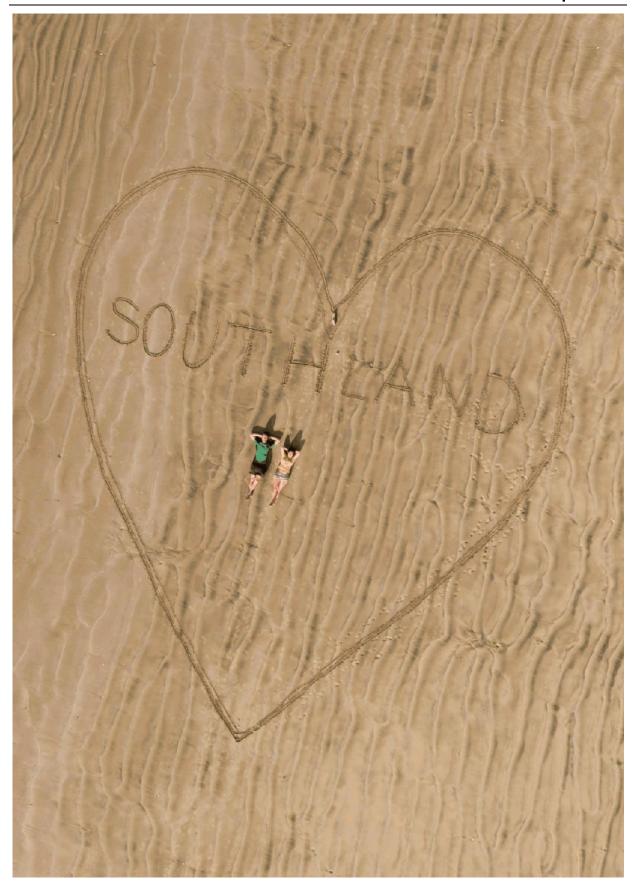
15. Events After Balance Date

There are no significant events after balance date.

10. Deferred Revenue	
Deferred Revenue Under Exchange Transactions	1,315,499
Deferred Revenue Under Non-Exchange Transactions	-
Total	1,315,499

16. Statement of Commitments	
Operating Lease Commitments	
Not later than one year	137,264
Later than one and not later than five years	168,008
Later than five years	37,333
Total	342,605

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Management Report

Record No: R/20/3/8036

Author: Steve Ruru, Chief Executive Approved by: Steve Ruru, Chief Executive

 \square Decision \square Recommendation \boxtimes Information

Chief Executive

Covid-19

- 1. Covid-19 has quickly escalated into a world-wide pandemic event that will have wide ranging health, economic and social consequences for communities for a number of years to come.
- 2. The speed with which the event has unfolded from the original outbreak in China in late December has meant that there has been a need for business and communities to cope with a rapid level of change within very short timeframes. In this regard the tourism industry is an example of a sector that has changed dramatically 'over-night' as a result of the restrictions placed on international and national travel.
- 3. In response to the outbreak of the pandemic central Government have declared a national state of emergency, under the Civil Defence and Emergency Management Act 2002, and an Epidemic Notice, issued under the Epidemic Preparedness Act 2006. Collectively, these declarations enable government to make the decisions that need to be made to control the spread of the virus and protect public health.
- 4. One of the effects of the decisions that have been made is the reality that the NZ economy will move into a deep economic recession which in turn will have a number of flow on social consequences for communities. Government are and will continue to look at what support can be provided at a national level to support both the response and recovery phases of the event.
- 5. From a Council perspective a number of measures have been taken to manage our initial response to the event. Staff have 'framed' this initial response around three main work streams being the internal organisational operations, its service delivery functions and community wellbeing. Within each of the work stream areas there are a number of pieces of work that have been advanced.
- 6. From an organisational operations perspective it has been important to put in place new working arrangements for all staff so that they can continue to deliver Council services, albeit while taking appropriate steps to protect their health and working from home, during the national level 4 alert. In implementing the new working arrangements it has also been important that plans are put in place, in conjunction with contractors where relevant, to ensure that Council can continue to deliver essential or critical to life services such as water and wastewater in a wide range of possible outcome scenarios.
- 7. While Council has been able to continue with the delivery of critical to life services during the national alert level 4 lockdown there are a range of other services that have not been able to be delivered. These include, for example, routine reserve maintenance and building consent inspection services. Once the non-essential service restrictions are lifted it will take time for staff

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and contractors to 'catch-up' with the backlog of work that has been generated in the interim. Staff will obviously look to address the highest priority works before more routine work, when they are able to recommence the delivery of such services.

- 8. From a community support perspective it has been pleasing to see a number of communities 'pulling together' to implement locality based support mechanisms for members of their local community. Local communities coming together to put in place local solutions to the challenges they face is a key part of the community led development model that has been a strategic priority for Council in recent years.
- 9. As part of the range of local community support initiatives staff would also encourage the community boards to consider using their local community partnership funds to provide financial support for local NGOs or community groups that might be delivering additional services and/or need additional financial support in the current environment. Each board received additional one-off funding from district reserves that could be used to assist with the funding of such grants.
- 10. In the current environment it is also expected that there will be a number of ratepayers who may experience problems with paying rates or other Council fees and charges for different services provided. There are a wide range of alternative payment and or rates postponement options that can be put in place under existing policy settings. Hence, ratepayers are encouraged to contact rating or customer staff who are able to discuss a range of options that might work best for each individuals set of circumstances.
- 11. As noted the flow-on social, health and economic effects of the pandemic are going to be very significant and last for some time. As a result it will have very significant flow on implications for Council and the work that it needs to do for and with its communities. In turn this will require a reprioritisation of existing work programmes for both the current and 2020/21 financial years. Staff will be looking to report to Council with thinking on how it might progress a review of its current work programmes.

Adverse Weather Event

- 12. In early February the Southland region was affected by a significant rainfall event that led to the declaration of a regional civil defence emergency. The event began with a period of high rainfall in Milford Sound on 3 February coinciding with high tides that caused some backflow flooding and inundation in the Milford Village lower car parks and closure of SH94 Milford to Te Anau.
- 13. The event subsequently intensified significantly causing widespread damage to SH94, the Hollyford Valley and a number of Department of Conservation tracks. The heavy rainfall also spread into the Southland region upper catchments, particularly affecting the Mataura River. This led to a need to evacuate parts of Gore, Mataura and Wyndham.
- 14. The regional civil defence emergency was lifted on Tuesday, 18 February with a transition made to a formal recovery notice period for a month. This process was followed to allow for management of the Milford Road corridor by NZTA and was not renewed at the end of the month.

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- 15. To ensure that there was an appropriate structure in place to lead the recovery process a regional recovery manager was appointed with support being provided by local recovery managers in both Gore and Southland District.
- 16. From a Southland District perspective the focus of the recovery effort will continue for some time with repairs to the District's roading network of approximately \$3 million being completed over the balance of the 2019/20 and into the first part of the 2020/21 financial year.

3 Waters

- 17. Central government is reviewing the regulation and supply arrangements for three waters across New Zealand. The regulatory components of this work are well progressed with the decision made in December 2019, to form a new independent water regulator called Taumata Arowai.
- 18. Alongside the proposed regulatory changes, and with the input of local government and the wider water sector, work is underway to consider alternative service delivery models. The development of larger service delivery entities is seen by government and others as a way to respond to the affordability and capability challenges facing the three waters sector.
- 19. To provide support for the investigatory work required the government has agreed to provide funding assistance on a case-by-case basis to local authorities that are interested in investigating alternative service delivery arrangements that address current weaknesses in the delivery of three waters services, and align with the wider objectives of the three waters review.
- 20. The local authorities across Otago and Southland have been granted government funding support for a joint investigation across the two regions to consider the benefits that might come from a range of different service delivery collaboration models.
- 21. The investigation will determine key principles and objectives, document the current state of water services in participating districts, and establish the most pressing issues for Otago and Southland. It will then examine various collaborative models to determine whether they could benefit Otago and Southland communities and the environment.
- 22. The models to be considered include the status quo, shared contracts or services, a shared services agreement, an alliance, a "virtual" council-controlled organisation (CCO), a non-asset-owning CCO and an asset-owning CCO. Each option will be considered at the sub-regional and regional level, as well as for both regions together, through an indicative business case using the Better Business Cases methodology.
- 23. Leading this investigation should allow Otago and Southland to develop and understand the water service arrangements that best meet local objectives and respond to local circumstances. Conversely, there is a risk that without action central government may develop a one-size-fits-all model that does not respond to these specific circumstances, leaving Otago and Southland worse off.

Productivity Commission Report

24. The Productivity Commission is an independent government agency which was formed in 2011, and charged with providing 'independent' advice on ways to improve productivity in New Zealand with the overall aim of improving community well-being. To date, five out of the 14 inquiries undertaken by the commission have focused on various aspects of local government

- regulation, planning and funding: Local government funding and financing (2019); Better urban planning (2017); Using land for housing (2015); Towards better local regulation (2013); and Housing affordability (2012).
- 25. In mid-February the Productivity Commission released a Local Government Insights report that brings together the learnings and observations that the commission has made from the above five inquiries. A copy of the report is available on the commission's website (https://www.productivity.govt.nz/assets/Documents/c987e2b6d0/Local-Government-Insights-Report-2020_midres.pdf).
- 26. The report provides a useful analysis of the range of challenges facing the local government sector and also addresses options for addressing these as we look to the future.

Climate Change Adaptation Report

- 27. In late February the Deep South National Science Challenge released a report titled "Centring Culture in Public Engagement on Climate Change Adaptation: Re-shaping the Future of the NZ Tourism Sector". A copy of the report is available on their website https://www.deepsouthchallenge.co.nz/sites/default/files/2020-02/Centring%20Culture%20Compressed%20Report.pdf).
- 28. The report looks at the ways in which the tourism industry is looking to adapt to the impacts of climate change and the threat that it creates to the future of the industry. It indicates that the tourism industry is particularly susceptible to climate related severe weather impacts, as is local government infrastructure.
- 29. The risks identified in relation to local government infrastructure builds on previous work completed by Local Government New Zealand (LGNZ) in 2019 which found that \$14 billion in local government infrastructure was at risk from sea level rise, exacerbated by climate change, and emphasises the importance of climate change adaptation work.

Rating of Maori Land

- 30. In mid-March the government introduced a Local Government (Rating of Whenua Māori) Amendment Bill through which it is proposing a number of amendments to the Local Government (Rating) Act 2002 to promote the development of Māori freehold land and to modernise the rating legislation relating to Māori freehold land. Much of the current Maori land rating legislation stems from the 1920s. Provisions in the bill link with proposed changes to the Te Turi Whenua Act 1993, which imposes a number of restrictions on the effective utilisation and development of Maori land.
- 31. The bill, which has been referred to the Māori Affairs select committee, provides:
 - local authorities with the power to write off rates arrears on any land where they cannot be recovered or, in the case of Māori land, a person has effectively inherited rates arrears from a deceased owner
 - for Māori land rating units that are entirely unused and Māori land protected by Ngā Whenua Rāhui kawenata, which are put in place under the Reserves Act 1977 or Conservation Act 1987, to be non-rateable

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- a statutory remission process to promote rates remissions for Māori freehold land under development
- allowance for multiple rating units of Māori freehold land to be treated as one for the purposes of calculating rates if they are used as one economic unit. This will have the effect of reducing uniform charges and lower the overall rates charged, which is not dissimilar to the current contiguous rating provisions applied to general land
- for multiple homes on a rating unit of Māori freehold land to have separate rates accounts if the owner requests, which will enable owners to access the rates rebate scheme.

Land Transport Government Policy Statement

- 32. The Government released its draft Government Policy Statement on land transport 2021/22 2030/31 (the draft GPS 2021) for public feedback in mid-March with submissions closing on 27 April. The draft GPS and supporting information are now available online at the Ministry of Transport website (www.transport.govt.nz/gps).
- 33. The GPS helps to guide investment in land transport by providing a long term strategic view of the Government's priorities for investment in the land transport network. The GPS 2021 builds on the strategic direction of GPS 2018.
- 34. The GPS 2021 identifies five key outcomes:
 - inclusive access
 - health and safe people
 - environmental sustainability
 - resilience
 - security and economic prosperity.
- 35. The four strategic priorities included in the document, which will contribute to achievement of the outcomes relate to safety, better transport options, improving freight connections, and climate change.
- 36. The GPS is used to inform development of the National Land Transport Programme and Regional Land Transport Plan.

Environmental Services

Group Manager's Update

37. The environmental services team have been able to continue most functions from home in the lockdown situation. Where the non-essential field work has ceased, we are utilising the team members on other important and pressing matters including general backlogs. It is envisaged that the team will continue to be busy during the lockdown period even if this is extended.

Building

38. During March 2020, the building team issued 94 building consents. This is 21% more than was issued in March 2019.

- 39. The building solutions team showed strong resilience to the changes brought about by Covid-19, rapidly scanning over 19,000 pages of documentation in the 48 hour notice period advised by Central Government. This hard work has enabled the team to continue delivering an uninterrupted service during the transition into isolation. During this time, we were lucky to have the inspectors working from home and assisting with consent processing rather than their normal inspection work.
- 40. The building team worked with designers who had submitted plans larger than an A3 size (which were unable to be scanned 'in house') to immediately re-submit their applications via the recently launched electronic portal named 'Simpli'.
- 41. A positive outcome of the Covid-19 lockdown has seen an 81% increase in the use of the Simpli portal by the building industry, with 52 consent applications received in March 2020 which is up from 22 consent applications in February. The release of this portal prior to the Covid-19 isolation requirements has been an enormous benefit.

Resource Consents and Policy

- 42. The resource consents team has had a slight increase in workload during the Covid-19 lockdown. They are experiencing an increase in requests for completion certificates on subdivisions and resource consent applications are still being lodged and processed.
- 43. The team has experienced a reduction in staff resource available with the secondment of the team leader Marcus Roy into the Emergency Management Southland controller/alternate controller position. To assist this we have moved one of our policy team members to assist with leadership of the team.
- 44. Work on the National Planning Standards and other policy projects are still being progressed albeit at a reduced rate due to shifting resource to consents.

Environmental Health

- 45. The dog control team is working hard on the software module to allow new dogs to be registered online. It is almost ready at the time of writing to go live. A soft launch is proposed to allow public testing of the system, before the busy registration renewal run, when many new dogs are registered. This will mean all dog registration actions can now be done online, e.g. change to dog details, renewing dog registration, new dogs.
- 46. The team is working from home during lockdown. While day to day work continues, such as requests for service or licence processing, the team is making the most of the time by attending to backlogged work, and completing unfinished or parked projects that will make the service more effective. Such projects include completing the development of electronic processing systems, recording processes for business continuity, interventions to increase the percentage of dog owners that receive the responsible dog owner discount.
- 47. The team is providing a reduced field service, limited to aggression/welfare related incidents generally; and environmental health notifications of a serious nature. However, routine work can continue to an extent remotely, by phone and zoom meetings.

Predator Free Rakiura

- 48. Predator Free Rakiura has completed work on a video, Councillors can view by opening the link attached. Alongside this work, development of a new website continues. View Predator Free Rakiura video
- 49. During this period of lockdown, engagement with key stakeholders continues where appropriate via Zoom, email or phone.
- 50. The development of a business case to set up a project team and feasibility assessment will be the focus once the website is finalised.

Customer Delivery

- 51. When alert level 4 was triggered and we moved into a lockdown situation, the customer delivery team moved quickly to provide support and deliver services to our internal and external customers.
- 52. The business solutions team saw the greatest demand from an internal perspective as they supported Council staff to work from home. At the time of writing, the systems are working and managing demand with all staff in the team deployed to work from home.
- 53. Our libraries team have had a dramatic change as their offices closed first. Staff are working across the District from home managing usual processes such as processing interments, change of address requests and supporting the library 0800 number. The team are also completing more detailed library work that had been delayed for some time as there was not the time available when prioritising library programming and customer interactions.
- 54. Knowledge management are working remotely but with one staff member on site at times to manage the internal mail and scanning requests. Staff are able to compete LIM requests remotely and engage with the rest of the organisation to ensure we continue to meet the requirements of the Public Records Act 2005.
- 55. Customer support have now successfully deployed the contact centre remotely and have extra support from other staff in the organisation. Staff are also able to manage the requests received online at different times of the day and have seized on the opportunity to update, improve and streamline processes across the spectrum. While we do see a reduced number of calls at present, customers are grateful for the service and advice at the end of the line.

Community and Futures Group

Group Manager's Update

- 56. Since the effects and impact of COVID-19 have become a reality the Community & Futures group and teams have adapted and developed their respective work programmes that incorporate as much business as usual deliverables, while reflecting some of the immediate needs to understand and respond to the COVID-19 implications. This involves consideration of impacts, analysis and assessment for Council as well as District communities.
- 57. All teams are set up and working from home carrying out a mixture of business as usual tasks and tasks related specifically to the COVID-19 outbreak.

Community Leadership Team

- 58. At the start of the lockdown period the team identified several operational risks to the activity. These included issues such as Council losing links and connections with its communities and stakeholders and not being able to maintain effective lines of communication. The team also saw a potential for risk in some communities not being in a position to support community-led development and community-led projects having to be put on hold by communities.
- 59. As a way to mitigate some of these communication issues, community board facebook pages have now been set up for all nine of Council's boards. Prior to the outbreak there had only been one or two pages in use. These pages are growing in popularity and are a great tool for sharing information with our communities.
- 60. The team has been utilising video conferencing technology to hold regular meetings with the staff at Emergency Management Southland and Great South. We have also been in contact with the Department of Internal Affairs, community funders, and Immigration New Zealand/MBIE.
- 61. New work streams that the team is currently undertaking are in the areas of research around social recovery and the associated changes that will inevitably occur in our communities once the lockdown period is over and the economic and social impacts of COVID-19 are known.
- 62. In terms of our business as usual activities the team is using this time to update the community board plan documents to include updated actions (where these have been agreed by the boards) and carrying out demographic information research using recently released census data from Stats New Zealand. Council's communication and engagement team will also use this time to begin the graphic design work on the plans that are nearing completion. The team is also continuing to keep in touch with Council's community board members.
- 63. The community leadership team is responsible for sending out the four standard community board reports to community boards (and sharing with the wider community through community board facebook pages). The standard reports are the community leadership report, operational report, Council report and the chairs report (where the chair is still able to provide this). The purpose of continuing to send out this information is to keep our communities advised of the activities happening in their area.
- 64. **Stewart Island Rakiura Future Opportunities Project** some of the outcomes for this project are being reviewed in light of the COVID-19 situation. MBIE have agreed to extend the finish date for the delivery of the plan and we are currently waiting for the documentation to arrive for the extension.
- 65. **Milford Opportunities** the governance group and the consultants Stantec/Boffa Miskell were able to get into Fiordland the week before the February flooding. This was well timed given the need to review how the project will be delivered in the COVID-19 environment. The face to face meetings that were intended as part of the engagement plan have been affected and the team will be working through the best strategies for providing people and organisations with opportunities to be involved.
- 66. **Community Partnership Fund** staff continue to work alongside the nine community boards to establish criteria for the distribution of the Community Partnership Fund. Each board will set their own criteria in line with the Guiding Principles of the fund. The fund will commence 1 July

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2020. A report will go to Community and Strategy in May which will detail the criteria set by each of the community boards.

- 67. **Extension of Funding Deadlines** the closing dates for the following funds have been extended to Friday 15 May, with decisions made at the June Community and Strategy meeting.
 - Community Initiatives Fund
 - Sport NZ Rural Travel Fund
 - Creative Communities Scheme
- 68. The Ohai Railway Fund, Northern Southland Development Fund and Stewart Island Visitor Levy deadlines have also been extended to Friday May, and the committees will set their meeting dates accordingly to fit the new timeframes.
- 69. The Southland District Heritage Fund will be distributed along the usual timeframes (deadline 31 March, decision May) as all museums due to apply for this round submitted their applications before the 31 March deadline.

Governance and Democracy

- 70. Staff are ensuring that all governance matters are in line with legislative changes following amendments to the Local Government Act 2002 and the Local Government Official Information and Meetings Act 1987. This includes meeting quorums, keeping and storing minutes, availability of agendas and reports for the public.
- 71. Staff are maintaining regular contact with councillors and community board members through the COVID-19 lockdown, and will continue to assist with chairs reports as required.

Strategy and Policy

- 72. A project team has been established with strategy and policy, governance and democracy, business solutions and communication and engagement teams to ensure that Council meetings can be live streamed to meet Local Government Official Information and Meetings Act 1987 amendments during COVID-19
- 73. Staff have refocused their work priority to undertake COVID-19 specific priority work, including analysis, understanding and impacts of legislative changes from central government as a result of COVID-19, a District wellbeing scan, re-analysis of the significant forecasting assumptions, and the principles that may determine if and/or why reprioritisation of work streams could be considered.
- 74. As a result of COVID-19 the opportunity has arisen for Council's strategy and policy team to undertake some research, analysis and assessment work in the short term.
- 75. Staff will look at this from a broader whole of District perspective as well as considering this work with one eye on the corporate performance area of our business and wearing a Long Term Plan/Annual Plan hat (including assumptions and affordability).
- 76. Consideration is being given to key external stakeholders and the direction and policy related information coming from these agencies i.e. this work will not be completed in a Council centric isolated bubble it will be cognisant of and inclusive of others including but not limited

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- to Great South, Southland Chamber of Commerce, MBIE, Tourism Industry Aotearoa, Tourism NZ, Economic Development NZ, Regional Tourism NZ, LGNZ, SOLGM etc.
- 77. A reviewed and revised work programme involves COVID-19 Southland District Council wellbeing scan, recovery lessons from recent previous recessions, global/national/regional economic policy implications, economic indicators analysis, employment indicators analysis plus others as things further evolve.
- 78. The Annual Plan will continue to be progressed with the intention of being adopted by Council in June 2020. A detailed project plan has been resubmitted.
- 79. The Speed Limits Bylaw, due for deliberation in April, will be delayed for at least two months and will be presented to Council at the next face-to-face Council meeting.

Communications and Engagement

- 80. The team have been busy updating the website to run COVID-19 messaging and updates.
- 81. The scheduled issue of First Edition is unable to be printed and delivered so the team are highlighting individual stories on Facebook and the website.
- 82. The team have been utilising good news stories about communities supporting each other, e.g. Te Anau, Ohai-Nightcaps, and running a series called Hometown Heroes on Facebook. There have been good shares on these posts.

COVID-19 SDC Incident Management Team

- 83. Council established its Incident Management Team (IMT) and it first met on 24 March, after the announcement by the Prime Minister that New Zealand was going into level 4 impact lockdown as a response to the COVID-19 pandemic.
- 84. The IMT is focussed on the following areas:
 - organisational (internal functions including governance, finance, IT, information management, people and capability, strategy and policy and political requirements in extraordinary times)
 - operational (external service delivery) services and assets, customer delivery, environmental services.
 - community wellbeing responsibilities community leadership, stakeholder relationships, social and economic recovery.
- 85. The IMT focuses on matters directly related to the COVID-19 event and Council's day to day work continues to be the responsibility of the activity managers and relevant group manager. The group manager highlights any issues and potential risks to Council as a result of COVID-19 to the IMT through a daily SitRep.
- 86. The IMT meets daily at the moment and has focussed its efforts on ensuring lines of communication internally and externally are as clear as possible, essential services (as defined by central government) are delivered alongside business continuity services. This means staff are actively engaged in delivering services for the benefit of the District communities be it the staff are working remotely.

87. The IMT also links and aligns with other stakeholders on an as required basis – and has representation on the EMS regional group and with the emergency co-ordination centre.

Services and Assets

Group Manager's Update

- 88. The services and assets group have transitioned well into the Covid-19 lockdown period with all staff now working from home. A number of activities are considered essential services and the necessary staff, contractor and professional services resources have been identified with appropriate protocols established regarding working practices to ensure redundancy and resilience in the provision of these services.
- 89. Daily communication and coordination with Council's internal Incident Management Team is ongoing. Further, lifeline coordination with EMS has also been activated to ensure regional oversight and support is assured.
- 90. The wider group continues with slight amendments to business as usual activities. The teams are using this time as an opportunity to get ahead with activity management planning in the lead up to the 2031 LTP. Further, there is also a focus on the identification and development (where possible) of capital works that may be required in the wake of the lockdown period.

Stewart Island Electrical Supply Authority (SIESA)

91. SIESA is considered an essential service. Staff are working closely with PowerNet to ensure this service maintains resilience through the lockdown period. PowerNet have implemented their business continuity planning protocols over this time which involves the separation of critical island-based staff to ensure continuity of service provision is assured. Further, mainland-based resources have been identified if determined necessary to assist. To date, fuel supply has continued uninterrupted.

Forestry (IFS)

92. Forestry services are not considered an essential service. As such, the maintenance of Council's forestry portfolio has been put on hold through the Covid-19 lockdown period. It is not considered that this will have any impact on the portfolio moving forward.

Around the Mountains Cycle Trail

93. Appropriate signage has been erected at key locations on the trail notifying potential users that the trail is effectively closed. Maintenance activities have ceased. However, monitoring and oversight is still able to be provided through the SouthRoads Roading Alliance where necessary.

Te Anau Manapouri Airport

94. The Te Anau Manapouri Airport has been closed to larger aircraft and a NOTAM has been issued indicating that the airport will continue to operate as an unmanned aerodrome only over the Covid-19 lockdown period. Emergency Services have been notified and the (usually site based) operations manager will continue to monitor activity from home.

Property

- 95. The team are operating at home to an acceptable level of success. Actions like not being able to get onsite to discuss and resolve issues with landowners/lessees etc, as well as document scanning executions are being worked around to achieve outcomes when required.
- 96. The team are starting to receive communication regarding requests for commercial rental relief. This could range from reductions, to rest periods, to waiver and we need to look at each one individually. These issues are being considered on a case by case basis having regard to the provisions of the lease agreements that are in place and the particular circumstances surrounding each circumstance.
- 97. The team is also receiving communication around the ongoing changing guidelines about interments that should and can happen at cemeteries.

Strategic Water and Waste

- 98. Remote working is largely going well for staff despite constraints around printing, scanning etc.
- 99. Daily zoom meetings with the WasteNet team are being held to ensure solid waste collections continue as critical service. At present there has been a low number of requests for service although this may increase as the lockdown period continues.
- 100. The team are also supporting the team on Stewart Island and ensuring they have sufficient and appropriate resources and PPE to continue their services.
- 101. Water and wastewater have now developed a continuity plan with Downer and have identified a range of critical tasks that have been prioritised over the business as usual type tasks.
- 102. SCADA availability and continuity has been identified as the most essential resource to allow staff and Downer to manage and operate our networks and treatment plants.
- 103. The team have also started to review and update capital programmes to feed into the LTP/AMPs.

Project Development Team (PDT)

- 104. The project delivery team are all well set up and working remotely, current contracted works were suspended and all sites were made safe before the lockdown came into force, PDT are actively talking to contractors and suppliers and planning for the ability to restart when appropriate and future works are being looked at to see what could be brought forward to accelerate work when lockdowns drop.
- 105. As of 1 April the only planned works to keep progressing is the replacement of the water main at Lumsden this is due to recent bursts and critical replacement required, we are working with Downers on how this work can be completed while remaining compliant with the level 4 lockdown.

Community Facilities

- 106. The community facilities team are working from home except where there is a need to work with contractors in regard to essential service delivery issues.
- 107. After some initial glitches with computers and internet access everyone has the ability to function in their home offices. The common thread is however that the team say they are busier due to the increase in email communication than they would be if they were working normally. They do however appreciate that they are able to catch up on all of the things that they wanted to do but were unable to because they were lost in the operations.
- 108. The teams focus is writing the activity management plans, reviewing and preparing works programmes, managing existing projects in CAMMS and getting a head start on next year's capital works programmes.

Strategic Transport

- 109. The transport team is largely operating from home with roading contract managers carrying out periodic network inspection and urgent RFS assessments. The alliance maintenance contractors have a skeleton crew doing network inspections and addressing any urgent issues that arise.
- 110. The team is making valuable use of the time to focus on areas such as activity management plans, forward works programmes and reviewing key documents including roading policy procedures.
- 111. There are several tender documents which are also being finalised to be put out to market, these include resurfacing contract, footpath improvements and renewals to name a few. The challenge with these is to determine an appropriate tendering timeframe when considering the uncertainty with the lockdown period.

Recommendation

That the Council:

a) Receives the report titled "Management Report" dated 8 April 2020.

Attachments

There are no attachments for this report.



Southland Museum and Art Gallery - Governance Structure Options

Record No: R/19/12/28900

Author: Steve Ruru, Chief Executive Approved by: Steve Ruru, Chief Executive

□ Decision	☐ Recommendation	☐ Information

Purpose

To seek a decision from Council in relation to an Invercargill City Council proposal for it to assume responsibility for the operational management of the Invercargill museum from (Southland Museum and Art Gallery) SMAG and to make Council aware of the need for further work to be progressed to consider what might constitute the most appropriate ownership and governance structure for the Southland Museum and Art Gallery building and collection.

Executive Summary

- At its meeting on 21 August 2019 Council considered a report addressing issues relating to a proposal to develop a regional heritage strategy and for the Invercargill City Council (ICC) to assume full responsibility for the day to day operational management of the Southland Museum and Art Gallery.
- As a result of its deliberations staff were asked to report back with an outline of the implications and process that would need to be followed if Council were to come to a view that the ownership of the Southland Museum and Art Galley assets and redevelopment of the Southland Museum and Art Galley Museum was to transfer to ICC. This report addresses both this issue and the further work that has been completed since the original report in August.
- The report proposes that Council endorse the proposal for ICC to assume the governance and management responsibility for the Invercargill museum. It also notes that there is a need for further work to be progressed to resolve the issues relating to ownership of the museum building and the appropriate future role of the SMAG Trust.

Recommendation

That the Council:

- a) Receives the report titled "Southland Museum and Art Gallery Governance Structure Options" dated 17 April 2020.
- 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) Council endorse the proposal for the day to day management of the Invercargill museum being transferred to the Invercargill City Council and in doing so note that ultimately it is an issue for the Southland Museum and Art Gallery Trust and Invercargill City Council to resolve.
- e) Notes that there is a question relating to ownership of the Invercargill museum building and whether it belongs to the Invercargill City Council or Southland Museum and Art Gallery Trust and recommends to the Trust that it seek to resolve the ownership issue with the Invercargill City Council in a timely way.
- f) Notes that work needs to be progressed to address the question of the future ownership of the Southland Museum and Art Gallery Trust collection.
- g) Notes that there is a need for further work to be progressed to better define the role of the Southland Regional Heritage Committee and the funding of the heritage activity across the Southland region and that this work is best progressed at a regional level.

Background

- At its meeting on 21 August 2019 Council considered a report addressing issues relating to a proposal to develop a regional heritage strategy and for the Invercargill City Council (ICC) to assume full responsibility for the day to day operational management of the Southland Museum and Art Gallery (SMAG).
- 6 Council was not supportive of the proposal to proceed with the development of a regional heritage strategy, which at that time was seen as a way of resolving a number of the other questions/issues relating to the role of the regional heritage committee and other heritage structures across the region.
- As a result of its deliberations in August 2019, Council asked that staff report back with an outline of the implications and process that would need to be followed if Council were to come to a view that the ownership of the Southland Museum and Art Galley assets and redevelopment

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of the Southland Museum and Art Galley Museum was to transfer to ICC. This report addresses both this issue and the further work that has been completed since the original report in August.

History of SMAG

- The Southland Museum and Art Gallery (SMAG) Trust is, from a legal perspective, established as an independent trust under the Charitable Trusts Act 1957. As such the trustees have a statutory obligation to act in the best interests of the trust, rather than the body that appointed them, and they also carry personal responsibility and liability for the actions of the trust.
- 9 The SMAG constitution provides for the appointment of trustees by the following organisations:
 - 1 Gore District Council
 - 2 Southland District Council
 - 3 Invercargill City Council
 - 1 Iwi
 - 1 Friends of the Southland Museum
 - 1 Community representative
- Advice that staff have received indicates that while the SMAG trust deed contemplates that Council will appoint two trustees there is no requirement for it to do so. This also applies to the other parties identified as having the right to appoint trustees.
- If Council, or one of the other entities with appointment rights were to make a decision not to appoint a person to a trustee vacancy then the remaining trustees are able to fill that vacancy by way of an ordinary resolution at a meeting of trustees.
- Some years ago, the SMAG Trust entered into a management contract with the Invercargill City Council which means that the Invercargill City Council (ICC) employ the staff directly involved with the operation of the Southland museum and maintenance/custodianship of SMAG assets. This includes providing administrative and financial support services to the Trust Board. It is this arrangement that ICC are seeking to change.

Ownership of Museum Building

- 13 It had been thought that the SMAG Trust Board owned the pyramid building, and that ICC owned the land on which the building sits. Recent research on this point suggests that this may be incorrect and that the building actually belongs to ICC. In this regard the SMAG Trust Board wrote to ICC on 5 August 1960 clarifying "as you Council is the owner of the building and the Board is responsible only for the internal operations of the museum".
- While there is a formal lease arrangement in place between SMAG and ICC the question of ownership of the building is less than clear supporting the desirability of the ownership of the SMAG building needing to be clarified. What is clear from the lease, however, is that should the lease ever expire or be terminated for whatever reason then the buildings and any improvements shall vest in ICC.
- 15 If it is correct that the pyramid building is owned by ICC there is a strong argument that they should be responsible for progressing any replacement and/or upgrading of the museum

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building. Obviously, the nature and scale of any redevelopment should logically be done in consultation with the SMAG trust as well as the wider community if SMAG were to continue to operate the museum facility.

The issue of determining ownership of the museum building also does not prevent the costs of any redevelopment and operation of the museum in the future being funded from the regional heritage rate should that be considered appropriate. That is seen as being a separate question to be addressed by the regional heritage committee, under the current regional heritage structures.

Ownership / Guardianship of the SMAG collection

- 17 The SMAG collection has come about through the gifts and funding of the people of the Southland region. To some degree, support for transfer of the activity of the museum to ICC is coupled with the concept of ownership of the collection being held by a regional trust as it creates a clear separation between the ownership of the collection and day to day operational management.
- References to the collection are to those items which the museum owns without restriction. There are also pieces in the collection that are on loan, or have conditions that apply.
- 19 If the collection was to continue to be owned by a trust, there are two options:
 - The museum's collection is owned by a new entity and the SMAG trust would be wound up; or
 - the museum's collection is owned by SMAG Trust, operating under a modified/repurposed trust deed. In other words the trust deed would be modernised and changed to reflect the role
- If a new entity is established by one or more of the Southland councils, the consultation requirements of the Local Government Act 2002 (LGA) will apply because a new council controlled organisation would need to be established.
- If the SMAG Trust Deed is modified/repurposed, the consultation requirements of the LGA would not apply. This is because it is not a change in the mode of service delivery.
- The responsibility for initiating and managing a process for altering the SMAG Trust Deed would need to sit with the SMAG trustees who ultimately have a responsibility to act in the best interests of the trust.

Governance Review

In June 2018, ICC resolved to commission an independent review of the governance arrangements best suited to the management of the SMAG property and assets. Gryphon Consulting were engaged by ICC to undertake the review on the following basis:

The desired outcome of the proposed review is a revised governance structure that will deliver for Invercargill and the greater Southland Region an effective and fit-for-purpose ownership and governance model(s) for the:

- Redeveloped Southland Museum
- New Arts & Creativity for Invercargill (ACI)
- Regional Storage and Knowledge Centre (RSKC) facility

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- Gryphon Consulting completed the review in 2019. A copy of their report is attached (Attachment A). The review recommended the disbanding of SMAG, and the creation of a new council controlled organisation.
- 25 The report also gave the following strong messages:
 - the need for a regional arts, heritage and culture strategy
 - without the ongoing commitment to adequate funding and resource allocation, the ability of any structure of governance to deliver the desired outcomes will be greatly inhibited
- The Gryphon report recommended a full analysis of the financial requirements of the entity should be undertaken. This is not required in terms of a separate entity, but remains a valuable point. No entity (not even an activity core to Council) will be successful if its funding is insufficient. The Gryphon review specifically reflected earlier advice from Tim Walker & Associates that higher levels of capital and operational funding would be required to ensure SMAG was able to fulfil its purpose.
- 27 The Gryphon report was completed at a time when the SMAG Board had already commissioned a strategic review by Tim Walker & Associates.

ICC Proposal

- ICC are proposing to make the governance and operation of SMAG a department within council. This proposal would effectively mean that ICC would have total responsibility and oversight for managing the day to day operation of the museum facility and staff. The collection would, however, continue to be owned by either the current SMAG Trust or a new entity that might be formed to assume responsibility for this role.
- 29 The ICC operational management proposal would clarify the current 'blurred' lines of accountability and create a more typical operational contract arrangement between SMAG and ICC.
- As a separate but related matter, in essence, this would mean that the museum becomes an ICC facility, rather than a regional facility. ICC has budgeted \$9.5 million in its current LTP towards the redevelopment of the SMAG facility. Neither this Council nor Gore District Council have made any funding commitment towards such redevelopment at this time.
- In principle this has the potential to bring greater clarity to the current unclear governance and operational management arrangements for SMAG. It does not, however, address the issues relating to the role of other heritage structures/entities in Southland, such as the regional heritage committee or other museums/heritage entities that deliver similar services across the region.
- 32 If ICC were to assume operational responsibility for the Invercargill museum, currently operated by SMAG, then presumably they would lead the redevelopment of the current facility.

Issues

There is a need for Council to determine what position it wishes to adopt in relation to the ICC proposal for it to assume governance and management responsibility for the day to day management of the Invercargill museum activity as a core department of council. In effect this would 'further cement' what has been happening in the past with the museum staff being ICC employees.

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Note that the ICC operational management proposal would not affect the underlying ownership of the heritage collection nor the question of who owns the building. These latter two issues are ones that will need to be resolved via a subsequent decision-making process.

Factors to Consider

Legal and Statutory Requirements

- 35 SMAG is an independent trust established under the Charitable Trusts Act 1957. The effect of the incorporation of SMAG under the act means that it is capable of doing all of the things that a body corporate can do. It does not, however, deem the SMAG board to be a separate legal entity to the trustees and nor does the act explicitly provide for a limitation of trustee liability.
- As an independent entity the decision about whether to accept the ICC proposal to assume responsibility for the day to day management of the Invercargill museum is one for the SMAG trustees to make as are decisions about where ultimate ownership and responsibility for custodianship of the SMAG collection.

Community Views

- As referred to above, there is no statutory requirement to consult the public (or consider community views) in relation to any changes that might be made to the purposes and powers of the SMAG Trust or the decision that the trust will need to make about acceptance or otherwise of the proposal for ICC to assume operational responsibility for the museum. These are decisions that need to be made by the SMAG trustees doing what they consider to be in the best interests of the trust itself.
- Council is, however, able to form a view on these matters and should have regard to the range of views that might exist within its communities, as distinct from the Invercargill community, about what it might consider appropriate for the future management of the SMAG collection.
- 39 Given that SMAG has traditionally been seen as having a Southland regional element to its role it is reasonable to expect that the Southland District community would expect to see a structure put in place that will lead to an appropriate level of protection and custodianship of the SMAG collection.

Costs and Funding

- 40 SMAG operations are funded via the regional heritage rate, which is administered by the Southland Regional Heritage Committee, and the Invercargill City Council.
- 41 ICC have not provided information about any proposed changes in costs that might occur as a result of its proposal to assume operational responsibility for the Invercargill museum from SMAG but it is expected that this part of the proposal would be cost neutral, at least in regard to the level of funding that might be sought from the regional heritage rate.
- If SMAG (or ICC) were to proceed with the development of a new Invercargill museum building then it can be expected that the funding being sought will increase. Council has not made any allowance for an increased contribution to SMAG, via the regional heritage rate, in the 2018 Long Term Plan.

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Policy Implications

Council does not have any existing policy on the question of how SMAG operations should be managed.

Analysis

Options Considered

- The options being considered are for Council to explicitly endorse the ICC operational management proposal (option 1) for it to assume the governance and management responsibility for the operational management of the Invercargill museum, remain neutral (option 2) or do nothing (option 3).
- Under option 1 Council would endorse the ICC proposal based on the fact that it would create clarity and accountability for the operational management of the museum. Under option 2 Council would simply note that ultimately it is an issue for the SMAG trustees and ICC to determine. Under option 3 Council would not express a view one way of the other and would simply resolve to receive this report.
- 46 Under all three options it would be appropriate for Council to have the museum building ownership issue resolved so that there is clarity on this matter which is obviously relevant to the issue of who should take responsibility for progressing any proposed redevelopment of the facility.

Analysis of Options

Option 1 - Endorse operational management proposal

Advantages	Disadvantages
 would provide a clear expression of this Council's view on operational responsibility creates greater clarity as to where responsibility for operational management of the museum sits and will reduce the inefficiency associated with split accountabilities formalises what in many ways has been 	Council has been provided with limited information about the proposal and its practical implications.
happening in practice given that the museum staff have been ICC employees.	

Option 2 - Remain neutral

Advantages	Disadvantages	
acknowledges that ultimately it is a decision	does not reflect the fact that Council makes	
for SMAG trustees to make and Council	a significant financial contribution to	
does not need to become involved in that	SMAG operating costs via the regional	
decision	heritage rate	

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- would be easier for Council to subsequently form a different view in relation to this matter once the issues relating to the potential development of a new museum and future ownership of the collection become clear.
- does not reflect that SMAG has some level of regional service delivery.

Option 3 - Do nothing

Advantages	Disadvantages
reflects the view that ultimately the matter is one for the SMAG trustees to determine and that they are able to do this without input from Council.	 does not reflect the fact that Council makes a significant financial contribution to SMAG operating costs via the regional heritage rate does not reflect that SMAG has some level of regional service delivery. Council is not accepting that it has a level of responsibility for how funding provided via the regional heritage rate is utilised.

Assessment of Significance

This matter is not considered significant in terms of section 76 of the Local Government Act 2002. This report is predominantly providing Council with an update on proposed changes to the governance and operation of the SMAG Trust and Invercargill museum.

Recommended Option

It is recommended that Council adopt option 1 and endorse the ICC proposal to assume governance and management responsibility for the Invercargill museum.

Next Steps

49 Staff will communicate the Council decision to ICC and continue to monitor developments in relation to the future of the SMAG trust and clarification of who owns the building.

Attachments

A Gryphon Report - SMAG Governance Options J.

CONFIDENTIAL: February 2019

Governance Options Review for Southland Museum and Art Gallery

Prepared for

Invercargill City Council February 2019



Acknowledgements

The Author, Gryphon Management Consultants, wish to thank the individuals and organisations that participated in the consultation and gave feedback that was instrumental in the development of the recommendations. It was the passion of all those involved, that highlighted the importance of the combined Southland Museum and Art Gallery (SMAG), Regional Collections Centre and Arts + Creativity for Invercargill (ACI) and Culture Initiative to those involved and more importantly its place in the communities of Invercargill and the wider Southland Region, that reinforced the importance of this project.

Report Disclaimer

In preparing this report it has been necessary to make several assumptions based on the information supplied to the Author. Therefore, any recommended actions contained within this report must be subject to uncertainty and variation as they remain dependent on evolving events. That said, the recommendations have been prepared conscientiously based on the consultation and feedback given, and our understanding of emergent trends in organisational structure and governance.

Every due care has been taken during the interviews, and data gathering processes to ensure the authenticity of the data used. No audit or verification of the information supplied during the preparation of this report was undertaken unless stated in the report. Whilst due care was taken, Gryphon Management Consultants take no responsibility for errors or mis-statements arising from the information supplied to Gryphon Management Consultants in the preparation of this report.

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Definitions

ACI Arts + Creativity for Invercargill

BMM Bluff Maritime Museum

CCO Council Controlled Organisation ()

FRC Funding and Revenue Committee

GDC Gore District Council

HCA Trust Heritage Culture and Arts Committee Trust

ICC Invercargill City Council

LTP Long-term Planning

LOE Letters of Expectations

RSKC Regional Storage and Knowledge Centre

SHCAC Southland Heritage, Arts + Culture Committee

SDC Southland District Council

SMAG Southland Museum and Art Gallery Trust Board

SM Southland Museum

SRHC Southland Regional Heritage Committee

SOI Statements of Intent

TWA Tim Walker and Associates



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Report Structure

Report Layout

This report outlines the options for the future governance and management of the Southland Museum and the yet to be agreed projects that will see the establishment of the Arts + Creativity for Invercargill and Southland Regional Storage and Collections Store. The recommendations contained within this report were influenced by the data gathered from one-on-one interviews with stakeholders, Councillors' the executive of Invercargill City Council, employees of Gore District Council, Southland District Council, representatives of Tangata Whenua and other interested stakeholders

The author wishes to express his thanks to all those that have given so freely of their time and expertise in contributing to this report.

The reports structure starts by reviewing the purpose of the report, followed by the terms of reference, which outlines the key requirements and expectations. This is followed by a brief outline of the data-gathering process. The report then provides an executive summary followed by a discussion on the topic of strategy.

This is followed by an outline of the various governance available, leading to the report's recommendation regarding which of the options identified, offers, in the view of the author, the best outcomes, for both the short and long-term future for the heritage, culture and arts sector within the Invercargill and Southland regions.

After discussion of the preferred option, the report moves on to briefly outline the required steps for implementation of the recommended option. Including, but not limited to, the establishment of two important committees of the board; Audit and Risk and Funding and Revenue.

Purpose of the Report

This report has been commissioned by the Invercargill City Council (ICC). Its timing has been driven by other externally commissioned reports, discussed below and provides an opportunity to review, comment and make recommendations on the current museum and art gallery governance structure and the option recommended.

The feedback received may or may not result in modification of one or possibly more of the options. This may lead to an option other than that recommended being adopted. If this transpires, then the review and report will have fulfilled their purpose.

Structural change without a corresponding behavioural and cultural change is essentially wasted effort.



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However, it should be highlighted that for any structural change to have the influence and impact desired. It requires an adjacent change in the behaviour and culture of the organisation which the structure supports. Without this, the change is essentially wasted effort.

Changes in an organisation's behavioural and cultural attributes require an evolutionary change process that consists of essentially three strategies. The strategies need to be *hopeful, generous and forgiving*:

- Hopeful, because winning strategies start with cooperation between parties.
- Generous, because winning strategies recognise that you don't have to win every single time, and,
- Forgiving, because strategies won't always work. There will be mistakes made, therefore, so
 long as the participants can forgive and move on; they will succeed, eventually.

Project Terms of Reference (TOR)

The following are the agreed TOR for the project, these have guided the development of this report.

The desired outcome of the proposed review is a revised governance structure that will deliver for Invercargill and the greater Southland Region an effective and fit-for-purpose ownership and governance model(s) for the:

- redeveloped Southland Museum
- ▶ the new Arts + Creativity for Invercargill [ACI]
- ▶ the Regional Storage and Knowledge Centre [RSKC] facility

While the above was the primary focus for the review, it was equally important that whatever structure of governance was recommended it must be appreciative and include in its recommendation the:

- ▶ Identification of any risks
- Identification of other future-state options that mitigate risks of deliver greater efficacy.
- Timeline of steps required for transition from current to future state

Background

The Invercargill City Council (ICC) acts as an agent for the Southland Museum (SM) and Art Gallery Trust Board (SMAG) as well as being its principal funder, both in terms of the targeted rate value (described below) and additional funding provided to support the activities of the SMAG. ICC is contracted to provide all elements of the personal management for the SMAG Trust.

This review is an adjunct to an additional review, commissioned by the SMAG and being conducted by Tim Walker and Associates (TWA). The TWA review was commissioned to provide an assessment of the institutions within the SMAG's sphere of control in terms of:

► Recommendations for its redevelopment as a 'new' Southland Museum [SM]

And its relation to:

 Its operation as the Southland Museum and Art Gallery [SMAG] until its closure in April 2018 due to public safety concerns,



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- The development of the new Arts + Creativity Invercargill [ACI] facility which will see the primary responsibility for arts programmes and activities removed from SM
- The proposed development of a Regional Collections Storage [RSKC] facility by the Southland Regional Heritage Committee [SRHC].

The commissioned, but uncompleted work of TWA has identified additional opportunities to develop and enhance the curatorial and arts experience within Southland and Invercargill. These identified opportunities (projects) provide the additional incentive to review the governance structure.

Table 1 identifies four projects and the approximate timelines for each, that have been identified from the strategic review undertaken by TWA¹.

Table 1: Projects Identified from the Draft Report

	2019		2020		2021		2022	
ACI	Director appointed Concept development	Preliminary design Main Contractor procurement	Developed design Main Contractor procurement Value Management	Demolition	Construction window	Construction window	• opening	
RCS	Feasibility study	Planning & procurement Stage 1	Stage 1 achieved					
SM	Director appointed	Concept development	Preliminary design	Collections moved Developed design	Demolition	Construction window	Construction window	• opening
Governance	Overall project assumptions agreed Governance model agreed Project Board established	Overall project co-ordinator appointed	Main Contractor procurement	Main Contractor procurement Value management				

Even to the uninitiated, when considering the scale, quantum and complexity of these three projects, ACI, RSKC and SM, combined with their proposed implementation timelines. The need to step back and consider the appropriate structure is a sensible and appropriate undertaking. Even more so, when the post-implementation governance requirements of these three significant projects are considered.

Data Collection

The project methodology utilised was that outlined in the RFP reply. The interviewees included members of the councils and other employees or stakeholders identified as being pivotal to the project. Furthermore, all those interviewed had a deep understanding of the value and importance of the influence and impact this project may have on the heritage, cultural and arts environment in the Southland region.

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 $^{^{\}rm 1}$ Strategic Review: Reinventing the Southland Museum Draft Report 041118

The methodology included qualitative and quantitative data gathering. The quantitative data was gathered from various sources, e.g. interviews, previously completed reports, the review of current and past strategic documents, constitutions, etc. The qualitative data includes, discussions with stakeholders and others identified at the beginning of the project.

The Locus of Control: In or Out of Council

A key question asked when discussing the various formats of governance structure available was, which is better. To have the entity controlled by council, as another department, e.g. of Invercargill City Council, or completely outside of council? That is, a council-controlled organisation (CCO), with its own skills based, joint shareholder's committee.

Another option is a hybrid of the fully in (dept of council), or fully out (CCO) option. Essentially what the structure is now, neither within council or outside council. This option has been exposed as being unsuitable. As it leads to questions of responsibility and funding. When a need (funding) or issue (responsibility) is identified, it is passed between the stakeholders, because no one wants the responsibilities without the control and rightly so.

This view of being either IN or Out of council control, that is a department of council fully controlled within the governance and operational environment of council and the CEO has guided the development and recommendations contained within this report. The reports view is that being outside of council, will provide the greatest benefits for the heritage, culture and arts sector s of Southland and its various metropolitan centres.



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Executive Summary

The Flements

The information utilised to describe the three major divisions that would likely fall within the recommended governance structure were drawn from the draft report prepared by TWA².

The TWA report suggests the three key components of the heritage arts and culture sector in Invercargill – Southland, may function as an integrated unit consisting of:

- Arts + Culture Invercargill (ACI),
- · Southland Museum (SM) and,
- · Regional Storage and Collection Store (RSKC).

The TWA draft report goes on to suggest that ACI, and SM be operated by the ICC, and the RSKC be operated by a separate entity. However, in a report called "A redeveloped Southland Museum – Stage 3 update" (Pgs. 12/13) it is highlighted that there is no "single 'right way' to provide museum and art gallery services to the community."

While these comments referred to the provision of museum and arts services, it is also true there is no single 'right way' when discussing the governance structure required, there is no single right way to govern such organisations. Therefore, this report recommends an alternative structure of governance that will incorporate all three units under a single governance structure.

Recommended Option

After reviewing the options detailed above, the authors recommendation is that the appropriate structure to govern and lead in partnership between the three councils is Option 4. A council-controlled organisation (CCO) with a joint shareholders committee acting as the link between the trust and the shareholding councils. The HCA Trust and joint shareholders committee are empowered to undertake their work. Supported by various special project's committees, discussed in the body of option four.

Two core components are required to provide this structure with the best possible start. These are:

- The development of a regional and metropolitan (Invercargill and Gore) strategic plan for the development and growth of the heritage, culture and arts sector in Southland.
- The development of an agreed funding plan to provide the organisational and operational teams with a secured level of funding required to carry out the required capital projects.

The lack of either of these important components will hobble the organisation, its governance and management teams in their ability to deliver on the vision that is being developed in the TWA reports.

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² Rejuvenating the CBD – a transformative arts centre for Invercargill – Sept 2017

Table 2: Key Recommendations

Pg. No	Recommendation
12	A strategy for the Heritage Culture and Arts sector be developed with a focus on both regional and metropolitan.
15	On completion of the strategic plan all stakeholders agree funding requirements to properly fund the capital and operational needs.
19	The archives of the ICC be incorporated into the structural responsibilities of the HCA Trust.
24	The current HoA is used as a template and modified to allow for the inclusion of the additional responsibilities, etc. discussed below.
25	That SHCAC consist of seven (5) members and that the tenure of committee members is altered.
26	The HCA Trust consist of a maximum of six (6) members,
27	The ability to establish and disestablish special project committees is a stated element within the powers of the HCA Trust.



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Heritage, Arts & Culture Strategy

A core document required by any governance structure is the organisations strategic plan. An analysis of the documents provided, and data gathered from the interviews identified there is no overall strategy for either Southland or its metropolitan centres that drives the heritage, culture and arts sector.

The lack of a strategic plan suggests the organisation or controlling entities, in this case SMAG and the stake-holding councils have not devoted time to identifying and agreeing the strategic direction, outcomes, etc., required from the heritage, culture and arts sector.

Given the high levels of cooperation within the heritage, culture and arts environment across the Southland region, e.g. the targeted rate, which is distributed by the Southern Regional Heritage Committee (SRHC). Highlights the need to develop an agreed regional strategy, which then feeds the development of local strategies.

For a region with such a diverse and shared heritage and culture operating in constrained times. To be without a regional strategy is a fundamental error. This is a significant oversight, which requires correction.

Which although outside of the reports specific remit, leads to the first recommendation:



Recommendation

That a strategy for the Heritage Culture and Arts sector be developed with its focus being both regional and metropolitan.

Developed collaboratively by the three councils and other stakeholders, the strategic plans will enable Southland to have a single view of the Vision, Purpose and key outcomes expected.

Discussion Point

It is note-worthy the Bluff Maritime Museum (BMM) is not included in the current analysis of the heritage, culture and arts sector. While the BBM may indeed be better separated from all others. It should form part of the discussion during the development of the strategic plan. The BMM may gain significant benefit from inclusion within the gambit of authority that would sit with the director and functional heads within any new heritage, culture and arts governance structure. An example of this would be cataloguing and digitising their collections, etc., not to mention the museum expertise available from the newly redefined SM.

Essentially it may be both more practical and beneficial for the BMM to be managed as part of the heritage, culture and arts governance structure than to sit outside it.



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8.6 Attachment A

Organisational Governance Options

Summary of Governance Options

This section of the report outlines the four options identified as being most suitable to deliver the outcomes desired. As expected, there is one option, which is preferred. This section of the report, provides an overview of the options available and their advantages and or disadvantages. Alongside an outline of the structure, reporting lines, etc. This section concludes with some recommended next steps. An overview of the recommendations in a diagrammatic form is shown with each of the recommendations.

Governance Structure

When reviewing the governance structure of the Southland Museum and Art Gallery Trust, it was important to include the current structure. To ascertain if the current and future requirements are best governed through a Trust, an Incorporated Society (Charitable), or a Council Controlled Organisation (CCO), with three, possibly four shareholders. These being; ICC, GDC and SDC.

Interviews conducted for this report identified the possibility that Tangata Whenua (Ngai Tahu, Kati Mamoe, Waitaha) are willing to play an active role in the heritage, culture and arts sector. It is recommended that Tangata Whenua are included in all discussions with a view to them forming part of the partnership outlined in option 4.

Implicit in whatever governance structure is chosen is a commitment from each stakeholder that they will provide a level of comfort and security of funding. This commitment would be identified in both the long-term planning (LTP) of councils and a Heads of Agreement (HoA) with the Tangata Whenua if they became a partner. Explicit in this funding security would be an understanding among all parties, that where the business case was made, additional funding/resource allocation may be available. These would be subject to the funding/resource constraints faced by council and Tangata Whenua at the time of request.

The ability of councils to commit to the necessary funding/resource allocation is greatly enhanced through the development and agreement to both a short-term (1-2 years) and long-term strategic plan for the heritage, culture and arts, as discussed above.

Contracted Provider

Currently, the SMAG is neither capable nor has the structural integrity with which to manage and or deliver the day to day operational, staffing, etc., requirements of the SM. Therefore, it has entered into a contracted arrangement with the ICC. Whereby the ICC will provide the necessary services. The third schedule of the agreement document, attached as Appendix 2, outlines the payments that are to be made by the SMAG to the contractor (ICC) for the services provided.



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Funding

With the recommendations under development in the TWA reporting for the reinvigoration and development of the Heritage, culture and arts environment within Southland. It is recognised that these and the required capital works for the repair/reinforcing of the SM building will require the stakeholders to affirm their commitment to the capital and operational

investment required for the desired outcomes to be achieved.

A refocused, re-energised heritage, cultural and arts governance and operational sector will require a re-evaluation of its current funding, both capital and operational.

With the previous recommendation for the development of a regional strategy in mind. It is also recommended that all significant stakeholders discuss the implications of the identified stakeholders being either willing/unwilling to contribute more financial support. Importantly the discussion must include these funding discussions will highlight the influence and impact reduced funding will have on the outcomes identified in the TWA report and others identified via the development of the regional and metropolitan strategic plans.

Whatever the outcome of this discussion, the impact that underfunding any governance entity charged with the care, restoration and promotion of the unique heritage, culture and arts that exist within Southland will be significant.



Recommendation

On completion of the strategic plan all stakeholders hold discussions regarding how to properly fund the capital and operational needs of the various projects identified in the strategy and through the TWA report.



Important message

Without the ongoing commitment to adequate funding and resource allocation. The ability of any structure of governance to deliver the desired outcomes will be greatly inhibited.

Letters of Expectations and Statements of Intent

In all alternatives discussed within this report it should be noted that each requires the organisations identified in each alternative to receive letters of expectations (LOE) and provide statements of intent (SOI).

While some of the identified options do not require either LOE or EOI's through either legislative or regulatory requirements. It is recommended that given the diverse nature of the stakeholders who are and could possibly be involved. The discipline imposed through the development of these documents would provide a level of comfort and an ability to monitor which may not otherwise be available. These documents would allow the various stakeholders to identify how the developed regional and metropolitan strategic plans were being enacted through LOE's and measured via the reporting received.



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Governance Options

Option One: SMAG/ICC

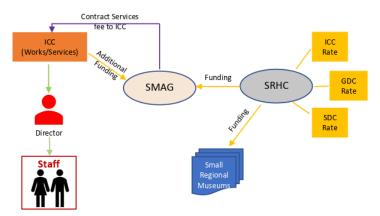


Figure 1: Current State - SMAG

While an option, the retention of the current structure does pose several functional issues that arise from its very structure, strategy, lack of sector expertise, focus, control of funding, etc. that would make it difficult for this to be a viable option.

This structure is unsuitable and will fail to deliver the outcomes required and desired.

This report takes the view that this structure has proven to be wholly unsuitable as a vehicle for the future growth and development of the Heritage Culture and Arts sector in Southland and specifically Invercargill. This view leads to the development of alternatives, which are discussed as options 2, 3 and 4.

- SRHC provides the conduit though which the targeted rate is distributed to the SMAG, with additional grants to the other smaller regional museums being given through the current application process. The committee consists of representatives from all three councils.
- The SMAG board consists of two appointed members, three appointed by ICC, two appointed by SDC, one appointed by GDC, one appointed by an external stakeholder, one appointed by Tangata Whenua.
- Funding for SMAG is derived from the targeted rate from each of the three councils.

 Additional funding is provided by ICC. The SRHC is SMAG's single largest funder. With the ICC providing additional financial support to SMAG.
- ICC is responsible for the employment of the SMAG director and staff.
- The SMAG pays a mgt fee to the ICC mthly.



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Suggested Alternatives:

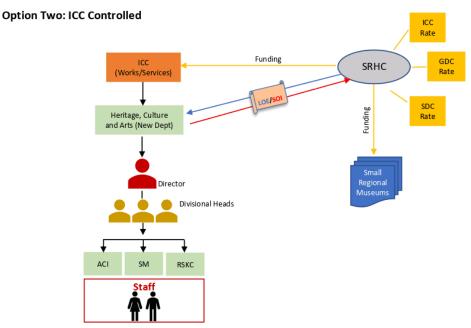


Figure 2: ICC Controlled Entity

This option fits the description of being *inside council* control, it would be a department of the ICC. All staffing and other structural requirements are delivered through the normal ICC structures. With all control and responsibility resting firmly within the purview of the Chief Executive of ICC and her senior managers. The significant disadvantage of this structure is that through its utilisation of the ICC governance and operational structure it forces a disconnection between the SM and RSKC and their regional partners.

The structure recognises that the ACI is an ICC initiative. However, it would be counter intuitive to have such a significant heritage, arts and cultural initiative sitting outside the governance and operational sphere of influence and control.

The funding that is current provided via the SRHC would continue to be provided to the agreed level.

The ICC would set up a new department within the Works and Services division. It would be called 'Heritage, Culture and Arts.' This new department would include the ACI, SM and RSKC shown above. Each of these divisions of the heritage, culture and arts dept would have a manager, who would report to the overall department director.

The ICC would receive the apportioned income from the SRHC grants (\$957k) to the new department. ICC would assume the responsibility for *all* operational and strategic elements of running the various departments, e.g. RSKC.



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The SHRC will be responsible for agreeing the outcomes and expectations for the financial year/s with the Heritage, culture and arts division of ICC, through the exchange of letters of 'Expectations' and 'Intent'

A component of the LTE between SRHC and ICC, would include the requirement that the RSKC as part of the Heritage, Culture and Arts Dept, would support the achievement of the outcomes/projects of the small regional museums. Specifically, in the areas of cataloguing, digitisation of their collections, etc.

- SRHC would fund the Heritage, Culture and Arts Department within the ICC directly, while continuing to provide additional grants through an application process to the other smaller regional museums.
- An additional possibility the ICC may wish to consider but is not shown is the transfer of responsibility for the ICC archives and libraries to this new department, which may more accurately reflect their position as valuable contributors to the heritage, arts and cultural environment of Southland and Invercargill.

A natural extension arising from the rationalisation of archives to this new department. Is the possibility to centralise the archives of the GDC and SDC into one archive store. Giving Southland a unique and valuable centralised resource, cared for, catalogued, etc., through the expertise available from the RSKC. There may be additional benefits/synergies realised from aligning the functional teams and departments under the one director and senior leadership team.

The Bluff Maritime Museum (BMM) which is a collaborative venture between ICC, Environment Southland and the Bluff Community Board. The performance expectations of all stakeholders would be detailed through the exchange of LOE and SOI

Options Three and Four

In options three and four, the management and funding of the heritage, culture and arts sector are brought into a vertically integrated structure. The slightly different structures outlined in options three and four allow the combined heritage, culture and arts sector, to align the desired outcomes with the funding streams available. While at the same time providing the ability for the heritage, culture and arts sector to strategically plan and position the disparate parts of this sector into a structure, that will help the sector achieve the desired outcomes, both regionally and locally.

The key difference between options three and four is the dissolution of the SRHC and its role and responsibilities being incorporated into a committee of the HCA Trust board. To achieve this and other desired outcomes, several changes are needed. These are discussed within option four, which is the recommended option.



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Option Three: Joint Committee: Southern Heritage Culture + Arts (SHCAC)

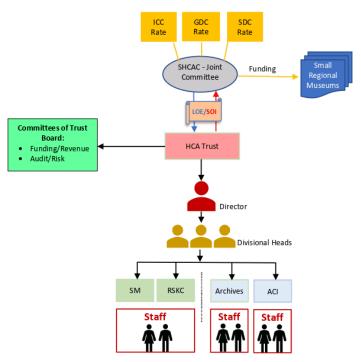


Figure 3: Structure of Southern Heritage Culture + Arts

Option three takes the disparate parts, SRHC and SMAG that are currently established and realigns these into one structure. Thereby enabling a more efficient and coordinated approach. This realignment would require the following actions to be initiated:

- a) The current SMAG board members would resign their roles.
- b) The SMAG Trust would be renamed, the Heritage Culture and Arts Trust (HCA Trust).
 - i. The members of the HCA Trust be recruited via an appointments panel
- The current SRHC would be redefined as the Southland Heritage, Culture and Arts Committee. Its current
 - The current Heads of Agreement (HoA) should also be reviewed and altered to reflect its changed and wider focus, not only as shown in the structure above but also from the possible recommendations contained within the TWA report (yet to be finalised and submitted).

Anytime a committee, be it highly or poorly functioning is re-purposed the discussion inevitably turns to its current composition and their ability or not, to fit the redefined requirements, skills, knowledge, etc.



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> Experience suggests that it is far simpler and more expedient for all standing members to resign, and if they feel they wish to be part of the re-purposed committee and are prepared to commit to the altered focus, etc., then they should reapply for a role on the new committee.

> The only possible exemption to this process would be if a standing member had such a unique set of skills that their continued participation was critical to the success of the new committee's functionality.



Important message

A detailed review of the changes required to the Trust must be completed. This would best be actioned following the development of the regional and local strategic plans. As the developed strategy may influence the objectives the trust is charged with achieving.

Archives

While not included among the components listed in the TOR, the rationale for inclusion of the archives in this structure is strong. This suggested addition of archives to this new structure opens the possibility to centralise the archives of the GDC and SDC into one archive store. Giving Southland a unique and valuable resource in one place, cared for, catalogued, etc., through the expertise available from the RSKC.

An additional component that as far as the author is aware, has been unexplored. Is the opportunity to include within the archives, Iwi documents, and other important archival materials, etc., that because of their age and or importance, need careful and expert handling and storage. Moreover, there may also be additional benefits/synergies between functional teams from aligning these departments under the functional director and senior leadership team.

While outside the remit of the governance review. It is the authors view that to ignore these possibilities may limit the future flexibility of the adopted governance structure to move with the changing needs and desires of the community it serves.



Recommendation

a) That the archives of the ICC be incorporated into the structural responsibilities of the HCA Trust.



🕰 Important message

As previously discussed in Option One; The BMM would gain significant benefit from inclusion within the gambit of authority that would sit with the operational board, its director and functional heads within the re-configured SHCAC. Specifically, in the area of cataloguing and digitising their collections, etc., not to mention the ability to access and utilise the museum expertise available from the newly redefined SM.

It is further suggested that discussions between the ICC and the Arts groups (IPAG and Southland Art Foundation) be instigated so that in the future, the various collections can also be added to SHCAC's responsibilities.

Funding

As discussed earlier (Funding) in this report. It was recommended that the ICC continues to provide the SHCAC with the additional grant already provided.



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Structural Considerations Option Three

There are several structural considerations that must be considered for both option three and option 4 below. Rather than repeating these in both options it will be more expedient to discuss these under option four, as this is the recommended option.

The structural considerations that will be discussed in option four include:

- a) Special projects committees: these will be integral to the delivery of the many significant projects that are being identified in the TWA analysis.
- b) Mandated committees of the board; Audit and Risk, Funding and Revenue.
- c) Changes to the HoA of the SRHC
- d) Changes to the Trust Deed of the SMAG
- e) Key Roles and responsibilities of the SHCAC
- f) Structure of the SHCAC; number of members, term, etc.
- g) Key roles of the HCA Trust
- h) Structure of the HCA Trust; number of members, term etc.



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Joint Shareholder Committee Hentage Culture and Arts Trust Committees of the Board: Funding/Revenue Committee Audit/Risk Small Regional Museums Staff Staff Staff Staff

Option Four: Council Controlled Organisation (CCO)

Figure 4: A Council Controlled Organisation

This option is a variation of the option 3 structure.

The most notable impact from the adoption of this structure, is that the SRHC would cease to exist in its current format. The SRHC would be replaced with a joint shareholders committee, charged with the oversight of the HCA Trust. The current HoA of the SRHC would be adapted as outlined below. The core function of the current SRHC; the receipt and distribution of the targeted rate, would under the recommended structure be carried out by a subcommittee of the HCA Trust. This is discussed in more detail below.

The current SMAG trust committee would be disbanded and reformed under a redefined Trust Deed, with the entity name being changed to the Heritage, Culture and Arts Trust (HCA Trust).

As highlighted above the redefinition of the skills requirements on these committees, especially the HCA Trust will lead to discussion of its current composition and their ability or not, to fit the redefined requirements, skills, knowledge, etc. As discussed earlier, experience suggests that it is far simpler and more expedient for all standing members to resign and if desired those who wish to can reapply for a role on the new committee.



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CCO Entity

The shareholding percentage for each of the current stakeholders of the CCO would be distributed in a manner, aligned to the financial support offered from the dedicated rate. The distribution of shares is shown in Table 2 below.

It is important to note that an allowance of 5% of the shares has been set aside for Tangata Whenua. This is to allow for the possibility that Tangata Whenua may wish to take a financial position in the restructured organisation. If, after discussions, it is decided that this will not occur the remaining 5% can be equally divided between the three principle shareholders.

Table 3: Share Split

Entity	Percentage of Shares		
Invercargill	52%		
Gore	14%		
Southland	29%		
Tangata Whenua	5%		

Structural Considerations SRHC Heads of Agreement

There is a Heads of Agreement (HoA, Appendix 1), in place for SRHC. A review of the current committee's objects and purposes has identified they are, with minor adjustment, fit for purpose for the renamed Southern Heritage, Culture and Arts Committee. These have been reproduced here:

Objects and Purposes

- 3.1 The Joint Committee shall incorporate (but not be limited to) the carrying out of the functions contemplated by the Schedule and funding formula set out in this Agreement and the categorisation.
- 3.2 To be responsible for the establishment and strategy for preserving the Regional Heritage but not limited to the following:
- 3.2.1 Preserving key heritage collections of regional significance by providing regional funding to ensure the preservation and cataloguing of key heritage elements;
- 3.2.2 To develop collections to portray and promote Southland's Heritage in the context of the "Story of Southland" including the portrayal of elements of Southland Heritage near where the activities occurred adding relevance and context.
- 3.2.3 To provide the scope for local accountability and priorities and ensuring the opportunity for local Communities to develop their administration and exhibitions in a manner that reflects the importance placed on heritage by the local Communities in Southland and the promotion of visitor interest.
- 3.2.4 To ensure recognition of heritage as it relates to the whole of the Region including but not limited to:
 - a regional approach crossing territorial boundaries',
 - a recognition of the contribution individual territorial authorities makes to Regional Heritage Collection',
 - stimulating co-operation between all governing bodies',
 - increasing the potential for regional expertise and funding to be available to local Museums;
 - providing an integrated regional approach with local accountability; developing the potential for the Regional Heritage Grants to encourage presentation and heritage collections;

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8.6

- establishment of grants for the development of heritage as it relates to the "Story of Southland"
- 3.2.5 To establish strategic plans and identify priorities for (but not exclusively) Museum development.
- 3.2.6 To achieve a co-ordinated and complimentary approach and the implication of existing programmes and projects of Southland Museums.
- To establish a fund to facilitate, investigate, assess, evaluate and prepare feasibility studies for new initiatives relating to Regional Heritage and Museums.
- 3.2.8 To take a proactive approach towards accessing and finding funds for Regional Heritage and Museums.
- 3.2.9 To develop and implement further partnerships with Southern Institute of Technology, Community Trust of Southland and other key agencies to implement projects and initiatives of heritage benefit for the purposes of advancing Regional Heritage in Museums.
- 3.2.10 To promote community projects and initiatives of benefit to Southlanders and visitors to Southland.
- 3.2.11 To encourage the preservation and maintenance of buildings and facilities and the preservation, management and development of collections and exhibits and obtaining of funds to support the objects and purposes of the Committee.
- 3.2.12 To facilitate seminars, public forums and education to develop skills and public awareness of issues and opportunities of Southland's Regional Heritage and Museums.
- 3.2.13 To utilise and manage funds, make necessary investments, enter into joint ventures, service contracts, lease and other agreements upon such securities or in such a manner and upon such terms and conditions as the Joint Committee may deem necessary and to apply funds received for the purposes for which they were granted or advanced or allocated.
- 3.2.14 To maintain close liaison with community groups and local communities throughout Southland to ensure all Local and Regional Museum strategies and initiatives of benefit to Southland are identified encouraged and addressed.
- 3.2.15 To undertake as necessary any other activities which are incidental or conducive to the attainment of the above objects and purposes.

As can be seen from the objects and purposes, the current HoA are more than suitable in the formative stages to allow the SHCAC to undertake the work necessary. It is suggested that as part of the strategic development these objectives should be strengthened, specifically, in the areas of commitment to the regional heritage objectives.



P Recommendation

The current HoA are used as a template and modified to allow for the inclusion of the additional responsibilities, etc. discussed below.



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SHCAC Structure

The current structure is stipulated in the HoA as containing the following council representatives:

- 5.1 ICC, SDC and GDC shall each appoint two members one of whom must be an elected member of the local authority.
- 5.2 The Committee may jointly appoint other Committee Members being persons who have the skills, attributes or knowledge that may the work of the Committee.
- 5.3 Each local authority shall be at any time and from time to time entitled to appoint or discharge its member or members including alternate members.
- 5.4 The parties may jointly discharge a member appointed (clause 5.2)

Given the restructure of the committee into a joint shareholders committee, controlling a CCO. The recommendation is that this current representative structure be deleted and replaced with a fivemember committee that is skills based. Thereby increasing its governance and oversight capabilities, given its increased responsibilities.



Recommendation

Composition of SHCAC

That SHCAC consist of seven (5) members consisting of the following constituencies:

- Five (5) external representatives, e.g. selected for expertise (as identified).
- They meet a maximum of four times per year.

That the current formula for Tenure (Article 4) in the HoA be altered so all appoints have a tenure length of:

▶ three (3) years,

And that the maximum number of continuous terms able to be served be set at three:

- ▶ three (3), three-year (3) terms (maximum total 9 years).
- The board exercises the key following authorities:
 - ► Appoint, supervise and dismiss the management/Trustees;
 - Report to the combined councils at least annually
 - Review and agree the strategic direction.
 - Review the finances/budget, etc.
 - Ensure the compliance and other related fiduciary duties are being carried effectively.
 - Act as the conduit to and from stakeholders
 - Any other duties as prescribed by their Articles.
- Additionally, Article 6 of the HoA should be reviewed to provide the necessary authority and power to allow SHCAC to govern the Heritage, Cultural and Arts Trust.



Important message

The only proviso attached to the above commentary on the objects and purpose is, that these initial suggestions for alteration would be reliant on and must reflect any changes to the desired purpose and or objects identified during the development of the regional and metropolitan strategic plans for the heritage, culture and arts sector.



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A Skills Based SHCAC and HCA Trust

It is critical that the SHCAC is comprised of directors who collectively have the skills, knowledge, experience and attributes to effectively govern and direct the refocused organisation. The ideal skill and attribute set for the Board would to a degree be guided by the strategic direction identified through the development of the regional and metropolitan strategic plan for the heritage culture and arts sector. The skills required of directors would be developed and broadly categorised in a matrix as:

- Professional (director) skills (that is, skills directly relevant to performing the Board's key functions);
- Sector skills (that is, skills relevant to the sector in which the organisation predominantly operates);
- · Diversity and non-skills-based criteria seeking an appropriate diversity of backgrounds

It is important to note that each individual director is not expected to hold all professional and industry skills. Rather, these skills should be held collectively by the whole Board as defined in the minimum level set out in the selection criteria. This would include an assessment to ascertain if each identified skill is 'essential' on the Board, 'desirable' on the Board, or 'procurable' by the Board (meaning that the skill can be 'brought' or 'bought' into the Board as and when required.

While there is a need for professional/sector skills and knowledge, all directors should have personal attributes or behavioural competencies that are generally considered desirable in order to be an effective director and team.

HCA Trust Board Composition

- The HCA Trust consist of a maximum of six (6) members, made up from the following constituencies:
 - A maximum of four (4) external experts, selected for their expertise, e.g. marketing.
 - ▶ One of the external members be nominated as Chair,
 - Tenure for the selected external members is a maximum of three (3), three-year
 (3) terms.
 - Two (2) members of the executive team (Dir/CEO and divisional heads),
 - ► Tenure for the internal executive team (excluding the Director), be at the discretion of the Director in consultation with the HCA Trust Chair.
 - The rationale is simple, it helps the Director and HCA Trust to develop succession pathways for the leadership team.
- The HCA Trust is responsible for the operational aspects of the organisation and exercises the following key authorities:
 - ▶ Developing and setting and implementation and attainment of the strategy.
 - ▶ Develop and recommend policies.
 - ▶ Develop and recommend the annual budget.
 - Achievement of the budgeted outcomes
 - Manage the resources with good stewardship
 - Report to the SHCAC a minimum of four (4) times per annum



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Committees of the Trust Board

The report recommends the establishment of two mandated committees that operate under the control of the HCA Trust. These are, Audit & Risk and Funding & Revenue. Each of these committees would be duly authorised and have terms of reference (TOR) that clearly details their role, expectations, tenure length, etc.

Audit and Risk

The Audit and Risk committees principal role is to ensure the funding allocated to the CCO via the dedicated rate is properly accounted for according to the appropriate regulatory or SHCAC requirements and that all reporting meets the standards/regulations expected. The following are suggested requirements for its TOR:

- Its composition is expert driven. The chair would be a nominated SHCAC appointee. The
 audit and risk committee would comprise of:
 - ► Chair: appointed by the SHCAC,
 - The appointee cannot be the Chair of the SHCAC.
 - Is a current SHCAC member.
 - ▶ Two independent representatives selected for their expertise.

Funding and Revenue Committee (FRC)

The most significant of these is the FRC, whose principal role it is to manage the funding allocated to the CCO via the dedicated rate. With the added responsibility this committee would have, specifically the appropriate distribution of the dedicated rate amongst the current and any future recipients. The structure and TOR for this committee will take on special significance.

There may be some concern the FRC may be conflicted as it controls the allocation, not only to the regional museums but also for its own operations from the funding provided via the targeted rate. This concern is managed via the FRC's terms of reference (TOR) which would include limitations and expectations regarding the appropriate funding of all the required entities.

An additional mechanism to ensure transparency in the funding allocations. Would be the development of an annual funding plan that would form part of the annual budgeting and operational planning. This plan, its objectives and outcomes would be reviewed and approved by the SHCAC. Furthermore, each yea the HCA Trust would have to report on the outcomes and expenditure from the previous year. Lastly, the HCA Trust would be expected in its reporting the plans for any surplus from the funds given from the targeted rate. Thereby ensuring an appropriate level of oversight.

It will, as stated earlier have the additional responsibility of ensuring that appropriate streams of additional revenue are developed to allow the organisation to deliver on its varied objectives. While also continuing to develop a higher level of financial independence than that which currently is experienced. The funding and revenue committees' mandate would be as far-reaching and encompassing as was possible. There are two significant changes to the structure of this committee from the current SRHC structure;

- ▶ It becomes a committee of the HCA Trust board,
- Its composition shifts from being councils' representatives, to be expert driven. The chair would be a nominated CCO board member, with additional committee members being. The FRC would be comprised of:
 - Chair: appointed by the CCO Board,

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- Cannot be the Chair of the CCO Board.
- Is a current CCO board member.
- One other CCO board representative
- Three independent representatives, selected for their expertise in the scope of projects, etc., being funded.
- The recommendations for all roles to the CCO board would be via an appointment's committee. The author's suggestion is that the CCO take advantage of the experience and processes available by utilising the Appointments Panel (Committee) currently mandated via the ICC.

Archives

In option three it was suggested that the responsibility for the ICC Archives be moved to the new CCO. This would fit with the ongoing discussions that both the SDC and GDC archives also stored and managed at the same facility.

Special Project Committees

While it may seem that the recommendation to establish special project committees falls outside the remit of this reviews TOR. That said, consideration of any external component, which may an influence/impact an identified structure's ability to succeed at their remit, should be considered when developing governance structures, hence the recommendation.

The structure in Figure 3 identifies the establishment of two 'special purpose' committees of the operational board. The rational for establishment of these committees is critical for two specific reasons:

- a) The reports being prepared by TWA identify the establishment of two specific entities, these being ACI and RSKC.
- Both these projects will require significant resources and expertise if they are to be successful. All of which may be outside the capability of the SHCAC committee and its operational board.

Furthermore, the ACI project is an ICC initiative, and the RSKC is a Southland collaborative initiative. Making it even more critical these two projects be well managed and supervised by those with the most to gain and lose during their formative stages.

Lastly, there may well be other projects that need input/capability that are simply not available from within the cohort of expertise available either in the SHCAC Trust. An example of such a project would be the redevelopment/repair of the SM building due to its structural failings. Reinforcing the need for these committees to be within the remit of the operation's board.

This is not to say the identified projects must fall within the purview of the HCA Trust alone; they are simply shown in Figure 3 for ease of demonstration. It could be, for instance, that the special project committee to oversee the rebuild (or whatever) of the SM is managed by the internal teams at ICC with input and collaboration from the HCA Trust operational board and executive.



Recommendation

e) The ability to establish and disestablish special project committees is a stated element within the powers of the HCA Trust.

Furthermore, the TOR for these committees include the following core elements:

Purpose (clearly articulated)



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- ▶ Capability and skill requirements of members
- Tenure of committee and members
- Review date
- ► Reporting requirements

Reports Recommended Option

After reviewing the options detailed above, it is the authors view that the appropriate structure to govern and lead in partnership between the three councils is the recommendation contained in Option 4, a council-controlled organisation (CCO) with a joint venture committee acting as the link between the trust and the shareholding councils. The HCA Trust and joint shareholders committee would be empowered to undertake their work, supported by the special project's committee.

Two core components are required to provide this structure with the best possible start. These are:

- The development of a regional and metropolitan (Invercargill and Gore) strategic plan for the development and growth of the heritage, culture and arts sector in Southland.
- The development of an agreed funding plan to provide the organisational and operational teams with a secured level of funding required to carry out the required capital projects.

The lack of either of these important components will hobble the organisation, its governance and management teams in their ability to deliver on the vision that is being developed in the TWA reports.



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CCO Assessment

As part of the review process, an assessment was conducted regarding the suitability (in terms of cost, efficiency and effectiveness) of the council-controlled organisation (CCO) model for the delivery of the governance of Heritage, Culture and Arts sectors of Southland and Invercargill.

In order to assess the ongoing suitability of the CCO model for the Heritage, Culture and Arts sectors, an assessment has been made against a range of criteria based on the benefits and perceived disadvantages of the CCO model, namely:

Although there are advantages and disadvantages of the CCO model relative to providing the services either in-house (council provision). It was considered that it would in this situation, where the activities are both local and regional, the most suitable method of delivering the required levels of oversight, etc. Therefore, it is recommended the HCA Trust be governed as a CCO under the control of the joint shareholders committee (SHCAC).

In overview is considered that given the nature of the activities, and with good management from the CCO, providing these regional and metropolitan activities via a CCO should ensure:

- the ability to apply an appropriate commercial focus to the activities with the objective of achieving greater operational efficiency being greater than that which has been achieved to date:
- being independent and separate from political direction that could occur under an individual council led model;
- ► the ability to develop and set a clearly defined strategic plan with the appropriate measures for the delivery of the activities and requisite transparency;
- ▶ the ability to source revenue from external sources of a similar/greater value than that currently provided via the targeted rate and additional council support.
- the ability to specifically target fundraising efforts, to fund significant capital projects, then specific one-off mechanisms could be put in place to access the full range of grants/donations that might be available;
- the degree of fragmentation of activities and the negative impact of this fragmentation on overall customer service being less than currently experienced;
- the level of risk borne by ICC in relation to the activities may be less than under the proposed model, reflecting greater ability to mitigate both risk and reputational risk, in particular:
- ▶ the possibility to reduce overall costs of the ICC is better than under the current model;
- the ability to make and implement operational decisions quickly.



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Table 4: CCO Assessment Criteria

Criteria	Description
Commercial Focus	Ability to apply a commercial focus to the activities with the objective of achieving greater operational efficiency.
Independence.	Ability to remain independent and separate from political direction.
Transparency and Accountability	Ability to set clear measures for the delivery of the activities and transparency of the level of achievement against these measures.
Risk	Ability to ring-fence risk, financial, legal or reputational.
Funding	Ability to source funds from external sources and ability to sustain financial independence.
Fragmentation and Customer Service	Degree of fragmentation of activities and impact of this fragmentation on overall customer service.
Community vs. Commercial Outcomes	Tension between the need to deliver community outcomes vs. the need to pursue commercially agreeable outcomes.
Level of Control required by Council	Ability and need for the Councils to control outcomes and delivery of activities.
Governance Costs	Costs incurred in supporting the governance structure surrounding the activities.
New Skills and Perspectives	Ability to access new skills and perspectives through Board members.
Nimbleness & Agility	Ability to make and implement decisions, systems and innovations quickly
Overall Cost Effectiveness	Overall ability to deliver cost-effective services across the breadth of council's responsibilities.
Service Quality	Ability to ensure that the quality of the service delivered is appropriate and respond to service delivery failures.



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There are additional benefits to the adoption of a CCO model, identified during discussions with various stakeholders and external parties during this review process, these include:

- Independence: Providing independence and separation from political direction;
- Attracting new skills and perspectives: with a refocused and properly structured governance model. People with key skills who may not have previously been interested in taking on a governance role, would be interested in sharing their skills through appointment to a CCO Board;
- ► Increased transparency and accountability: The development of the regional and local strategic plan would ensure appropriate measures of success are put in place combined with the requirement for regular reporting as discussed above.
- Broadening funding sources: A trust, for example, can have support from an organisation such as a council, but still be eligible for grant, sponsorship and donations. These additional avenues of funding may not be available if the activity was delivered in-house by council;
- ► Nimbleness and agility: The ability to make operational decisions more quickly without the impediment of more onerous internal council processes;
- Commercial Focus: the development of the strategy would provide a greater focus on more commercial undertakings that have a mix of commercial and public good qualities.

Balancing these possible benefits of the CCO model are several disadvantages, including:

- ► Lack of direct accountability to the community: This will occur if there is not adequate alignment between the objectives of the CCO and its parent;
- Community vs. commercial outcomes: Tensions between the delivery of community outcomes and pursuing what some may perceive as commercially driven initiatives;
- Lack of responsiveness to owner: CCO's may be slower than in-house business units to respond immediately to issues raised by its owner;
- Governance costs: The cost of service delivery may not be less overall, as the overheads of running a separate entity also must be factored in;
- Limited ability to manage risk: Delivering services through a CCO can significantly reduce the ability of the Council to manage risks that it cannot contract out of. With both regulatory functions and public good services, arm's length delivery makes managing reputational risks difficult.



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Closing

Next Steps

Before proceeding with the choice of recommendation, it is time to pause and reflect on the possible next steps, which are assumed will be undertaken. This will include those listed below. Moreover, it will require the development of the appropriate governance policies, selection processes, etc.

Strategy Development

Core to the success of any organisation is the development of its overarching strategy. The lack of a strategy will ensure the failure of this structural and cultural change that has been recommended. Therefore, once the joint committee and the director have been appointed. There should be a project initiated to develop a Southland wide and metropolitan strategic plan.

Project Group (PG)

It is recommended that during the initial redrafting of the HoA, the selection of committee and independent members, that a small project group (6), consisting of a representative from ICC, GDC and SDC, and two external experts be established to guide these and other elements of the restructure.

Financial Feasibility

A full analysis of the financial requirements of the entity should be undertaken. This analysis should cover indicative periods of one, three and five years. The analysis will quantify the required commitment of council (budgeting) and provide a basis from which other funders can be approached. This is especially critical given the major projects, identified earlier that are to be undertaken.

Closing the Loop

Once the draft report has been approved with identified questions, clarified and amended as necessary. It is recommended that post acceptance of the finalised report that an implementation plan and timeline be developed in coordination with the councils. To provide the project group (discussed above) a clear set of desired outcomes and project stages.



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Appendix 1

INVERCARGILL CITY COUNCIL and SOUTHLAND DISTRICT COUNCIL

GORE DISTRICT COUNCIL

and

SOUTHLAND REGIONAL HERITAGE COMMITTEE

HEADS OF AGREEMENT

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THIS AGREEMENT is made the

day of

2005

BETWEEN

INVERCARGILL CITY COUNCIL (ICC)

AND

SOUTHLAND DISTRICT COUNCIL (SDC)

AND

GORE DISTRICT COUNCIL (GDC)

BACKGROUND

 ICC, SDC and GDC are all incorporated territorial authorities, Local Government Act 2002 (Local Authorities) ("the Parties").

- 2. THE Local Authorities have agreed to establish an Organisation to be known as the Southland Regional Heritage Committee ("the Committee") for the purpose of maintaining agreements and standards regarding the preservation of collections and overview the distribution of Regional Heritage Funding including Category C Museums and the Regional Heritage Development Fund.
- 3. THIS Agreement is to confirm commitment from Local Authorities to advance the establishment of the Committee's Funding with the intent that:
 - 3.1 The Committee will be carried out by a Joint Committee of Councils (Section 5(1) in Schedule 7, clause 30, Local Government Act 2002) with representatives from the Parties.
 - 3.2 The Parties delegate to the Joint Committee, the authority for governance and co-ordination of funding for Regional Heritage and Museums in Southland on the terms set out in this Agreement.

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- 3.3 The Joint Committee shall be responsible for the integration and application of the combined resources, including funding and the establishment of priorities, having regard to local programmes and commitments within the Southland Region.
- 3.4 The Committee shall be established for an initial period of seven(7) years. The benefits of changing to an alternative legal entity may be considered during this period.
- IT is intended to record the objects, purposes and responsibilities of the Parties.

1. INTERPRETATIONS

1.1 Definitions

"Commencement Date": means the 1st day of May 2005

The "Committee" and "Southland Regional Heritage Committee" means the Joint Committee formed by this Agreement.

"The parties" means Invercargill City Council ("ICC"), Southland District Council ("SDC"), Gore District Council ("GDC")

"Territorial Authorities" means ICC, SDC, GDC

"ICC" means the Invercargill City Council

"SDC" means the Southland District Council

"GDC" means the Gore District Council

"LGA" means Local Government Act 2002

"Working day" has the same meaning as Section 2 LGA 2002.

1.2 Headings

Clause and other headings are for ease of reference only and do not form any part of the context nor affect the interpretation of this Agreement.

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1.3 Parties

Reference to parties are the parties to this Agreement.

1.4 Defined Expressions

Expressions defined in the main body of this Agreement bear the defined meaning in the whole of this Agreement, including the recitals.

1.5 Plural and Singular

Words importing the singular number shall include the plural and vice versa.

1.6 Negative Obligations

Any obligation not to do anything shall be deemed to include an obligation not to suffer, permit or cause that thing to be done.

1.7 Statutes

A reference to a statute includes reference to the statute, regulations, orders or notices and amendments made pursuant or in substitution to that statute or regulation.

1.8 Clauses

Refers to clauses in this Agreement.

1.9 Appendices

Appendices form part of this Agreement.

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2. FORMATION

2.1 The parties shall caused to be formed immediately after the signing of this Agreement by the parties to have effect from the commencement date a Joint Committee (Section 5(1), Schedule 7, Clause 30 LGA 2002) to be known as "Southland Regional Heritage Committee" on the terms following and with the following objects, purposes and responsibilities.

3. THE COMMITTEE'S OBJECTS AND PURPOSES

- 3.1 The Joint Committee shall incorporate (but not be limited to) the carrying out of the functions contemplated by the Schedule and funding formula set out in this Agreement and the categorisation, Appendix 1, annexed to this Agreement.
- 3.2 To be responsible for the establishment and implementation of a strategy for preserving the Regional Heritage in Southland, including but not limited to the following:
 - 3.2.1 Preserving key heritage collections of regional significance by providing regional heritage funding to ensure the preservation and cataloguing of key heritage elements;
 - 3.2.2 To develop collections to portray and promote Southland's Heritage in the context of the "Story of Southland" including the portrayal of elements of Southland Heritage near where the activities occurred adding relevance and context.
 - 3.2.3 To provide the scope for local accountability and priorities and ensuring the opportunity for local Communities to develop their administration and exhibitions in a manner that reflects the importance placed on heritage by the local Communities in Southland and the promotion of visitor interest.

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- 3.2.4 To ensure recognition of heritage as it relates to the whole of the Region including but not limited to:
 - a regional approach crossing territorial boundaries;
 - a recognition of the contribution individual territorial authorities make to Regional Heritage Collection;
 - stimulating co-operation between all governing bodies;
 - increasing the potential for regional expertise and funding to be available to local Museums;
 - providing an integrated regional approach with local accountability;
 - developing the potential for the Regional Heritage Grants to encourage preservation and heritage collections;
 - establishment of grants for the development of heritage as it relates to the "Story of Southland"
- 3.2.5 To establish strategic plans and identify priorities for (but not exclusively) Museum development.
- 3.2.6 To achieve a co-ordinated and complimentary approach and the implication of existing programmes and projects of Southland Museums.
- 3.2.7 To establish a fund to facilitate, investigate, assess, evaluate and prepare feasibility studies for new initiatives relating to Regional Heritage and Museums.
- 3.2.8 To take a proactive approach towards accessing and finding funds for Regional Heritage and Museums.
- 3.2.9 To develop and implement further partnerships with Southern Institute of Technology, Community Trust of Southland and other key agencies to implement projects and initiatives of

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benefit for the purposes of advancing Regional Heritage in Museums.

- 3.2.10 To promote community projects and initiatives of benefit to Southlanders and visitors to Southland.
- 3.2.11 To encourage the preservation and maintenance of buildings and facilities and the preservation, management and development of collections and exhibits and obtaining of funds to support the objects and purposes of the Committee.
- 3.2.12 To facilitate seminars, public forums and education to develop skills and public awareness of issues and opportunities of Southland's Regional Heritage and Museums.
- 3.2.13 To utilise and manage funds, make necessary investments, enter into joint ventures, service contracts, lease and other agreements upon such securities or in such a manner and upon such terms and conditions as the Joint Committee may deem necessary and to apply funds received for the purposes for which they were granted or advanced or allocated.
- 3.2.14 To maintain close liaison with community groups and local communities throughout Southland to ensure all Local and Regional Museum strategies and initiatives of benefit to Southland are identified encouraged and addressed.
- 3.2.15 To undertake as necessary any other activities which are incidental or conducive to the attainment of the above objects and purposes.

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4. TERM

- 4.1 The term of the Committee shall be for an initial term of seven (7) years from the date of commencement and thereafter for renewable periods of twelve (12) months each or such longer periods of time as any two or more of ICC, SDC and GDC agree and as otherwise provided in Clause 4.2.
- 4.2 Any of the parties may terminate their further participation in the Committee (subject to Clause 4.1) by giving eighteen (18) calendar months prior written notice to the expiry of any term or renewed term (Clause 4.1) to the other parties that their further participation is cancelled and that their member or members and the rights of appointment of a member or members are discharged ("the date of cessation") without prejudice to any liabilities and responsibilities to the date of cancellation.
- 4.3 The Committee shall (unless sooner discharged), not be deemed to be discharged on the coming into office of the members of the local authority elected or appointed, as the case may be, at or following the general election next after the appointment of the Committee and the provisions of Schedule 7 Clause 31(5) shall apply.

5. REPRESENTATION

- 5.1 ICC, SDC and GDC shall each appoint two members one of whom must be an elected member of the local authority.
- 5.2 The Committee may jointly appoint other Committee Members being persons who have the skills, attributes or knowledge that may assist the work of the Committee.
- 5.3 Each local authority shall be at any time and from time to time entitled to appoint or discharge its member or members including alternate members.

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5.4 The parties may jointly discharge a member appointed (clause 5.2)

6. GOVERNANCE

- 6.1 The Committee shall appoint its own chairman and deputy chairman (if any) and the provisions of the Local Government Act 2002 and Local Government Official Information Meetings Act 1987 shall apply and Standing Orders Section 5(1), Schedule 7, Clause 27(1), LGA 2002 shall be adopted by the Committee to order its proceedings.
- **6.2** The Committee shall meet at such times and places as it shall determine.
- 6.3 A quorum shall be half of the members (including vacancies) if the number is even, and a majority (including vacancies) if odd and must at any time have an elected member of a local authority from each.
- 6.4 The Committee shall have such powers, functions and duties as are necessary to carry out the objects and goals set out in this Agreement.
- **6.5** The powers shall include, but not be limited to the following (subject to Clauses 6.6 6.7):
 - 6.5.1 To carry and fund surpluses.
 - 6.5.2 To delegate to subcommittees.
 - 6.5.3 The powers shall not include those powers excluded Section 5(1), Schedule 7, Clause 32 and not include the power to employ staff.
- 6.6 Each of the parties agree to make best endeavours to provide such staff as the Committee reasonably requires unless they are required by

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the participating Territorial Authority for other employment duties. In particular ICC will provide administrative support, and ICC and GDC may, as required, provide professional advisory services by the Directors of Invercargill and Gore Museums respectively..

6.7 Shall not be entitled to employ staff.

7. FINANCIAL COMMITMENT

- 7.1 The parties have each resolved to set and collect a Regional Heritage Uniform Annual Charge (UAC) to be allocated on the basis of the amounts which the parties have resolved to provide and make available to Committee by way of rates, annual grants and allocations Appendix 2 annexed.
- 7.2 The amount in clause 7.1 shall be the minimum level of contribution.
- 7.3 Where new initiatives or opportunities arise the parties may agree to provide additional funding as necessary based on the merit of the project.
- 7.4 The parties shall ensure for the term of this Agreement (Clause 4) that funding is provided by each of the Local Authorities' planning processes for the purposes of Local Government Act 2002 to meet each parties' financial commitment as contemplated by this Agreement.
- 7.5 Annual contributions made by the parties to this Agreement shall be automatically consumer price index (all groups) adjusted annually.
- 7.6 It is agreed that any income or credit balance in the annual accounts of the Committee will be carried forward and will be applied as determined by the Joint Committee subject to the terms of allocation (if any) Appendix 2...

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- 7.7 Any local authority not paying its agreed share when due as agreed under this Agreement, shall not be entitled to continue membership of the Committee.
- 7.8 Due (Clause 7.7) unless otherwise agreed by the parties shall mean the end of the financial year for which the rates have been set (Clause 7.1).
- 7.9 Each local authority shall be deemed to have passed a resolution for its members to be discharged until such time as such funding when due shall have been paid, without prejudice to any other rights the other parties may have for non payment (clause 7.7).

8. FINANCIAL POLICY

8.1 The Committee shall ensure that the Committee and maintains its fiscal responsibility and as far as possible shall operate in a manner similar to charitable or non profit organisations within the meaning of Sections CB3 and CB4(1)(c) or (e) Income Tax Act 1994.

8.1.1 Application of the Committee's Funds

The Committee's Funds shall be applied solely towards the advancement and promotion of its objects.

8.1.2 No proportion of the Committee's Funds shall be paid or transferred directly or indirectly to any Joint Committee member save that nothing shall prevent payment, at a fair and reasonable rate, to any Committee member of any out of pocket expenses.

8.1.3 Remuneration

The Committee members may be paid remuneration pursuant to the provisions of LGA 2002 by each party in accordance with

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the policies of that party **BUT** they shall not be an expense of Southland Regional Heritage Committee Funds.

8.1.4 Audit

The books of account of the Committee shall be audited annually by Audit New Zealand and be reported as part of the Local Authorities annual reporting process.

8.1.5 Annual Balance and AGM

The annual joint accounts of the Committee will be presented to the parties to this Agreement as early as possible within three months of the balance date of the Committee, the annual balance date being 30 June, and otherwise in accordance with the LGA 2002.

8.2 General

The Committee shall ensure that:

- 8.2.1 The financial management complies with the requirements of this Heads of Agreement.
- 8.2.2 Officers with delegated authority shall report to the Committee on their respective areas of activity and shall be accountable for achieving outcomes relevant to those activities.
- 8.2.3 That each party shall put in place a comprehensive risk management plan with adequate insurances established for all areas of activity, asset protection and litigation indemnity for each of its members. Any additional members (Clause 5.2) shall be the joint responsibility of the partners unless otherwise agreed.

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8.2.4 Standard reporting from the Committee will be provided to each of the parties on a quarterly basis unless they have ceased to be a member for the purposes of Clause 7.9.

8.3 Budgets

The Committee shall ensure that:

- 8.3.1 Annual budgets be prepared for all activities.
- 8.3.2 Budgets shall identify operational costs, projects, activity funding budgets, specific capital expenditure, major maintenance items and costs associated with meeting the Committee objectives.

8.4 Donations/Contributions

The Committee shall ensure that:

8.4.1 Donations received are clearly identified in the Committee's accounts and tagged to identify the purpose for which they were received. ٠.

- 8.4.2 Accountability documentation and reporting shall be completed and returned to the "donor organisation" when a grant has been applied to the purpose for which is was received.
- 8.4.3 A register of donations/grants is maintained under the following categories and reported as part of the annual reporting process:
 - Cash donations
 - Donations of materials
 - Transport
 - Voluntary labour

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Professional services

8.5 Asset Management

The Committee shall ensure that:

- 8.5.1 All assets including replacements/acquisitions be clearly identified as to which party they belong.
- 8.5.2 An Asset Register is maintained on a regular basis and that items not required by the Committee be offered back for value originally donated or (unless otherwise agreed) to the party from which they were donated.
- 8.5.3 Purchases of \$250.00 or more be considered as capital items and if relevant, be recorded in the Asset Register including donated assets.

8.6 Investment

The Committee shall ensure that investment of the Committee funds be the responsibility of one of the parties as agreed by the Committee. Such investment shall include adoption of appropriate strategies to ensure that:

- 8.6.1 Assets are adequately safeguarded and investment risks minimised.
- 8.6.2 Interest income is maximised (taking into account the need to ensure the security of investments).
- 8.6.3 Funds are available to meet the Committee's cashflow needs.

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- 8.6.4 Fixed term investments shall be secure investments with major registered trading banks or institutions having a Standard and Poors rating of AA or better.
- 8.6.5 Investments be either one lump sum or parcels invested with "staggered" maturation dates. The parties agree spreading investments over secure instruments with a variety of banks and/or financial institutions is the most desirable option.
- 8.6.6 Investment activity complies with the Trustee Act 1956 and Trustee Amendment Act 1988.
- 8.6.7 Investment be in accordance with the standard of care required for trustees investing in New Zealand (Trustee Act 1956) including that of a prudent person of business management the affairs of others.

8.7 Taxation

The Committee shall ensure that taxation payments (including GST if any) are the responsibility of one of the parties as determined by the Committee.

8.8 Annual Reporting

The Committee's annual reporting process shall include such information reasonably required by the parties in terms of the LGA 2002.

9. FURTHER ASSURANCES

9.1 The parties delegate to the Committee the authority to consider and recommend alternatives to the parties as follows:

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- 9.1.1 Implementation timetable.
- 9.1.2 Delegation of authority
- 9.1.3 Provision of assets.
- 9.1.4 Resources.
- 9.2 The parties agree to make best endeavours to sign and execute all deeds, acts, documents and things as may reasonably be required to effectively carry out and give effect to the provisions and intentions of this Agreement, including the passing of necessary resolutions.

10. DISPUTES

- 10.1 If a dispute arises between the parties out of or in connection with this Agreement, including any dispute as to its existence or validity, which is not resolved within 14 days after the dispute arises, any party may, by written notice served on the other parties, require the Chief Executive Officers/Chief Executive or other agreed persons of the parties to attempt to resolve the issue. If the parties are unable to resolve the dispute, then any party may require, by written notice served on any other party, for the dispute to be determined by arbitration of a single arbitrator.
- 10.2 If the parties cannot agree on a single arbitrator, then an arbitrator shall be appointed by the President of Local Government New Zealand for the time being.
- 10.3 The arbitration shall be conducted as soon as possible in accordance with and subject to the provisions of the Arbitration Statutes for the time being in force in New Zealand.

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11. DISSOLUTION

- 11.1 In the event that the Committee and its members are discharged, then any property, real or personal (except those assets identified as belonging to a specific party in terms of Clause 8.5.1), shall be held for such of the local authorities who have appointed members remaining on the Joint Committee at the time of discharge.
- 11.2 The property shall be held in such proportion to the share of contributions each local authority has made to the funding of the Committee during the term of this Agreement (except those assets identified as belonging to a specific party in terms of Clause 8.5.1).

12. MISCELLANEOUS

- 12.1 No delay, grant of time, release, compromise, forbearance (whether partial or otherwise) or other indulgence by one party in respect of any breach of any other party's obligations under this Agreement is to:
 - 12.1.1 Operate as a waiver or prevent the subsequent enforcement of that obligation; or
 - 12.1.2 Be deemed a delay, grant of time, release, compromise, forbearance (whether partial or otherwise) or other indulgence in respect of, or a waiver of, any subsequent or other breach.
- 12.2 If any provision of this Agreement or its application to any party, person or circumstance is invalid or unenforceable, then the remainder of this Agreement or the application of such provision to such other parties, persons or circumstances shall not be affected.

13. NOTICES

- 13.1 Each notice or other communication under this Agreement is to be in writing, is to be made by facsimile, personal delivery or by post to the addressee at its facsimile number or address and is to be marked for the attention of the person or office holder (if any) from time to time designated for the purpose by the addressee to the other party. The initial facsimile number, address and relevant person or office holder of each party is set out under its name at the end of this Agreement.
- **13.2** No communication is to be effective until received. A communication will, however, be deemed to be received by the addressee:

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- 13.2.1 In the case of a facsimile, on receipt of confirmation of receipt by the correct facsimile number.
- 13.2.2 In the case of personal delivery, when delivered; and
- 13.2.3 In the case of a letter, on the third working day after posting.

Invercargill City Council Chief Executive Officer

Esk Street Invercargill

Telephone: 03 218 1959 Facsimile: 03 214 4655

Southland District Council

Chief Executive Forth Street Invercargill

Telephone: 03 218 7259 Facsimile: 03 218 9460

Gore District Council Chief Executive Officer Fairfield Street

Gore

Telephone: 03 208 9080 Facsimile: 03 208 9087

IN WITNESS this Agreement was signed on the date first stated.

THE COMMON SEAL of THE)
INVERCARGILL CITY COUNCIL)

was affixed in the presence of:

ac.....Mayor

COMMON SEAL

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THE COMMON SEAL of SOUTHLAND DISTRICT COUNCIL was affixed in the presence of:

. .

Lana Cara

DV adams_Chief Executive



THE COMMON SEAL of GORE DISTRICT COUNCIL was affixed in the

was affixed in the presence of:



...../Chief Executive Officer

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APPENDIX 1

CATEGORISATION

The museum and collections are categorised based on various factors relating to the importance and relevance of the collections in a regional context.

The following categories and criteria have been established as a guide for allocation of funding from a Regional Heritage Fund.

Category A:

- Gore and Invercargill Museums designated Regional Heritage grants (CPI adjusted).
- Agreements on the minimum standard of preservation and exhibition of designated collections and exhibition to be drawn up between the Regional Heritage Trust and the relevant local authority based on existing collection policies.
- Established Museums with multiple collections of regional significance which are operated by full time professional staff.
- Collections are fully catalogued, professionally exhibited and there is a significant level of archival and research components.
- Facility is open to public year round, seven days a week and eight hours per day.
- Museum has significant levels of local authority funding, critical to their ongoing operations and long-term sustainability.
- Initial funding levels based on significant contribution from a Regional Heritage Fund balanced by Local Heritage Funding.
- The initial levels from the Regional and Local Heritage Fund's are to ensure current levels of funding are maintained.
- Scope for accessing Regional Heritage Development funding and additional local funding.
- Additional levels of funding from the Regional Heritage rate would be based on the demonstrated merits of proposals from a regional perspective.

Category B:

- Local museums with a collection of regional significance providing important elements to The Story of Southland.
- Exhibitions developed and maintained at an acceptable standard.

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- Facility is open to the public a minimum of five days per week and two hours per day and attended by staff or volunteers.
- · Collection catalogued and a collection policy.
- Administered by an established legal entity with an appropriate operational plan and financial record keeping practices.
- Eligible for a grant from Regional Heritage Fund for cataloguing, collection development and contribution to operating costs.
- Regional Heritage Grant supplemented by Local Heritage Funding or resources.
- Agreements on the standards and use of funds from the Regional Heritage Grants or the Development Fund to be made prior to payment of funding.
- Eligible to apply for a development grant.

Category C:

- Local Museum with potential to develop a collection of regional significance.
- Facility open to the public on a regular basis.
- Collection cataloguing and policy requires development.
- Predominantly local funding but eligible for a grant from Regional Heritage
 Fund to access professional services for cataloguing and curatorial advice.
- · Eligible to apply for a development grant.
- Agreements on the standards and use of funds from the Regional Heritage Grants or the Development Fund to be made prior to payment of funding.

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APPENDIX 2
Museum Funding Proposal (Regional Heritage Funding to be CPI Adjusted)

Category	Museum - Collection	Current	Current Proposed Funding	
	- Collection	Funding	Regional	Local
ICC A	Gallery - Maori - Natural History - Social History - Archives/Photos - Tuatara - Art	887,000	647,000	240,000
В	- Social History/Maritime	70,000 20,000	10,000	70,000 10,000
GDC A	Gore Collections - Moonshine - Archives - Croydon Aviation - Trout Fishing	191,000	121,000	70,000
SDC E	Pioneer Park	9,000 1,000	_1,000 10,000	.9,000
vé			,	
	egional Heritage Committee tage Development Fund Cataloguing and Preservation Rakiura Fiordland Tuatapere Bushmans		10,000 100,000 40,000	
(brackets indicate "subject to further assessment"	Templeton Flax Mill Waikawa Waikala (Otautau) (Wyndham) (Thornbury Vintage Tractor) (Ohai Railway Museum)			
Totals		1,178,000	939,000	399,000

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Council

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	Current	Proposed - effective 1 July 2004 All figures exclude GST and are of an indicative nati		
		Regional Heritage UAC	Local Heritage UAC	Total
ICC	32.50	21.96	14.11	36.07
GDC	34.48	21.96	13.72	35.68
SDC	17.00	21.96		21.96

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- 2. Formation
- 3. The Committee's Objects and Purposes
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- 5. Representation
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- 11. Dissolution
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Appendix 1

Appendix 2

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Appendix 2

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AGREEMENT

BETWEEN SOUTHLAND MUSEUM AND ART GALLERY TRUST

BOARD INCORPORATED at Invercargill (SMAG)

AND INVERCARGILL CITY COUNCIL at Invercargill

("Contractor")

BACKGROUND

- A. SMAG wishes to engage the Contractor to manage the Southland Museum on its behalf.
- B. SMAG is authorised pursuant to clauses 4.2, 9.1.4, 9.1.5 and Schedule I to appoint a Contractor to manage the Southland Museum or any of its assets, subject to the Trusts of the Trust Deed.
- C. The parties have agreed on the terms of the Contractor's engagement as set out below.

THE RIGHTS AND OBLIGATIONS OF THE PARTIES:

- Term
- 1.1 Unless earlier terminated in accordance with clause 13, this Agreement shall commence on 1 September 2004 and expires when either party gives the other six (6) calendar months notice in writing or mutually agree otherwise in writing.
- 2. Obligations of the Contractor
- 2.1 The Contractor shall provide the services specified in the First Schedule ("Services").



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- 2.2 The Contractor shall ensure that the Services shall be performed in the First Schedule.
- 2.3 The Contractor shall appoint a Project Manager to act as a single point of contact to SMAG and accept full responsibility for the performance of this Agreement on behalf of the Contractor or such other person as the Contractor shall nominate in writing to SMAG.
- 2.4 The Contractor shall provide to SMAG six (6) monthly reports in the format set out in the Second Schedule.
- 2.5 The Contractor shall not assign this Agreement to any other person or organisation without SMAG's prior written consent.
 - 2.6 The contractor shall at all times make best endeavours to ensure that the Contractor, its Officers, Servants and Agents abide by the terms of the Trust Deed of SMAG and Schedule I of the Trust Deed when performing the obligations imposed under this Agreement.

3. Obligations of SMAG

3.1 SMAG shall pay the Contractor for the Services in accordance with the requirements of, and at the dates specified in the Third Schedule and abide by its other obligations set out in the Third Schedule.

4. Contractor Status

- 4.1 This is an Agreement between SMAG and the Contractor as an independent contractor, and shall not be construed as a contract of employment, partnership or joint venture.
- 4.2 The Contractor will be responsible for the payment of all amounts due and payable to the Inland Revenue Department.
- 4.3 All payments under this Contract are GST exclusive.

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5. No Expectation of Future Contract

- 5.1 The Contractor acknowledges and agrees that:
 - 5.1.1 SMAG has not made any promise (express or implied) that it will enter into a further contract with the Contractor or will otherwise make available to the Contractor more funding, after the expiry of this Agreement; and
 - 5.1.2 The Contractor has no legitimate expectation that SMAG will do so.

6. Monitoring and Evaluation

- 6.1 The Contractor shall conduct on-going monitoring and evaluation of the Services to the satisfaction of SMAG.
- 6.2 In addition to the Contractor's own evaluation, SMAG may independently evaluate the Services.
- 6.3 SMAG or an evaluator contracted by SMAG, shall have the right to observe and independently review the Services, and shall have the right to conduct interviews with anyone involved in the operations of the Contractor for the delivery of the Services, providing reasonable advance notice is given to the Contractor.

7. Force Majeure

7.1 Neither party shall be liable for any failure to fulfil its obligations under this Agreement if such failure arises from any cause reasonably beyond its control. The party unable to fulfil its obligations shall immediately notify the other in writing of the reasons for its failure to fulfil its obligations and the effect of such failure.

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7.2 The parties may, after considering any damage, loss or other effect such failure has caused, vary this Agreement in accordance with clause 12.

8. Warranty of Interest

8.1 The Contractor warrants it is able to perform the Services.

9. Confidentiality

9.1 Subject to the Local Government Official Information and Meetings Act 1982, the Privacy Act 1993 and any other relevant legislation, SMAG and the Contractor shall keep confidential all information relating to or arising out of this Agreement.

10. Subcontract

10.1 The Contractor may engage subcontractors to undertake any such work as may be required to provide the Services.

11. Disputes

- 11.1 If there is any dispute or difference between the parties in connection with this Agreement ("Dispute"):
 - 11.1.1 The parties will endeavour to settle the Dispute by agreement between themselves;
 - 11.1.2 If the Dispute is not settled by agreement within 10 business days of the Dispute being notified to a party by the other party, then the Dispute will be referred for resolution to the Chairman of SMAG and the Chief Executive Officer of the Contractor; and
 - 11.1.3 If the Dispute is not settled by agreement under clause 11.1.3 within six (6) weeks of the Dispute being referred to them, either party may, by notice to the other party,

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require the Dispute to be submitted for determination by arbitration.

- 11.2 In the event of a submission to arbitration under this clause, the arbitration will be conducted by a single arbitrator to be agreed by the parties and failing agreement appointed by the President for the time being of the New Zealand Law Society, pursuant to the Arbitration act 1996. The arbitrator's decision will be final and binding upon the parties.
- 11.3 Pending the resolution of the Dispute, both parties will continue to perform all their respective obligations under this Agreement.

12. Variation

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- 12.1 This Agreement may be varied by agreement in writing between the parties.
- 12.2 Any such variation shall be read together with and deemed part of this Agreement.
- 12.3 Any variation to the attached Schedules must be by agreement between both parties a minimum of three (3) months in advance of the required execution of that Schedule change, or where unforeseen external circumstances (such as reduction of funding) may dictate a change in the Schedule, a shorter period can be mutually agreed by both parties.

13. Termination

13.1 Either party may terminate this agreement if the other party has breached an obligation or failed to perform an obligation under this Agreement.

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- 13.2 Before terminating this Agreement either party shall give the other party written notice of the breach and require that party to remedy that breach within sixty (60) business days; or (notwithstanding that the defaulting party has taken reasonable steps) the material breach has not been remedied within one hundred and twenty (120) business days of the receiving party receiving such notice.
- 13.3 Where the party in breach has failed to remedy the breach within the time specified in the written notice issued under clause 13.2, this Agreement will terminate.
- 13.4 Where a notice of termination is given
 - 13.4.1 SMAG shall not be obliged to pay the Contractor other than for work already performed; and
 - 13.4.2 The Contractor shall not be obliged to undertake further work.
 - 13.5 Subject to clause 13.4, for the avoidance of doubt neither party shall be liable to the other for damages, compensation or any other remedy at law or equity for termination of this Agreement.
- 13.6 Where any subcontractor appointed by the Contractor is then unable to meet its obligations under this Agreement, SMAG may, at its sole discretion,
 - 13.6.1 Authorise the retention of the funds in trust by the Contractor pending transfer of the service delivery to an alternative service provider, or
 - 13.6.2 Require the return of all remaining funds to SMAG.

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14. **Entire Agreement**

This Agreement constitutes the entire understanding and agreement of the parties relating to the matters dealt within it.

Governing Law and Jurisdiction 15.

This Agreement is governed by New Zealand Law and the Courts of New Zealand will have non exclusive jurisdiction in any proceedings relating to it.

THE COMMON SEAL of THE SOUTHLAND MUSEUM AND ART **GALLERY TRUST BOARD** was affixed in the presence of:

SEAL

SART GA

COMMON

COMMON SEN

THE COMMON SEAL of THE INVERCARGILL CITY COUNCIL

as Contractor was affixed in the

presence of:

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.. Mayor

Chief Executive Officer

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FIRST SCHEDULE

CONTRACTORS OBLIGATIONS

- Employ sufficient staff to be able to operate Southland Museum and effectively implement the aims of SMAG and to act as a good employer within the meaning of clause 36, schedule 7, Local Government Act 2002.
- Maintain the property of SMAG and administer SMAG's Collections Policy in accordance with SMAG's Policy.
- 3. Determine any operational issue including the payment of accounts.
- Transfer funds from SMAG (Museum) accounts after approval by SMAG, whether by specific authorisation or by budget/Business Plan approval by the Board of SMAG or as the parties otherwise agree.
- 5. Seek approval of SMAG when:
 - 5.1 Changes of operating hours are required (currently the Museum is open to the public 9.00 am 5.00 pm weekdays, and 10.00 am 5.00 pm on the weekends and public holidays). It is noted that the Visitor Information Centre may have operating hours earlier and/or later than the Museum proper.
 - 5.2 Offers of interesting and/or valuable collections are received;
 - 5.3 Expansions and/or additions are required to be made to the Southland Museum.
 - 5.4 Variations, adjustment to the Business Plan is required.

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SECOND SCHEDULE

CONTRACTORS STATEMENTS OF ACCOUNT

 The Contractor shall provide Statements of Account in the following format:

Accounts to be Prepared

- Within two (2) months after the end of the first half of each financial year of SMAG, the Contractor shall deliver to SMAG a record of operations during the half year. The report shall include the information required to be included by SMAG's agreed Business Plan.
- 2. Within three (3) months after the end of each financial year of SMAG, the Contractor shall deliver to SMAG, the following:
 - 2.1 A report of the operations of SMAG during that year. The report must include the information required to be included by Sections 68 and 69, Local Government Act 2002.
 - 2.2 Audited Consolidated Financial Statements for the financial year in respect of the operations.
 - 2.3 The Auditors report on those Financial Statements and the performance targets and other measures by which performance has been judged in relation to the objectives.
 - 2.4 The audited Financial Statements shall be prepared in accordance with generally accepted accounting practice.

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- 3. Every report under clause 2.1 shall:
 - 3.1 Contain such information as is necessary to enable an informed assessment of the operations including a comparison of the performance with any relevant Business Plan and an explanation of any material variances, between that performance and the Business Plan.

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THIRD SCHEDULE

SMAG OBLIGATIONS

- Provide a Business Plan to the Contractor no later than one (1) month before the commencement of the Financial Year of SMAG after consultation with the Contractor.
- Determine as part of the Business Plan adjustments to the Collections Policy.
- 3. SMAG shall retain all liability for any payments that are payable to any employee or officer of SMAG at the commencement date of this Contract pursuant to any employment arrangement that the employee may have with SMAG and payable as a result of any transfer of services, pursuant to this Contract (including but not limited to redundancy, holiday pay, bonus or other such payments).
 - 4. The management fee of \$887,000.00 per annum (clause 3.1) payable monthly in advance in twelve (12) equal instalments and thereafter as the parties mutually agree in the Annual Business Plan and unless so agreed the Management Fee shall be same as the previous year.
 - The parties agree if there is any shortfall in funding to meet the management fee then the Contractor agrees to reduce its fee to the amount of such shortfall.



Southland Museum and Art Gallery - Interim Annual Report

Record No: R/20/3/5868

Author: Steve Ruru, Chief Executive Approved by: Steve Ruru, Chief Executive

 \square Decision \square Recommendation \boxtimes Information

Purpose

To present the Southland Museum and Art Gallery (SMAG) Interim Annual Report to 31 December 2019.

Background

- The Invercargill City Council has supplied the attached Interim Annual Report relating to the operations of the Southland Museum and Art Gallery Trust Board Inc (SMAG) for the six months ended 31 December 2019.
- 3 The report outlines levels of performance and delivery of outcomes in relation to the outputs and targets identified in the Statement of Intent, and also provides information on financial performance.
- 4 The Trust is incorporated under the Charitable Trusts Act 1957.
- 5 Council appoints two representatives to the Trust in terms of the Trust Deed, these being Mayor Gary Tong and Councillor Christine Menzies.
- 6 Under section 66 of the Local Government Act 2002 a council controlled organisation is required to provider a half yearly report to the relevant local authorities. This Interim Annual Report is provided for Council's information in accordance with this requirement.

Recommendation

That the Council:

a) Receives the report titled "Southland Museum and Art Gallery - Interim Annual Report" dated 17 April 2020.

Attachments

A Southland Museum and Art Gallery Trust Board Inc - Interim Annual Report for the six months ended 31 December 2019 $\cline{1}$

Southland Museum & Art Gallery Trust Board Inc

INTERIM ANNUAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



22 April <u>2020</u>

Southland Museum & Art Gallery Trust Board Inc

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Council

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 T Biddle (Chairperson) Cr D Ludlow Cr R Amundsen 2 trustees are appointed by Southland District Council Cr G Macpherson resigned 18 Dec 2019 Cr N Patterson resigned 18 Dec 2019 Mayor G Tong appointed 18 Dec 2019 Cr C Menzies appointed 18 Dec 2019 2 trustees are appointed by trustees appointed by Invercargill City G Neave Council & Southland District Council R Eagles 1 trustee is appointed by Tangata Whenua E Cook appointed 4 Jul 2019 1 trustee is appointed by Friends of the Southland Museum & Art J Watson resigned 3 Nov 2019 Gallery C Henderson appointed 5 Dec 2019

The Trust has a management contract with Invercargill City Council for the operations of the museum facilities.

Vacant

Main source of Trust's cash and resources

1 trustee is appointed by Gore District Council

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

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Revenue			
Grant - Invercargill City Council		20,000	
Grant - Southland Regional Heritage Committee		580,809	620,765
Revenue from providing services	1	491,360	486,089
Bequests		-	1,658
Interest revenue		3,363	3,661
Total revenue		1,095,532	1,112,173
Expenses			
Cost of providing services	2	1,077,299	1,126,919
Depreciation of property, plant, and equipment	6	3,929	4,745
Total expenses		1,081,228	1,131,664
Surplus / (Deficit) for the year		14,304	(19,491)
Other comprehensive revenue and expenses			
			-
Total other comprehensive revenue and expenses for	the year	:=	×
Total comprehensive revenue and expense for the ye	ar	14,304	(19,491)
Surplus / (Deficit) attributable to:			
Owners of the parent entity		14,304	(19,491)
		14,304	(19,491)
iotal comprehensive revenue and expense attributable owners of the parent entity	le to:	14,304	(19,491)
		14,304	(19,491)

The Statement of Accounting Policies and Notes are an Integral part of, and should be read in conjunction with, these financial statements.

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF CHANGES IN NET ASSETS/EQUITY AS AT 31 December 2019

Balance at 31 December 2019	1,031,963	265, 589	38,496	1,336,048
Transfers	(3,362)	3,357	5	
Surplus / (Deficit) for the year Total other comprehensive revenue and expenses for the year	14,304			14,304
Balance at 1 July 2019	1,021,021	262,232	38,491	1,321,744
Balance at 31 December 2018	1,316,836		11,269	1,328,105
expenses for the year Transfers	-	5	-	-
Surplus / (Deficit) for the year Total other comprehensive revenue and	(19,491)			(19,491)
Balance at 1 July 2018	1,336,327	-	11,269	1,347, 596
	\$	\$	reserve \$	equity \$
	Retained surplus	Restricted	Special purpose	Total

The Statement of Accounting Policies and Notes are an integral part of, and should be read in conjunction with, these financial statements.

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22 April 2020

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF FINANCIAL POSITION AS AT 31 December 2019

	Note	2019 \$	2018
Assets			\$
Current assets			
Cash and cash equivalents	3	217,793	470 00
Receivables	4	29,798	173,63
Other financial investments	5	222,203	254,57 215,38
Total current assets		469,794	643,60
Non-current assets			
Property, Plant and Equipment	6	920,797	929,47
Total Non-current assets		920,797	929,47
TOTAL ASSETS		1,390,591	1,573,07
Liabilities		-	
Current Liabilities			
Payables and accrued expenses	7	1,774	192,19
Unused grants with conditions	8	52,769	52,76
TOTAL LIABILITIES		54,543	244,96
NET ASSETS		1,336,048	1,328,10
quity			
Retained surplus		1 021 062	4.04
destricted reserve	9	1,031,963	1,316,836
pecial purpose reserve	9	265,589 38,496	11,269
		1,336,048	1,328,10

The Statement of Accounting Policies and Notes are an integral part of, and should be read in conjunction with, these financial statements.

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Southland Museum & Art Gallery Trust Board Inc

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			*
Receipts from grants and donations		600,809	561,27
Receipts from providing services		491,360	317,204
Interest receipts		3,418	3,719
Payments to suppliers		(1,084,103)	(975,706
GST (net)		29,790	(3,717
Net cash flows from operating activities		41,273	(97,229
Cash flows from investing activities			
Payments to acquire property, plant and equipment		· ·	(19,360)
Payments to acquire investments		(3,329)	(3,435)
Net cash flows from investing activities		(3,329)	(22,795)
Net increase/(decrease) in cash & cash equivalents		37,944	(120,024)
Cash & cash equivalents at the beginning of the financial year		179,849	293,663
Cash & cash equivalents at the end of the financial	3	217,793	173,639

The Statement of Accounting Policies and Notes are an integral part of, and should be read in conjunction with, these financial statements.

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE SIX MONTHS ENDED 31 DECEMBER 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 13 February 2020.

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 ongoing 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.

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE SIX MONTHS ENDED 31 DECEMBER 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.

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE SIX MONTHS ENDED 31 DECEMBER 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.

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE SIX MONTHS ENDED 31 DECEMBER 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.

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE SIX MONTHS ENDED 31 DECEMBER 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.

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE SIX MONTHS ENDED 31 DECEMBER 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.

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE SIX MONTHS ENDED 31 DECEMBER 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.

9.1 Attachment A Page 185

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Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

1	REVENUE FROM PROVIDING SERVICES	2019 \$	2018 \$
	Service contract - Invercargill City Council	491,360	486,089
	Total revenue from providing services	491,360	486 ,089
2	COST OF PROVIDING SERVICES	2019 \$	2018
	Operating costs Management Fee - Invercargill City Council	7,766 1,069,533	81,665 1,045,254
	Total cost of providing services	1,077,299	1,126,919
3	CASH AND CASH EQUIVALENTS	2019 \$	2018
	Westpac Cheque account Westpac Redevelopment Account Bank accounts - Bequest	76,894 70,284 43,387	29,211 77,636 63,687
	- Baird Library - Capital acquisition	742 26,486	740 2,365
	Total cash and cash equivalents	217,793	173,639

Some restrictions exist on the cash reserve funds which are set aside for special purposes at the discretion of the Trustees.

4 RECEIVABLES	2019 \$	2018 \$
GST - Inland Revenue Contract income - Invercargill City Council Grant income - Southland Regional Heritage Committee	29,798	1,191 241,799 11,587
Total Receivables	29,798	254,577

All Receivables above are recognised as non-exchange transactions

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Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

OTHER FINANCIAL INVESTMENTS		2019 \$	2018 \$
Available-for-sale at fair value			>
Term deposits (Bequest) Current		222,203	215,38
Total Other financial investments		222,203	215,38
PROPERTY, PLANT AND EQUIPMENT			
	and & buildings	Heritage	Total
	Assets \$	Assets \$	\$
		Y	· ·
Cost amount at 1 July 2018	3,773,646	796,222	4,569,86
Accumulated depreciation amount at 1 July 2018	3,655,013	2	3,655,01
Carrying amount at 1 July 2018	118,633	796,222	914,85
Additions			
Disposals (net of accumulated depreciation)	-	19,360	19,36
Depreciation expense	(4.745)	-	
Impairment loss	(4,745)	-	(4,74
imperiment loss	-	-	
Cost amount at 31 December 2018	3,773,646	815,582	4,589,22
Accumulated depreciation amount at 31 December 201	3,659,758		3,659,75
Carrying amount at 31 December 2018	113,888	815,582	929,47
Cost amount at 1 July 2019	3,773,646	915 503	4 = = = = =
Accumulated depreciation amount at 1 July 2019	3,664,502	815,582	4,589,22
Carrying amount at 1 July 2019	109,144	815,582	3,664,50
,	105,144	613,362	924,72
Additions		_	
Disposals (net of accumulated depreciation)			-
Depreciation expense	(3,929)		(3,929
Impairment loss	-		-
Cost amount at 31 December 2019	3,773,646	815,582	4 500 220
Accumulated depreciation amount at 31 December 201	3,668,431	-	4,589,228
Carrying amount at 31 December 2019		815 592	3,668,431 9 20,79 7
Larrying amount at 31 December 2019	105,215	815,582	920

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Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 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.

7	PAYABLES AND ACCRUED EXPENSES	2019 \$	2018 \$
	Invercargill City Council. Other payables	1,774	189,718 2,478
	Total payables and accrued expenses	1,774	192,196
8	UNUSED GRANTS WITH CONDITIONS	201 9 \$	2018 \$
	Invercargill City Council - Redevelopment Grant	52,769	52,769
	Total unused grants with conditions	52,769	52,769

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.

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Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

RESERVES	2019	2018 \$
A) RESTRICTED RESERVES		
Estate C F Broadley - Tuatara		
Balance as at 1 July	47.954	
Transfer to reserve	-	-
Interest revenue	614	-
Purchases	-	-
Balance at 31 December	48,568	· ·
The bequest requires the Trust to spend the funds on Tuato no obligation to return unspent funds, so no liability has be	ra related expenses. Although the bequest is for a sp en recorded for the unspent amount.	pecific purpose, there is
Estate D I Alloo - Tuatara		
Balance as at 1 July	55,642	
Transfer to reserve	33,042	-
Interest revenue	712	-
Purchases	-	
Balance at 31 December	56,354	-
The bequest requires the Trust to spend the funds on Tuata no obligation to return unspent funds, so no liability has be	ra related expenses. Although the bequest is for a sp en recorded for the unspent amount	ecific purpose, there is
Estate D I Alloo - Natural History	,	
Balance as at 1 July	158,636	
Transfer to reserve	-	-
Interest revenue	2,031	-
Purchases	-	
Balance at 31 December	160,667	-

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.

9.1 Attachment A Page 189

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Council

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

		2019 \$	2018 \$
B) SPECIAL PURPOSE RE	ESERVES		
Education Service Reserv	<u>ve</u>		
Balance as at 1 July		11,269	11 26
Transfer to reserve		11,203	11,26
Interest revenue			-
Transfer from reserve			-
Balance at 31 December		11,269	11,269
The Education Service reserve Programmes. This grant is fo	e comprises the remains of a grant from the N r the Learning Experiences Outside The Classro	Ministry of Education for the delivery of the	f Curriculum Support
Baird Library		and the two comes and ap e dical consum	
Balance as at 1 July		741	
Transfer to reserve		741	₩.
nterest revenue		-	*
Transfer from reserve		-	-
Balance at 31 December		741	
he Baird Library reserve com	prises for funds to be used for the purchase o	f books for the museum's collection	
Collection acquisitions			
Balance as at 1 July		26,481	
ransfer to reserve		,:	-
nterest revenue		5	_
ransfer from reserve			-
		26,486	2
alance at 31 December		20,400	
	serve comprises for funds to be used for the pu		lection

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Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

10 COMMITMENTS

There are no capital or operating commitments at 31 December 2019 (31 December 2018: nil).

11 CONTINGENCIES

There are no known contingent liabilities or contingent assets at 31 December 2019 (31 December 2018: nil).

12 SUBSEQUENT EVENTS

There have been no significant events between year end and the signing of the Financial Statements.

9.1 Attachment A Page 191

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

OUTPUTS & OUTCOMES FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Below are the outputs planned by the organisation and the strategies that will be used to achieve these.

The Collections: Caring for, developing,	The Collections: Caring for, developing, and researching collections.			
Outputs	Strategies to achieve Outputs	2019/20 YTD Outcome	2019/20 Target	2018/19 YTD 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. 	Ongoing process of reviewing policies as required by relocation project and external bodies.	One review annually	No review required of main CMP. New policies developed for Kōwi Tangata, Natural history & Hazardous materials.
	 New acquisitions are considered according to the Collection Management Policy. (minimal acquisitions desired while museum building is closed) 	Policy has been applied to all new acquisitions.	100% of objects acquired are considered	Policy has been applied to all new acquisitions.
	New acquisitions are entered into Vernon CMS (Collection Management System).	Work ongoing	Reduce the current backlog from 2,150 items	Reduce the current backlog from New acquisitions backlog to be entered * 2016 = 536 2017 = 693 2018 = 919
	Existing CMS records are to be reviewed and updated.	Stage 1: July-Dec 2019 = 1,182 records. 7627 records updated to date; 5365 skeletal records (housed for transport) to date	6,000 tems (Stage 1 of current the collection records. Relocation Plan involves 6,153 reentering or updating core data to a stag for objects in Vernon CMS so tracked they can be identified and tracked for relocation.)	Stage 1. July-Dec 2018 = 2,111 records. 5,153 records partially updated to a stage where they can be tracked for relocation purposes.
	Collections items to have digital images made.	Stage Three. 0 items 753 items updated to date (focus on stages one and two)	Oftems (The Board has resolved not to make digital copies of images so as to advance the relocation of the collection.)	Stage Three: 0 items (focus on stages one and two)

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Figures are estimated as the total number of items recorded cannot be determined until all acquisitions are processed.

22 April 2020

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

OUTPUTS & OUTCOMES FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Below are the outputs planned by the organisation and the strategies that will be used to achieve these.

Outputs Stra The collection is prepared • Pack ite for removal from the building by 2021/22 (4 years)				
ction is prepared ral from the building 22	Strategies to achieve Outputs	2019/20 YTD Outcome	2019/20 Target	2018/19 YTD Outcome
	 Pack items for storage and transportation. 	Stage Two (A): July-Dec 2019 5447 records	6,000 items (Stage 2a of the current Collection Relocation Plan involves packing and physically readying objects for relocation.)	Stage Two: July-Dec 2018 7,308
		Stage Two (B): July-Dec 2019 458 records	500 items (Stage 2b of the current Collection Relocation Plan involves implementing a temporary transporting /packing solution for objects to be safely transported off-site.)	•
Collections are maintained in • Storage space is kept at temperature of optimal conditions for their 190C±10C, percentage of time in range. long term preservation.	 Storage space is kept at temperature of 19oC±1oC, percentage of time in range. 	Within range 68% of the time	Minimise variance	July = 6%, Aug = 22% Sept = 100%, Oct = 100% Nov = 100%, Dec = 99%
• Storage 50%±5%,	• Storage space is kept at humidity of 50%±5%, percentage of time in range	Within range 12% of the time	Minimise variance	July = 100%, Aug = 100% Sept = 97%, Oct = 2% Nov = 0%, Dec = 1%
• Storage by pests s Number o	 Storage space is monitored for infestation by pests and moulds. Number of reports annually. 	Few sightings	Minimum pests, moulds and pollutants found.	Few sightings
A procedure to light is followed.	 A procedure to minimise deterioration by light is followed. 	Followed	Followed	Closure has minimised light exposure.
• A proced objects in	 A procedure to avoid loss or damage to objects in the collection or on loan is followed. 	Followed	Followed	Procedures followed

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22 April 2020

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

OUTPUTS & OUTCOMES FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

The Community: Be the facilitator, conn	The Community: Be the facilitator, connector, activator, conductor and co-creator working with community	eator working with commun	ulty	
Outputs	Strategies to achieve Outputs	2019/20 YTD Outcome	2019/20 Target	2018/19 VTD Outcome
Maintain strong relationships with iwi over issues relating to the collections, exhibitions and tuatara management	Maintain strong relationships • Iwi Liaison Komiti (representing the four with Iwi over issues relating Southland runanga; Waihopai, Orakato the collections, exhibitions Aparima, Hokonui, Awarua) meets regularly. and tuatara management	Two meetings - on track for four Four meetings for the period 2019/20.	Four meetings	3 meetings
Promotion of a museum presence	 Develop & implement a marketing strategy Developed. Awaiting fitout and Develop by December 2019 & for a museum presence. exhibition installation to be implement by June 2020 activated. 	Developed. Awaiting fitout and exhibition installation to be activated.	Develop by December 2019 & implement by June 2020	Strategy to be developed prior to the opening of temporary museum presence.
	 Provide outreach to other museums and related organisations in the region and community. 	76 hours	No farget	200+ hrs

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Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF SERVICE PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

OUTPUTS & OUTCOMES FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Interactive and social	Interactive and social connections. A whole brain learning – sparking memories of lifetime connections with the past and the future, connecting with the mauri of our taonga, celebrating our land, people and culture.	parking memories of lifetin , people and culture.	e connections with the pa	st and the future,
Outputs	Strategies to achieve Outputs	2019/20 YTD Outcome	2019/20 Target	2018/19 YTD Outcome
Establish a temporary Museum presence within the the city.	Open a temporary museum presence within May 2020 - delay due to the the city. extended fitout period.	May 2020 - delay due to extended fitout period.	December 2019	Conditional Agreement to Lease secured. Building consent and fit out costs & timing are being finalised.
	Deliver short-term exhibitions within the museum presence.	Nil - exhibition developed and awaiting opening.	Regular short-term exhibitions (target to be confirmed once exhibition plan is completed prior opening).	Regular short-term exhibitions Nil (target to be confirmed once (Two planned in 2019 if space exhibition plan is completed prior is available prior to June 2019) to opening).

Outputs	Strategies to achieve Outputs	2019/20 YTD Outcome	2019/20 Target	2018/19 YTD Outcome
Establish a clear strategic direction for the SMAGTB	Establish concept design plans for a future	To begin once reviews completed.	Complete by June 2020	To begin once reviews completed
museum (including collection and building on the current	museum (including collection • Establish funding plans for a future museum. To begin once reviews and building on the current site.	To begin once reviews completed.	Complete by June 2020	To begin once reviews completed
site)	 Promote plans for a future museum on the current site. 	To begin once reviews completed.	Complete by June 2020	To begin once reviews completed
	 Begin developing plans for the museum collection, including storage and public accessibility. 	To begin once reviews completed.	Complete by June 2020	To begin once reviews completed

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Southland Museum and Art Gallery Trust Board Inc. - Draft Statement of Intent to Year Ending 30 June 2021

Record No: Author: Approved by:	R/20/3/5878 Steve Ruru, Chief Executive Steve Ruru, Chief Executive	
□ Decision	□ Recommendation	□ Information

Purpose

The purpose of this report is to present the Southland Museum and Art Gallery (SMAG) Trust Board's Draft Statement of Intent to the year ending 30 June 2021.

Executive Summary

- The Southland Museum and Art Gallery Trust (SMAG) draft statement of intent for the 2020/21 financial year has been prepared and is being circulated to the stakeholder councils for feedback prior to it being finalised by the trustees.
- 3 A copy of the draft statement of intent is attached as Appendix A.
- 4 "The purpose of the statement of intent is to:
 - state publicly the activities and intentions of this Council Controlled Organisation for the year and the objectives to which those activities will contribute
 - provide an opportunity for shareholders to influence the direction of the organisation
 - provide a basis for the accountability of the Board to their stakeholders for the performance of the organisation".
- 5 The draft document has a very strong Invercargill focus with only passing reference made to the wider region.
- It is proposed that Council provide feedback noting that the trust should include a set of financial statements in their statement of intent and also seek to clarify ownership of the museum building given recent indications that it is owned by the Invercargill City Council.
- 7 Mayor Gary Tong and Councillor Christine Menzies are the Southland District Council representatives on the SMAG Trust Board.

Recommendation

That the Council:

- a) Receives the report titled "Southland Museum and Art Gallery Trust Board Inc. Draft Statement of Intent to Year Ending 30 June 2021" dated 17 April 2020.
- 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) Provides comment to the Southland Museum and Art Gallery Trust recommending that the trustees should:
 - clarify ownership of the museum building with the Invercargill City Council
 - include a set of forecast financial statements in the statement of intent for the next three financial years as required under the Local Government Act 2002.
- e) Provides comment on any other matters relating to the draft statement of intent that it considers appropriate.

Background

- 8 Each year the SMAG Trust Board prepare a statement of intent which covers the proposed activities and strategic objectives.
- 9 As Councillors will be aware the museum building was closed to the public in April 2018 as the building is potentially earthquake prone and requires extensive redevelopment, it also has insufficient storage and exhibition space.
- 10 Currently the governance structure is under review and so this document has been prepared with the assumption of business as usual. Any revisions required after the review will need to be made before the final version which will be completed in June 2020.
- Sections 1.3 and 1.4 of the statement of intent outline the strategic objectives and principal activities. These are focussed on the delivery of a temporary facility in Invercargill. This will be carried out in collaboration with the Invercargill Public Art Gallery and has been assisted by additional funding of \$200,000 from the Invercargill City Council. Section 2.4 outlines how SMAG activities align with the Invercargill City Council community outcomes.
- 12 The statement of intent as currently drafted has a very strong focus on Invercargill City with, at best, passing reference to how SMAG might contribute to the wider Southland region.
- 13 It also records that the Trust owns the museum building. This position is inconsistent with more recent information which suggests that the building is owned by the Invercargill City Council.

Council

22 April 2020

14 The statement of intent currently does not include any forecast financial statements, which is the normal expectation for such documents and is particularly important given the range of challenges facing the Trust.

Issues

15 There is a need for Council to provide comment on the draft statement of intent provided by the SMAG trustees so that these can be considered in the finalisation of such.

Factors to Consider

Legal and Statutory Requirements

- 16 The Local Government Act 2002 s64 (1) specifically refers to statements of intent for council controlled organisations. In particular, it requires that they must adopt a statement of intent in accordance with Part 1 of Schedule 8.
- 17 Schedule 8 Part 1 specifically refers to the adoption of statements of intent, Part 2 refers to the content of statements of intent of council controlled organisations, and Part 4 refers to additional content of statements of intent of council controlled organisations that are not trading organisations. This includes a requirement to include financial forecasts for a three year period.

Community Views

18 No specific community views have been sought in considering the comments that Council might provide on the draft statement of intent.

Costs and Funding

19 The funds provided to SMAG are sourced from the regional heritage rate.

Policy Implications

20 There are no identified policy implications for Council.

Analysis

Options Considered

21 Council is provided with two options to consider with regards to this report. These are to provide comment (option 1) on the draft statement of intent or do nothing (option 2).

Analysis of Options

Option 1 – Provide comment

Advantages	Disadvantages
reflects good practice in that Council is utilising the legislative requirement in providing feedback to the process	none identified.
will allow the trustees to consider whether they should modify the draft statement of intent to reflect the feedback provided by Council.	

Option 2 - Do nothing

Advantages	Disadvantages	
trustees will go on and finalise	the trust will not have the advantage of receiving feedback from Council.	

Assessment of Significance

Council is simply being asked to provide comment on the draft SMAG Statement of Intent as required under the Local Government Act 2002. As such it is meeting a statutory requirement and the matter is not considered significant.

Recommended Option

23 It is recommended that Council adopt option 1 and provide comment back to SMAG on their draft Statement of Intent.

Next Steps

24 Staff will forward the comments endorsed by Council.

Attachments

A Southland Museum and Art Gallery Trust Board Inc - Draft Statement of Intent to Year Ending 30 June 2021 U

The draft Statement of Intent for the Southland Museum & Art Gallery Trust Board has been prepared in accordance with the Local Government act 2002.

A review of the governance of the Southland Museum & Art Gallery Trust Board is currently underway.

As any changes to the governance structure is currently unknown, this Statement of Intent has been prepared with the assumption of business as usual.

SOUTHLAND MUSEUM AND ART GALLERY TRUST BOARD

STATEMENT OF INTENT

FOR THE FINANCIAL YEAR ENDING 30 June 2021



The purpose of this Statement of Intent is to:

- State publicly the activities and intentions of this Council Controlled Organisation for the year and the objectives to which those activities will contribute.
- Provide an opportunity for shareholders to influence the direction of the organisation.
- Provide a basis for the accountability of the Board to their stakeholders for the performance of the organisation.

Southland Museum and Art Gallery Trust Board Statement of Intent 2020/21

Page 1 of 11

This Statement of Intent covers the year 1 July 2020 to 30 June 2021.

1. MISSION, VISION, STRATEGIC OBJECTIVES AND THE THREE YEAR PLANNING PERIOD

1.1 Mission Statement

To celebrate our people, land and culture

1.2 Vision Statement

We are a nationally respected, unique, innovative, vibrant attraction providing a must-do family experience with a positive culture from a team that is excited to be there, supported by diverse funding and revenue streams and meaningful partnerships protecting the collection of Southland, as custodians of our heritage

1.3 Strategic Objectives

Through its activities the Southland Museum and Art Gallery Trust Board (SMAGTB) will:

- Deliver a vibrant successful collaboration with the Invercargill Public Art Gallery in a temporary exhibition space that is bustling with people, activities and culture.
- Increase the sense of ownership by Southlanders, and the attractiveness, meaningfulness, relevance, value of the temporary Museum and its programmes for them and visitors to Southland
- Contribute to the role of attracting visitors to Invercargill as part of the Southland visitor experience.
- > Continue to strengthen our relationships with Mana Whenua.
- Have an aligned board and simple governance structure that is the best interest of the Southland Region
- Work with our Community using our Museum as a connector
- Collaborative organisational structure, shared authority and strong community engagement
- Provide support for regional museums in our province.

1.4 Principal Activities

The principal activities which contribute to the achievement of the Strategic Objectives will be provided by the Management Contract. These are categorised into four areas:

- 1. The Collections Caring for, developing, and researching collections
- The Community Be the facilitator, connector, activator, conductor and co-creator working with community
- The Experience Interactive and social connections. A whole brain learning – sparking memories of lifetime connections with the past and the future, connecting with the mauri of our taonga, celebrating our land, people and culture.
- The Development Planning, consulting and establishing a future direction.

Southland Museum and Art Gallery Trust Board Statement of Intent 2020/21

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1.5 Financial Planning Assumptions

The SMAGTB receives annual grants from the Southland Regional Heritage Committee and has an annual service contract with Invercargill City Council.

The SMAGTB will approve the budget for expenditure in the Management Contract each year. See Section 2.3, Management of the Southland Museum and Art Gallery.

The SMAGTB owns the Museum and Art Gallery building and collections.

The existing building is potentially earthquake prone and has been closed to the public. It requires extensive redevelopment and also has insufficient storage and exhibition space to enable the facility to meet the community's needs. The Trust has minimal building reserves and will need to attract significant funding contributions from a wide range of sources to pay for this redevelopment.

With the building closed, SMAGTB has agreed to establish a temporary presence in the city. This will be carried out with collaboration from the Invercargill Public Art Gallery and has been assisted by additional funding of \$200,000 from the Invercargill City Council.

1.6 Bicultural Development

Southland Museum and Art Gallery maintains a working partnership with iwi through the lwi Liaison Komiti, which has representatives from the four Southland runanga. The lwi Liaison Komiti meets quarterly to discuss issues relating to the collections and exhibitions.

Southland Museum and Art Gallery continues to build a rich relationship with Ngati Koata through Mana Whenua with regard to the care of the Tuatara.

Southland Museum and Art Gallery Trust Board Statement of Intent 2020/21

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2.0 STATEMENT ON THE BOARD'S APPROACH TO GOVERNANCE

2.1 Role of the Board

The Board is responsible for the governance of the Southland Museum and Art Gallery. The Board is responsible for setting the strategic direction of SMAG, approving the Statement of Intent and monitoring the performance of the Management Contract.

2.2 Board Membership

The SMAGTB is a Council Controlled Organisation with up to 10 trustee 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.

INVERCARGILL CITY COUNCIL

Cr T Biddle Cr D Ludlow Cr R Amundsen

SOUTHLAND DISTRICT COUNCIL

Mayor G Tong Cr C Menzies

GORE DISTRICT COUNCIL

Vacant

TANGATA WHENUA

E Cook

APPOINTMENTS BY THE ABOVE TRUSTEES

G Neave R Eagles

FRIENDS OF THE MUSEUM

C Henderson

EX OFFICIO

Manager – D Dudfield (interim) Secretary – Vacant (ICC officers covering) Treasurer – J Botting (ICC officers)

2.3 Management of the Southland Museum and Art Gallery

The SMAGTB has a Management Contract with the Invercargill City Council to carry out the Principle Activities of the Board. The Council employs the museum manager and staff who operate the temporary presence and museum facility. The Trust Board will approve the budget for expenditure in the Management Contract each year.

Southland Museum and Art Gallery Trust Board Statement of Intent 2020/21

Page 4 of 11

2.4 Alignment with Community Outcomes

The SMAGTB contributes towards the achievement of Invercargill City Council's community outcomes.

Enhance our City	Preserve its Character	Embrace Innovation and Change
We will know success when:	We will know success when:	We will know success when:
New residents feel welcomed and embraced by Invercargill culture.	Invercargill is celebrated for preserving its heritage character.	Invercargill's culture is embraced through Community projects.
Healthy and active residents utilise space, including green space, throughout the City.	Our natural and existing points of difference are celebrated.	Technology is utilised in both existing and new City services.
Invercargill's business areas are bustling with people, activities and culture.	Strong, collaborative leadership of the City is demonstrated.	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.
		Invercargill has the 'wow factor' with the right facilities and events to enjoy.

Southland Museum and Art Gallery Trust Board Statement of Intent 2020/21

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3.0 OUTPUTS PLANNED FOR THE YEAR ENDED 30 JUNE 2021

Below are the outputs which are planned by the organisation to be delivered by the Management Contractor and the strategies that will be used to achieve these.

Output	Strategies to achieve Output	2020-21 Target
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.	One review annually
	New acquisitions are considered according to the Collection Management Policy. (Minimal acquisitions desired while museum building is closed).	100% of objects acquired are considered
	New acquisitions are entered into Vernon Collection Management System (CMS) to the level of Stripped Stage 1.	1000 records
	Existing CMS records are updated to Stage 1 (Full Documentation). Stage 1 is designed to make the updated records searchable, identify key hazards, and ensure that the items ready for relocation.	2,400 records
	Collections items to have digital images made.	0 items (Photography will only be undertaken as required for the purposes of condition reporting, online presence, and the temporary gallery space.)

Southland Museum and Art Gallery Trust Board Statement of Intent 2020/21

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Output	Strategies to achieve Output	2020-21 Target
The collection is prepared for removal from the building by 2021/22 (4 years)	Pack items for storage and transportation.	2000 items across Stage 2a and 2b.
	Stage 2a of the current Collection Relocation Plan involves packing and physically readying objects for relocation.	
	Stage 2b of the current Collection Relocation Plan involves implementing a temporary transporting/packing solution for objects to be safely transported off- site.	
Collections are maintained in optimal conditions for their long term preservation	Storage space is kept at temperature of 19°C±1°C, percentage of time in range.	Minimise variance
	Storage space is kept at humidity of 50%±5%, percentage of time in range.	Minimise variance
	Storage space is monitored for infestation by pests and moulds.	Minimum pests, moulds and pollutants found
	A procedure to minimise deterioration by light is followed.	Yes
	A procedure to avoid loss or damage to objects in the collection or on loan is followed.	Yes

3.2 The Community Be the facilitator, connector, activator, conductor and co-creator working with community Output Strategies to achieve Output 2020-21 Target Maintain strong relationships with iwi over issues Iwi Liaison Komiti (representing the four Four meetings relating to the collections, exhibitions and tuatara Southland runanga; Waihopai, Oraka-Aparima, Hokonui, Awarua) meets management regularly. Develop & implement a marketing Promotion of a museum presence Develop by strategy for a museum presence. December 2019 & implement by June 2020 Provide outreach to other museums No target and related organisations in the region and community.

Southland Museum and Art Gallery Trust Board Statement of Intent 2020/21

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3.3 The Experience

Interactive and social connections. A whole brain learning – sparking memories of lifetime connections with the past and the future, connecting with the mauri of our taonga, celebrating our land, people and culture.

Output	Strategies to achieve Output	2020-21 Target
Establish a temporary museum presence within the city.	Deliver short-term exhibitions within the museum presence.	Four exhibition

3.4 The Development

Planning, consulting and establishing a future direction.

Output	Strategies to achieve Output	2020-21 Target

Awaiting decision on SMAGTB future governance structure

Southland Museum and Art Gallery Trust Board Statement of Intent 2020/21

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4.0 ACCOUNTING POLICIES

4.1 Basis Of Preparation

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (RDR) disclosure concessions. This is on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of more than \$2 million and less than \$30 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared under the assumption that the Trust will continue to operate in the foreseeable future.

The Trust is domiciled in New Zealand, is a reporting entity for the purposes of the Charitable Trusts Act 1957 and its financial statements comply with that Act.

The trustees of the Trust do not have the power to amend the financial statements after issue.

4.2 Changes In Accounting Policies

For the year ended 30 June 2018, the Trust prepared its Financial Statements using the Tier 3 PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) Standard. These have now been restated to Tier 2 Not-For-Profit PBE Accounting Standards – RDR. An explanation of how the transition to Tier 2 Not-For-Profit PBE Accounting Standards – RDR has affected the Financial Statements is included in the notes to the financial statements section.

4.3 Goods And Services Tax (GST)

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

4.4 Revenue

Revenue is recognised to the extent that it is probable the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

4.4.1 Grants

Council, government, and non-government grants are recognised as revenue when the conditions attached to the grant has been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

4.4.2 Donations

Donations are recognised as revenue upon receipt.

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4.4.3 Bequests

Revenue from estates that satisfies the definition of an asset is recognised as revenue when it is probable that future economic benefits or service potential will flow to the entity, and the fair value can be measured reliably.

4.4.4 Interest revenue

Interest revenue is recognised as it accrues, using effective interest method.

4.4.5 Other revenue

Revenue is measured at the fair value of consideration received.

4.5 Expenditure

All expenditure is recognised in the period in which it is incurred and expensed when the related services has been received.

4.6 Income Tax

The Trust is exempt from the payment of income tax. Accordingly no charge for income tax applies or has been provided for.

4.7 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 the financial statements.

4.8 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These comprise cash on hand, cheque or savings accounts, and deposits held at call with banks. Bank overdrafts are presented as a current liability in the statement of financial position.

4.9 Short term investments

Short term investments comprise term deposits which have a term greater than three months and therefore do not fall into the category of cash and cash equivalents.

4.10 Receivables

Short-term receivables are recorded at the amount due, less any provision for non-collectability. A receivable is considered uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Southland Museum and Art Gallery Trust Board Statement of Intent 2020/21

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4.11 Creditors And Accrued Expenses

Creditors and other payables are measured at the amount owed.

4.12 Property, Plant And Equipment

Property, plant and equipment is recorded on the cost basis, less accumulated depreciation and impairment losses.

Property, plant, and equipment held at cost that has 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 service amount. The recoverable service amount is the higher of an asset's fair value, less costs to sell, and value in use. The total impairment loss is recognised in the surplus or deficit.

The Trust has elected not to revalue property plant and equipment

4.12.1 Additions

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

4.12.2 Depreciation

Depreciation has been charged in the Financial Statements on the basis of the economic life rates recommended by the Inland Revenue Department as

follows: Buildings 2% SL Fit-out 9 - 40% DV

4.12.3 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.

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.

For Insurance purposes, the collection is valued at \$10,000,000.

Southland Museum and Art Gallery Trust Board Statement of Intent 2020/21

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Electoral Officer Report on the 2019 Triennial Elections

Record No: R/20/2/4158

Author: Alyson Hamilton, Committee Advisor

Approved by: Rex Capil, Group Manager Community and Futures

□ Decision □ Recommendation □ Information

Background

1 Attached is a report from the electoral officer into the conduct of the 2019 Triennial Elections.

Summary

- The electoral officer appointed by Southland District Council, Dale Ofsoske of Election Services, has submitted a report that details the various electoral processes undertaken, together with election statistics for the information of Council.
- The contract between Southland District Council (SDC) and Independent Election Services Limited (IESL) was based on the number of electors being 21,000. The final number of electors whose names appeared on the final Electoral Roll was 19,944 electors, up marginally from 19,865 electors at the 2016 election.
- The overall election cost has risen from the contract which specified a cost for services budgeted at \$135,170 (plus GST) to an actual of \$138,980 (plus GST) due to an increase of costs of various election components ie Electoral Officer costs, vote processing, candidate handbooks, public notices and insurance, an additional \$3,810.00 (plus GST).
- Council is able to recover in the order of \$55,314 (plus GST) 40% of the total \$138,980 (plus GST) from Environment Southland, Southern District Health Board and the Mataura Licensing Trust leaving a net cost to SDC of \$83,666 (plus GST). To facilitate an equitable cost share amongst these authorities, Memorandums of Understanding were exchanged and approved by the SOLGM Electoral Subcommittee.

Recommendation

That Council:

a) Receives the report titled "Electoral Officer Report on the 2019 Triennial Elections" dated 17 April 2020.

Attachments

A 2019 Triennial Elections - Eectoral Officer Report J

Election Services

Level 2, 198 Federal Street, Auckland PO Box 5135, Wellesley Street Auckland 1141 Phone: 64 9 973 5212

Email: info@electionservices.co.nz

Report to the Southland District Council regarding the

2019 Triennial Elections

From the Electoral Officer

6 March 2020





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Outline

The 2019 local government triennial elections occurred on Saturday 12 October 2019. The elections for Southland District Council, Environment Southland, Southland District Health Board, Mataura Licensing Trust and Gore and Districts Health Incorporated were conducted satisfactorily and on time and met all legislative and practical requirements.

This report summaries the electoral process.

Background

Local government elections are required to be conducted every three years, with the 2019 election occurring on Saturday 12 October 2019. The conduct of these elections is prescribed by legislation and regulation to ensure public confidence and electoral integrity are maintained.

The following preliminary actions/decisions were made:

- (i) during 2018, Council undertook a representation arrangements review (a review of wards, boundaries, number of councillors etc). The final proposal retained the existing number of councilors (12) and wards (5) with a minor ward boundary change. In addition, nine community boards (between 6 and 7 members each, with total of 56 members) covering the whole district were established. Two community boards were further subdivided for electoral purposes;
- (ii) the FPP (first past the post) electoral system to be used for Southland District Council, Environment Southland, Mataura Licensing Trust and Gore and Districts Health Incorporated; the STV (single transferrable voting) electoral system to be used for Southern District Health Board;
- (iii) postal voting to be used;
- (iv) the random order of candidate names to be used for Southland District Council and Southern District Health Board, with the alphabetical order of candidate names being used for Environment Southland, Mataura Licensing Trust and Gore and District Health Incorporated.

The electoral officer appointed by the Southland District Council is Dale Ofsoske of Election Services.

With the 2019 elections now complete, this report details the various electoral processes undertaken, together with election statistics for the information of Council.

Narrative

Elections Required

Elections were undertaken for:

Southland District Council

- mayor (elected at large)
- 12 councillors (elected from five wards)
- 56 community board members (elected from nine community boards and subdivided community boards)

Environment Southland

· two members (elected from the Eastern-Dome

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Constituency); or

- one member (elected from the Fiordland Constituency);
 or
- one member (elected from the Hokonui Constituency);
- six members (elected from the Invercargill-Rakiura Constituency); or
- one member (elected from the Southern Constituency);
 or
- one member (elected from the Western Constituency)

Southland District Health Board

three members (elected from the Southern Constituency)

Mataura Licensing Trust

- one member (elected from Ward 4 Rural); or
- one member (elected from Ward 5 Edendale); or
- one member (elected from Ward 6 Wyndham); or
- one member (elected from Ward 7 Tokanui)

Gore and Districts Health Incorporated

• one member (elected from Southland Ward).

Election Timetable

Key election functions and dates were:

Nomination period

19 July – 16 August 2019

Inspection of Preliminary Electoral Roll

19 July - 16 August 2019

Delivery of voting mailers

20-26 September 2019

Special voting/early processing

20 September – 12 October 2019

Election day

12 October 2019

Preliminary count

13 October 2019

Official count

14-18 October 2019

Return of Electoral Donations & Expenses Form

by 13 December 2019

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Electoral Roll

The electoral roll comprises two parts, the Residential Electoral Roll and the non-resident Ratepayer Electoral Roll.

The Residential Electoral Roll contains parliamentary electors, whose details are maintained and supplied by the Electoral Commission.

Each territorial authority is responsible for compiling its own non-resident Ratepayer Electoral Roll.

To compile the Ratepayer Electoral Roll, two actions are required:

- a nationwide advertising campaign on the criteria of ratepayer elector qualifications and enrolment procedures; and
- (ii) the issuing of Ratepayer Confirmation Forms to all eligible 2016 Ratepayer Electoral Roll electors, and if returned, these along with any new enrolments, form the basis of the 2019 Ratepayer Electoral Roll.

A national advertising campaign was undertaken by SOLGM during May 2019 advising readers in all major daily newspapers of the criteria and qualifications required to be eligible for the Ratepayer Electoral Roll. A 0800 free-phone service was again used as a national helpline for ratepayer roll enquiries.

In April 2019, 169 Ratepayer Roll Confirmation Forms were issued to eligible 2016 Ratepayer Electoral Roll electors. A total of 145 non-resident ratepayer electors appeared on the 2019 Ratepayer Electoral Roll.

Preliminary and Final Electoral Rolls

The Preliminary and Final Electoral Rolls contained elector details in alphabetical order with a flag denoting voting entitlement (ward, subdivision of community board, regional council constituency, district health board etc).

The Preliminary Electoral Roll was available for public inspection at all Council offices/libraries between 19 July 2019 and 16 August 2019.

Statistics relating to the Final Electoral Roll are as follows:

9.3 Attachment A Page 218

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	Final Roll			
Ward	No. Resident Electors	No. Ratepayer Electors	Total	
Mararoa-Waimea	4,969	63	5,032	
Oreti	5,662	4	5,666	
Stewart Island-Rakiura	271	38	309	
Waiau Aparima	4,968	29	4,997	
Waihopai Toetoe	3,929	11	3,940	
TOTAL	19,799	145	19,944	

The total number of electors of 19,944 is a marginal increase of 79 when compared to the 2016 Final Electoral Roll of 19,865

Nominations

The nomination period was 19 July to noon 16 August 2019.

Nomination material was available during this time by:

- (i) visiting one of nine Council offices to uplift the material;
- (ii) downloading the material from the Council's website;
- (iii) phoning the electoral office to have the material posted

A detailed '2019 Candidate Information Handbook' was prepared and made available to all candidates, any interested party (e.g. media) and was available online. The handbook contained relevant information about the electoral process to potential candidates.

A total of 86 nominations were received for the 69 council vacancies, these detailed as follows:

Issue	No. Nominations	No. Vacancies
Mayor	3	1
Councillors	22	12
Community board members	61	56
Total	86	69

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For the Northern (Parawa-Fairlight and West Dome Subdivisions), Tuatapere Te Waewae and Wallace Takatimu Community Boards, the number of nominations received equalled the number of vacancies, and these candidates were duly declared elected following the close of nominations.

For the Ardlussa, Oraka Aparima, Oreti (Makarewa Subdivision) and Waihopai Toetoe Community Boards, there were insufficient candidates nominated for the number of vacancies. Those candidates nominated were duly declared elected and by-elections were required to fill the remaining vacancies (held on 18 February 2020). Refer Notice of Day of Election – Appendix 2.

For Environment Southland (Eastern Dome and Southern Constituencies) nominations received equaled the number of vacancies, and these candidates were duly declared elected following the close of nominations.

For the Mataura Licensing Trust, nominations received equaled the number of vacancies for all wards except for Ward 2 Gore and Ward 3 Mataura.

For Gore and Districts Health Incorporated, no nominations were received for the Southland Ward.

The 86 nominations received for mayor, council and community board vacancies is up on the 69 nominations received for 61 positions at the 2016 election.

Voting Mailers

Voting mailers consisting of an outward envelope, return prepaid envelope, voting document and a candidate profile booklet (which included instructions in English and Maori) were posted to electors from Friday 20 September 2019.

The voting mailers were produced by the NZ Post Group and were consistent in design layout to all other local authorities in the country.

Special Voting

Special votes were available from 20 September 2019 to noon 12 October 2019 by:

- (i) visiting one of the nine Council offices to uplift a special vote;
- (ii) phoning the electoral office to request a special vote.

A total of 68 special votes were returned prior to the close of voting, of which 57 (83.82%) were valid. This compares to 17 special votes returned in 2016.

The high number of special votes returned is likely due to the increased voter awareness programme Council undertook.

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Elector Turnout

Of the 19,944 electors on the Final Electoral Roll, 9,447 electors returned their voting document. This represents a 47.4% return and compares to a 40.5% return in 2016.

A schedule of the number of daily returned voting documents over the voting period is attached (**Appendix 1**).

Of note, the 2019 average nationwide elector turnout is 41.7% compared to 42% for the 2016 election, 41.3% for the 2013 election and 49% for the 2010 election.

Results

With the undertaking of the early processing of returned voting documents during the voting period, progress results were able to be released on election day at around 1pm. Progress results reflected about 90% of votes cast and did not include votes received at Council offices on election day morning. The release of progress results was very successful and avoided an unnecessary wait by candidates on knowing who were provisionally elected.

The preliminary results were released on Sunday following the receipt and processing of a significant number of votes received by hand at the Council offices on election day morning. In 2016 it was estimated that 6% of all votes received were hand delivered on election day morning. In 2019 this increased to approximately 10% (more voters hand delivering their votes rather than posting them).

Both the progress and preliminary results were released to candidates and placed on Council's website.

The final results (Declaration of Results of Election – see Appendix 3) were made on Thursday 17 October 2019 and appeared in the Southland Times on Monday 21 October 2019.

Election Costs

The 2019 estimated election cost set in December 2018 was \$135,170 + GST (or for 21,000 electors, \$6.44 + GST per elector), subject to actual third-party costs.

The 2019 final election cost has now been determined at \$138,980 + GST (or for 19,994 electors, \$6.97 + GST per elector).

Of the \$138,980 + GST final cost, Council is able to recover in the order of \$55,314 + GST (40% of the total) from Environment Southland, Southern District Health Board and Mataura Licensing Trust.

Accordingly, this will leave a net cost to Council for their elections of \$83,666 + GST (60% of the total), or \$4.20 + GST per elector.

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Upcoming Issues

Inquiry into the 2016 elections

Parliament's Justice Committee released its report 'Inquiry into the 2017 General Election and 2016 Local Elections' in December 2019.

Recommendations in the report relating to local government elections include:

- · centralizing the running of local elections
- aligning DHB boundaries to TAs
- one voting method
- aligning advertising and campaigning rules with general elections
- shifting election day to avoid school holidays
- requiring candidates to provide evidence of citizenship
- requiring candidates to provide evidence of the existence of a political party/affiliation

The report can be viewed at:

https://www.parliament.nz/en/pb/sc/reports/document/SCR 93429/inquiry-into-the-2017-general-election-and-2016-local-elections

Inquiry into the 2019

Parliament's Justice Committee is to undertake its normal inquiry into the conduct of the 2019 local government elections. Submissions closed on Saturday 29 February 2020.

The Terms of Reference include:

- examine the law and administrative procedures for the conduct of the 2019 local elections with particular reference to:
 - o low voter turnout
 - licensing trusts
 - role of council staff during election periods around decisions on information release and public statements
 - o disclosure of candidate criminal convictions
 - any irregularities that may have compromised the fairness of the elections
- consult stakeholders and the wider public regarding the Justice Committee's recommendations from the 2016 local elections, particularly:
 - giving responsibility of running all aspects of local government elections to the Electoral

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Commission

- encouraging or requiring the same voting system to be used in all local elections
- o foreign interference
- examine the law and administrative procedures for the conduct of energy trust elections held since 2016.

Electoral System Review

Under the Local Electoral Act 2001, a local authority may resolve, before 12 September 2020, to change the electoral system used at the last election, unless a poll on the matter was held within the last six years.

Should Council wish to consider changing its electoral system (from first past the post to single transferable voting), it can do so by resolution no later than 12 September 2020.

However, a public notice must be given by 19 September 2020 providing the right of electors to demand a poll.

Māori Representation Review

Under the Local Electoral Act 2001, Council may at any time resolve to introduce Māori wards.

If a resolution is made before 23 November 2020 (to apply for the 2022 and 2025 triennial elections), public notice must be given by 30 November 2020 providing the right of electors to demand a poll on the matter.

If Māori wards are to be introduced for the 2022 and 2025 triennial elections, a further representation arrangements review would be required in 2021.

Representation Arrangements Review

The Local Electoral Act 2001 requires every local authority to undertake a representation arrangements review at least once in every six-year period.

As Council last undertook a review in 2018, it is not required to conduct a review until 2024 (unless Māori wards are to be introduced).

9.3 Attachment A Page 223

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Summary and Conclusions

The Southland District Council's 2019 triennial elections were conducted successfully and met all legislative and practical requirements. No issues or concerns of significance arose from these elections and all tasks were completed satisfactorily and on time.

There are however several electoral issues Council may wish to consider during 2020/21:

- consider whether Council retains the first past the post electoral system or adopts the single transferable voting electoral system for the 2022 and 2025 triennial elections – by 12 September 2020;
- (ii) consider whether Council establishes Māori wards for the 2022 and 2025 triennial elections – by 23 November 2020;
- (iii) undertake a further representation arrangements review in 2021, if Māori wards are to be introduced.

Dale Ofsoske

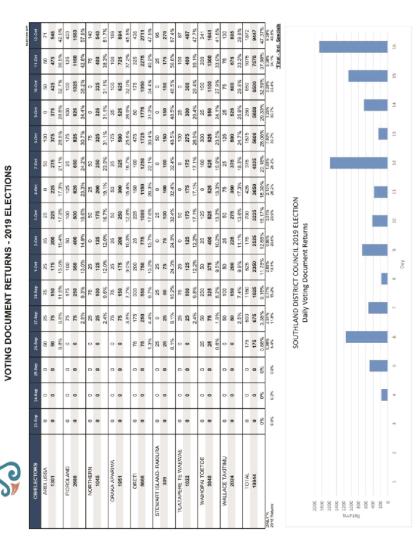
election

Electoral Officer // Southland District Council

Election Services

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APPENDIX 1



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APPENDIX 2

NOTICE OF DAY OF ELECTION for the Southland District Council 2019 elections



Notice is given under section 65 of the Local Electoral Act 2001 that the following persons have been duly nominated as candidates for:

Mayor (one vacancy)

BYARS, Don

Mararoa Waimea Ward (tivee vacancies) DILLON, Brian DOUGLAS, John KREMER, Ebel SCOTT, Rob

Oreti Ward (three vacancies) FRAZER, Darren HISHON, Margot MANGELS, Natasha MENZIES, Christine PATERSON, Neil RUDDENKLAU, Margie

Stewart Island/Rakiura Ward (ane vacancy) (three vacancies)
FORD, Bruce HREPHOFF, Rakiura HARPUR, George SPRAGGON, Jan Ross

BYARS, Don HARPUR, George HIBBS, Ron MARRON, Michael OWEN, Karyn

Waihopai Toetoe Ward (two vacancies) DUFFY, Paul KEAST, Julie NALLY, Amanda

PERHAM, Nick

Community Board

Fiordland Community Board Flordland Community Board (fix vacancies)

CANTWELL, Shaun
CHARTRES, Mary
GREANEY, Sarah
HOUMES, Diane (Independent)
HUMPHIRES, Nigel
KILLEEN, Ben
LAUGHTON, George
Lester MURRAY, Ryan NEEDS, Laura SLEE, Max

Hokonui Subdivision (one vacancy) Northern Community Board RICKARD JOHNSTON, Robina Mid Dome Subdivision SMITH, Colin Midlands Subdivision BRUCE, Peter SCOTT, Rob SMITH, Carolyr TITHER, Greg JUKES, Geoff MANGELS, Natasha

Stewart Island/Rakiura Community Board (six vacancies) CHITTENDEN, Dale CONNER, Aaron Squirt FORD, Bruce GEESON, Anita

SCHMIDT, Pete SOMERVILLE, Brian SPENCER, Raewyn

HERZHOFF, Rakiura JOY, Aaron LAWRENCE, Steve LEASK, Gordon MCCRACKEN, Teri MCRITCHIE, Letitia SMALL, Edward SPRAGGON, Jon Ross

As there are (for each office) more candidates than there are vacancies to be filled, an election will be held between the listed candidates on Saturday, 12 October 2019, under the first past the post electoral system by postal vote.

Oreti Community Board

(six vacancies)

CLARKSON, Richard

DICKSON, Ray (Independent)

DILLON, Chris

HORRELL, Clarke (Independent)

KELSO, Hilary Claire

As the number of candidates does not exceed the number of vacancies, Richard CLARKSON, Rey DICKSON, Chris DILLON, Clarke HORRELL and Hilary Claire KELSO are duly declared elected to the Ardiussa Community Board.

Northern Community Board

Parawa-Fairlight Subdivision NAYLOR, Pam As the number of candidates AYTO, Sharon

does not exceed the number of vacancies, Pam NAYLOR is duly declared elected to the Northern Community Board.

West Dome Subdivision

Neil LINSCOTT and comment of the Craft and sold desired to the Oraka Apari Community Board.

As the number of candidates does not exceed the number of scarcings, Lance HELEWELL and Sonya TAYLOR are duly declared elected to the Northern Community Board.

No nominations receive transport of the Northern Community Board (no vacancies) and the Northern Community Board (see Northern Community Board

Oraka Aparima Community Board

As the number of candidates does not exceed the number of vacancies, Sharon AYTO, Neil LINSCOTT and Graeme STUART are duly declared elected to the Oraka Aparima Community Board.

Community Board (six vacancles) DE VRIES, Blayne GREEN, Maurice HORRELL, Ann Cherrie MCCRACKEN, Alastair

As the number of candidates does not exceed the number of vacanices. Blayne DV WIELS, Maurice GREEN, Ann Cherrie HORRELL Alastair MCCRACKEN, Kerl Merie POTTER and Ma garet THOMAS are duly declared elected to the Tustapere Te Waewee Community Board.

Waihopai Toetoe Community Board (six vacancies) Board (six vacandra)
FODIE Denise Mary
GREY-THOMAS, Panl
MUNRO, Gay
SHEPHERD, Melanie
YORKE, Pamela
As the number of candidates
does not exceed the number of
vacancies, Denise Mary FODIE,
Pani GREY-THOMAS, Gay

MUNRO, Melanie SHEPHERD and Pamela YORKE are duly declared elected to the Walhopal Toetoe Community

Wallace Takitimu Community Board (six vacancies)

Board (six vacances)
BEKHUIS, Andre John Henry
COWIE, David
DAY, Kelly
EVANS, Bev
GUTSELL, Peter
JOHNSTON, Maureen

As the number of candidates does not exceed the number of vacancies, Andre John Henry BEKHUIS, David COWIE, Kelly DAY, Bev EVANS, Peter GUTSELL and Maureen JOHNSTON, are duly declared elected to the Wallace Takitimu Communication. Community Board.

Issuing of voting documentsVoting documents will be posted to electors from Friday, 20 September 2019.

Return of voting documents

Voting documents can be returned by post or hand delivered at the following council offices between Friday, 16 September 2019 and Friday, 11 October 2019 during normal office hours, and Saturday, 12 October 2019 between 9am – noon:

- Council's Principal Office, 15 Forth Street, Invercargill;

 Lumsden Area Office, 18 Diana Street, Lumsder:

 Clostata Area Office, 17 Folians Street, Ostatata;

 Riverton Area Office, 171 Palmerston Street, Riverton;

 Seavant Island Area Office, 9 Ayr Street, Stewart
 Island:

 Council's Principal Office, 15 Forth Street, Invercargill;

 Te Anau Area Office, 18 To None Centre. Te Anau;

 Te Anau Area Office, 18 To None Centre. Te Anau;

 Te Anau Area Office, 116 Town Centre. Te Anau;

 Te Anau Area Office, 116 Town Centre. Te Anau;

 Te Anau Area Office, 116 Town Centre. Te Anau;

 Te Anau Area Office, 116 Town Centre. Te Anau;

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 Te Anau Area Office, 116 Town Centre. Te Ana

Special voting

Special voting in terms of the Local Electoral Act 2001 and the Local Electoral Regulations 2001 may be exercised at the above council offices and times.

A person can apply to enrol as either a residential or ratepayer elector right up to and including 11 October 2019 – the day before the close of voting.

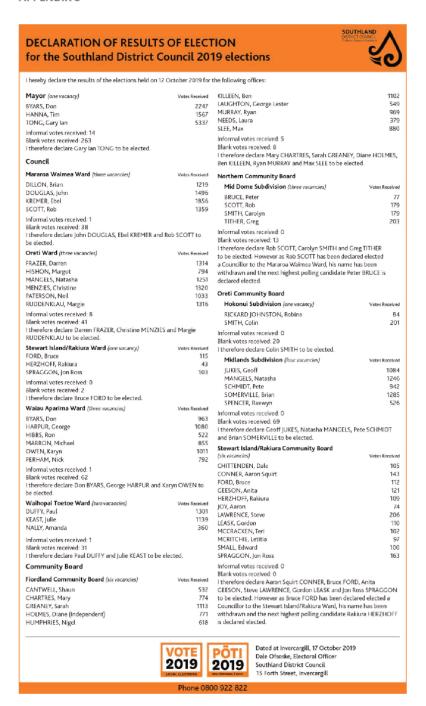




Dale Ofsoske, Electoral Officer Southland District Council 15 Forth Street, Invercargill

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APPENDIX 3



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