



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

Date: Thursday, 7 May 2020
Time: 9am
Meeting Room: Council Chamber
Venue: 15 Forth Street
Invercargill

Council Agenda OPEN

MEMBERSHIP

Mayor	Mayor Gary Tong
Deputy Mayor	Ebel Kremer
Councillors	Don Byars
	John Douglas
	Paul Duffy
	Bruce Ford
	Darren Frazer
	George Harpur
	Julie Keast
	Christine Menzies
	Karyn Owen
	Margie Ruddenklau
	Rob Scott

IN ATTENDANCE

Chief Executive	Steve Ruru
Committee Advisor	Fiona Dunlop

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

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

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1 Apologies

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

2 Leave of absence

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

3 Conflict of Interest

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

4 Public Forum

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

5 Extraordinary/Urgent Items

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

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

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

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

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

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

6 Confirmation of Council Minutes

- 6.1 Meeting minutes of Council, 22 April 2020

Unbudgeted Expenditure - Rural Water Flow Meters

Record No: R/20/3/6797
Author: Joe Findley, Projects Manager
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to seek approval from Council for the unbudgeted expenditure required to install Magflo style water meters at three rural water schemes to comply with Environment Southland consent requirements.

Executive Summary

- 2 The Kakapo, Homestead and Princhester Rural Water Schemes currently have mechanical water meters which require replacement due to wear. Environment Southland now requires Southland District Council (SDC) to undertake verification testing of compliance water meters and due to the lower ongoing maintenance and compliance costs, staff recommend replacing the mechanical meters with Magflo type meters.

Recommendation

That the Council:

- a) **Receives the report titled "Unbudgeted Expenditure - Rural Water Flow Meters" dated 1 May 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) **Approves the unbudgeted expenditure of \$29,194.00 to undertake the installation and upgrading of the worn water meters at Homestead, Princhester and Kakapo Rural Water Schemes to new Magflo type meters.**
- e) **Approves the unbudgeted expenditure amount of \$29,194.00 excluding GST, for the installation of Magflo type meters, to be funded by a 30 year loan, from the Te Anau Rural Water Supply rate.**

Background

- 3 The rural water schemes in the Te Anau Basin were installed during the 1970's and adopted into Council ownership during the late 1990's.
- 4 Council holds a water take consent from Environment Southland for each of its Rural Water Schemes, including the Homestead, Kakapo and Princhester schemes. As a condition of each consent, Environment Southland now requires Council to undertake independent calibration testing of the water meters to ensure compliance with the consents.
- 5 Recent testing has showed that the mechanical meters in service are inaccurate, indicating wear, creating a compliance issue for Council in breach of the resource consent conditions. Repairing the meters is not a viable option, so replacement or upgrading are being considered.

Issues

- 6 Testing of the existing meters has shown that the remaining three mechanical meters on the Te Anau Basin Rural Water Schemes are inaccurate and need to be replaced. The inaccuracy of the meters creates a compliance issue for Council, effectively being in breach of the resource consent conditions.
- 7 Council engineers are recommending upgrading to Magflo style meters rather than replacing with like for like mechanical meters. It is considered that mechanical meters are no longer appropriate for these installations due to the increasing accuracy requirements demanded of the consent conditions and the verification interval of mechanical meters being five times that of a Magflo meter, which carries a significant cost.

Factors to Consider

Legal and Statutory Requirements

- 8 All of the Te Anau Basin rural water supplies have water abstraction consents from Environment Southland. A condition of each consent is to accurately measure and report the volumes of water taken.
- 9 The Regional Council has recently made independent water meter calibration testing a condition of the water abstraction consents.
- 10 The requirement applies to mechanical meters yearly and Magflo type meters five yearly.

Community Views

- 11 Council staff have discussed this proposal with the Te Anau Basin Water Supply Sub-committee Chair, who has subsequently spoken to other sub-committee members. The Te Anau Basin Water Supply sub-Committee are in agreement that this work needs to be done. Due to the current lockdown situation, the sub-Committee have not had a formal meeting to approve this works however.

Costs and Funding

- 12 The upgrade work, for installation of Magflo meters at the three sites, has been quoted at \$29,194.00 excluding GST, for Kakapo, Homestead and Princhester. Much of the electronics required for the meter upgrade have already been installed in the last switchboard upgrade project.

- 13 The option of replacing the mechanical meters with new mechanical meters has not been fully estimated but would be approximately \$4,500.00 excluding GST. It is important to note that mechanical meters would have to be replaced more often than Magflo type meters due to loss of required accuracy as they wear.
- 14 The cost of the annual independent testing is around \$800.00 per site (as at December 2019). This is required yearly for mechanical style meters and five yearly for Magflo style meters, meaning that the Committee can expect to pay \$12,000.00 over five years to have mechanical meters verified at these three sites, versus \$2,400.00 over five years for verification of the Magflo meters. As with most things, the cost of this verification may increase over time.
- 15 Funding the \$29,154.00 through a 30 year loan, results in an additional rates required of \$1,807.00 (excluding GST) per annum in 2019/2020 to 2021/2020. This will have a flow on effect on rates spread across the ratepayers of all schemes.

Policy Implications

Analysis

Options Considered

- 16 The following options have been identified and considered as outlined in Options 1 and 2 below;

Analysis of Options

Option 1 – Replacement of the existing meters with similar mechanical meters, estimated at around \$4,500.00 excluding GST

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Lower initial purchase price	<ul style="list-style-type: none">• More prone to wear, accelerated by grit in the water, hence a shorter life expectancy of each meter• Yearly calibration testing required at \$800.00 per site (as at Dec-2019)• Shorter serviceable life

Option 2 – Upgrade of the existing meters with Magflo type meters, quoted at \$29,194.00 excluding GST

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Five yearly calibration testing required at \$800.00 per site (as at Dec-2019)• No moving parts, less prone to wear• Longer serviceable life	<ul style="list-style-type: none">• Higher initial purchase price

Option 3 – No third option has been considered as part of this report

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Nil	<ul style="list-style-type: none">• Nil

Assessment of Significance

- 17 The proposed recommendations are assessed as not significant.

Recommended Option

- 18 It is recommended to Council to approve the unbudgeted expenditure request for Option 2 - Upgrade of the existing meters with Magflo type meters, quoted at \$29,194.00 excluding GST.

Next Steps

- 19 If approval of the recommendation is given, then the quote submitted by Downer Ltd will be accepted and the Magflo meters will be installed at the three sites.

Attachments

There are no attachments for this report.

Unbudgeted Expenditure Request - Solar Power Unit for Takitimu Reservoir

Record No: R/20/5/10384
Author: Joe Findley, Projects Manager
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to seek approval from Council in support of the unbudgeted expenditure required to install a solar power unit at the Takitimu Reservoir.

Executive Summary

- 2 The Takitimu Rural Water Scheme reservoir has an existing electrical supply which is fed through a private dwelling. This dwelling is now a rental property and has intermittent power interruptions when there are no tenants in the property. These power interruptions cause a loss of communications between the reservoir and the intake pumps, causing issues with the successful operation of the water scheme.
- 3 The power issue can be rectified through the installation of a solar power unit at the reservoir site. This would require unbudgeted expenditure of \$5,100.00 to complete the installation.

Recommendation

That the Council:

- a) **Receives the report titled "Unbudgeted Expenditure Request - Solar Power Unit for Takitimu Reservoir" dated 1 May 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) **Approves the unbudgeted expenditure to undertake the installation of a solar power unit at the Takitimu Rural Water Scheme reservoir for a total cost of \$5,100.00.**
- e) **Approves the unbudgeted expenditure amount of \$5,100.00 excluding GST is funded by the Te Anau General Reserve.**

Background

- 4 The Takitimu Rural Water Scheme was installed in 1972 and is located east of the Mararoa River, north of Blackmount Redcliff Road. The scheme services around 34 connections with an annual total volume of around 101,400m³.
- 5 The scheme consists of two high lift inlet pumps, from an infiltration gallery at the Mararoa River. A rising main is laid through private land to the scheme reservoir, also on private land, at Gillespie Road. From the reservoir the scheme delivers water to end users via a network of various sized reticulation.
- 6 Significant capital upgrade projects were completed on the Takitimu Scheme in 2015 and 2017, all based around rising main or pipe reticulation replacement.

Issues

- 7 The scheme reservoir is sited on private land at 547 Gillespie Road. The reservoir has an electrical supply to power the communications between the reservoir and the intake pumps, essentially to tell the pumps when to turn on and off.
- 8 This power supply is fed through the private residential dwelling which sits adjacent to the reservoir. Historically the private residence has been occupied by the farm owner who was aware of the power supply. Following the sale of the property and subsequent renting of the dwelling, the power supply has been interrupted intermittently when the tenants have changed and power has been switched off.
- 9 Council staff have investigated options for establishing a stand-alone power supply for the reservoir. The options investigated include a metered supply from Gillespie Road and a solar power unit based at the reservoir site. The options have been estimated and the supply from Gillespie Road is believed to be cost prohibitive on the basis that it provides the same service as the solar power unit.
- 10 To ensure the continued successful operation of the Takitimu Rural Water scheme it is proposed to terminate the private electrical supply and replace this with a solar unit.

Factors to Consider

Legal and Statutory Requirements

- 11 This project is being undertaken in accordance with the statutory processes and to fulfil Council's statutory obligations set out in the Local Government Act 2002.

Community Views

- 12 Council staff have discussed this proposal with the Te Anau Basin Water Supply Sub-committee Chair, who has subsequently spoken to other sub-committee members. The Te Anau Basin Water Supply sub-Committee are in agreement that this work needs to be done. Due to the current lockdown situation, the sub-Committee have not had a formal meeting to approve this works however.

Costs and Funding

- 13 The two options have been estimated as per the below;
- 14 The non-metered pole supply was estimated by Council staff and includes for the trenching and installation of 170m of ducting and cable, connection to an existing pillar box, installation of a meter, connection to the reservoir and commissioning of all works - \$15,800.00
- 15 A price for the supply, installation and commissioning of a solar unit has been provided by BREMCA Southland Ltd for - \$5,100.00.
- 16 Funding the \$5,100.00 can be achieved through the Te Anau General Reserve. There is currently \$10,488.00 in this reserve. This reserve is the operating reserve for the Te Anau Basin Water Supply sub-Committee.
- 17 Due to the work not being budgeted for in the Long Term Plan this project requires Sub-Committee approval.

Policy Implications

- 18 Nil

Analysis

Options Considered

- 19 The following options have been identified and considered as outlined below in Options 1-3.

Analysis of Options

Option 1 – Installation of solar power unit at the Gillespie Road reservoir for \$5,079.00.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Stand-alone supply without interruptions meaning continued successful operation of the Takitimu Scheme which delivers the required power capacity• Self contained and easily maintainable unit• No disruption to private land through trenching of cables• No requirement for an updated landowner agreement to be obtained	<ul style="list-style-type: none">• Requirement for unbudgeted expenditure

Option 2 – Installation of a reticulated metered power supply from Gillespie Road for up to \$15,800.00

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Stand-alone supply without interruptions meaning continued successful operation of the Takitimu Scheme which delivers the required power capacity• Future power capacity available for any possible reservoir upgrades which require an ongoing power source	<ul style="list-style-type: none">• Requirement for unbudgeted expenditure• Requirement for new landowner agreement to be drafted up and signed for the new cable over the private land

Option 3 – Keep the existing supply through the private residence

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• No requirement for unbudgeted expenditure	<ul style="list-style-type: none">• Possible on-going interruptions to power supply• Requirement to negotiate an agreement for the compensation of power usage with new landowner

Assessment of Significance

- 20 The proposed recommendations are assessed as not significant.

Recommended Option

- 21 It is recommended to Council to proceed with accepting the unbudgeted expenditure request for Option 1 – Installation of a solar power unit, for \$5,100.00 to be funded through the Te Anau General Reserve.

Next Steps

- 22 If approval of the unbudgeted expenditure is received then the price submitted by BREMCA Southland Ltd will be accepted and the solar unit will be installed.

Attachments

There are no attachments for this report.

Unbudgeted Expenditure - Car Park, Wallacetown Cemetery

Record No: R/20/4/10267
Author: Mark Day, Community Facilities Manager
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to approve unbudgeted expenditure in the amount of up to \$20,000 (excl GST) in order to install a gravelled car park at the Wallacetown Cemetery and associated landscaping in the form of a low hedge and lawn.

Executive Summary

- 2 The former Wallacetown Community Board had identified the need to provide additional car parking space to cater for off street parking for visitors to the cemetery.
- 3 At the final meeting of the Wallacetown Community Board on 22 August 2019 they resolved in principle the use of reserve funds to undertake a number of pieces of work within the town.
- 4 At the Oreti Community Board meeting held on 24 February 2020 the report **“Recommendations from the former Wallacetown Community Board final meeting”** was reported to provide the history of works that they wanted to be completed.
- 5 The current amount of space available along the road frontage is not sufficient to cater for parking requirements during burials.
- 6 The old hedge was removed to enable the car park to be developed at the north end of the cemetery.
- 7 It is proposed that this unbudgeted expenditure request, if approved, be made from the Wallacetown General Reserve. The current balance as at 30 June 2019 is \$194,523.
- 8 This report was to be approved by the Oreti Community Board at their meeting on the 6 April 2020 and then to Council on 22 April 2020, however due to the lock down this did not happen.
- 9 The Oreti Community Board chairperson has been approached and asked to canvas the community board members to make sure they approve of the process to have the unbudgeted expenditure report approved.
- 10 The chairperson responded in an email dated 29/04/2020 that the Oreti Community Board approved the report going to the Services and Assets committee for approval.
- 11 To keep this project on track it was presented on behalf of the Oreti Community Board to the Services and Assets committee meeting on the 6 May 2020 for recommendation to Council for approval.

Recommendation

That the Council:

- a) **Receives the report titled “Unbudgeted Expenditure - Car Park, Wallacetown Cemetery” dated 3 May 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) **Approves the unbudgeted expenditure of up to \$20,000 from the Wallacetown General Reserve to install a car park and associated landscaping.**

Background

- 12 The old hedge at the northern end of the cemetery was removed to make way for a car park.
- 13 The current off street car parking is not sufficient to cater for the number of vehicles that attend burials at the cemetery.
- 14 At these times the vehicles create a hazard to other road users as they spill out onto the road.
- 15 The remaining debris from the hedge will be removed prior to the area being levelled and gravelled to form the car park.
- 16 An entrance point will be formed to provide access off the road, Ailsa Street.
- 17 A low row of shrubs will be planted to visually enhance the site and provide a barrier between the car park and the cemetery.

Issues

- 18 Unbudgeted expenditure which this report is seeking to resolve.

Factors to Consider

Costs and Funding

- 19 The Wallacetown General Reserve currently has a budget of \$194,523. It is anticipated that the physical works will cost approximately \$15,000 - \$17,000 to complete. A healthy contingency sum is considered appropriate as the site is a Hazardous Activities and Industries List (HAIL) site and will require appropriate excavation management and disposal as a result. The site itself has been identified as an old sheep dip.

Analysis

Options Considered

- 20 Either to approve or not approve the unbudgeted expenditure.

Analysis of Options

Option 1 – Approves the unbudgeted expenditure of up to \$20,000 from the Wallacetown General Reserve to install a car park and associated landscaping

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">The new car park will provide sufficient parking to cater for off street parking during burials at the cemetery.	None identified.

Option 2 – Do not approve the unbudgeted expenditure

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">None identified.	<ul style="list-style-type: none">There will be on going issues with parking congestion at the site.

Assessment of Significance

- 21 This request and required works are to ensure that the parking at the Wallacetown Cemetery will meet the needs of the public during burials at the cemetery.

Recommended Option

- 22 Option 1 – Approves the unbudgeted expenditure of up to \$20,000 from the Wallacetown General Reserve to install a car park and associated landscaping.

Next Steps

- 23 Arrange for the car park work to be constructed.

Attachments

There are no attachments for this report.

Forecasted Financial Position for the year ending 30 June 2020

Record No: R/20/3/6547
Author: Joanie Nel, Management Accountant
Approved by: Anne Robson, Chief Financial Officer

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To inform Council of the expected year-end financial result compared to the published 2019/2020 Annual Plan and seek approval from Council to approve the resulting forecasted position.
- 2 Seek approval for a number of unbudgeted expenditure requests, including the deletion and deferral of a number of projects.

Executive Summary

- 3 Forecasting the financial position for the year ended 30 June 2020, is intended to provide information about what has changed since the budget was approved, why it has occurred and what the result is expected to be at the end of the year. Forecasting is based on the best knowledge that the relevant staff have at a point in time and events can overtake this. The information in this report was compiled by managers in early February, as the flooding event was occurring and before the covid-19 outbreak.
- 4 In considering the final position, staff consider what they planned to do in the Annual Plan, the projects carried forward from 2018/19 that were approved by Council on 27 September 2019, unbudgeted expenditure requests approved by Council or committees during the year and the expected year-end position as a result of operational decisions and information.
- 5 Forecasting enables the organisation to understand the anticipated year-end position at all levels. It will also assist with decisions and priorities for spending across Council.
- 6 The budgeted expenditure included in the Annual Plan for the 2019/2020 year was adopted in June 2019. Therefore since this date a number of events have potentially occurred that will change the year-end position. Forecasting allows a formal process to communicate to the Executive Leadership Team (ELT), Finance and Assurance Committee and Council any known or expected changes. The net change by business units is shown in appendix A.
- 7 The effect of the forecast changes on the Statement of Comprehensive Revenue and Expenditure and Statement of Financial Position is shown in appendix B and C.
- 8 As part of this report, approval is also sought for unbudgeted expenditure requests that have not been advised to Council previously. Additionally there are a number of projects that have been identified as needing to be deferred to future years. A detailed list of these projects can be found in appendix D. There is also a list of projects that are to be deleted, or where a project is completed under budget, the remaining budget is to be deleted, contained in appendix E.

- 9 This report was presented to the Finance and Assurance Committee on 30 April 2020. As the timing has not allowed any recommendations to be included in this report staff will provide an update to Council during the meeting.

Recommendation

That the Council:

- a) Receives the report titled "Forecasted Financial Position for the year ending 30 June 2020" dated 3 May 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) Approve the changes as detailed in appendix A.
- e) Notes the forecasted changes to Council's year-end financial performance and position as detailed in appendix B and C.
- f) Approves the deletion of the following 2019-20 projects:

Business Unit	Project	Amount
Riverton	Project to investigate stormwater discharge around Soundshell area due to blocked outlets	\$10,000
Stewart Island Jetties	Golden Bay Wharf rebuild project	\$233,812
Te Anau	Te Anau Stormwater condition assessment project terminated	\$12,834
Te Anau	Project to Improve Link Te Anau – Manapouri trail and lakefront	\$10,220
SIESA	Replacement Generator	\$110,000
SIESA	Replace circuit breakers	\$80,000
SIESA	Network upgrade	\$20,440
SIESA	Exhaust system renewal/service	\$20,000
SIESA	Replace one transformer	\$35,000
SIESA	Gates, signs, fence/ Security	\$30,000
SIESA	Ringfeed project Stage 3	\$31,000
SIESA	Ringfeed project Stage 4	\$56,000
SIESA	Ringfeed project Stage 5	\$32,193
SIESA	Service SCADA control	\$25,000
SIESA	Upgrade SCADA control	\$10,000

g) Approve the following unbudgeted expenditure and funding source:

Business Unit	Expense	Amount	Funding Source
Customer Service	Postage	\$36,720	District Ops Reserve
District Water	Resource Consents	\$29,560	Short term Internal Loan
District Water	Maintenance unplanned	\$110,000	Short term Internal Loan
Wheelie bins	Waste Disposal	\$57,026	Waste management reserve
Roading	Emergency Re-instatement of roads due to flooding	\$1,825,000	Roading rate reserve, NZTA
Water Supply Manapouri	Water lateral renewals	\$25,000	Internal Loan
Manapouri Airport	Civil Aviation Authority Compliance costs	\$90,000	Manapouri-Te Anau Airport Reserve
Sewerage Scheme Otautau	SCADA renewals	\$54,260	Internal Loan
Limehills	Community Centre Kitchen upgrade	\$7,378	Limehills Community Centre reserve

h) Approve to defer the following projects to the 2020/21 financial year:

Business Unit	Expense	Amount	Funding Source
District Library	Library RFID project and refurbishment at Winton	\$382,800	Internal Loan
District Water	District Water Monitoring	\$131,478	Internal Loan
Buildings Te Anau	Te Anau Library Project deferred to 20/21	\$33,587	Property Development Reserve
Sewerage scheme Ohai	New UV/Treatment Plant upgrade	\$54,225	Internal Loan
Stewart Island	Trail Park Pavilion toilets , project deferred to 20/21	\$11,314	Internal Loan
Te Anau	Metering District Metered Areas	\$101,500	Internal Loan
Te Anau Sewerage scheme	Scheme capacity upgrade (demand portion	\$4,000,000	Development Contributions and Internal Loan

Thornbury Streetworks	Kerb and channel Foster Road	\$48,365	Internal Loan and Thornbury General Reserve
Waikawa Hall	Exterior Reclad of Hall	\$25,000	Internal Loan and Waikawa-Niagara Community Centre Reserve
Streetworks Otautau	Footpath upgrade	\$12,492	Rates and Internal Loan
Information Management	Core system review	\$350,000	Internal Loan

Background

- 10 Forecasting enables transparency and Council to be informed of the anticipated year-end financial result. Forecasting is not intended to involve the time and effort undertaken in the annual budgeting process.
- 11 Managers were able to submit changes until mid-February so this forecast reflects a “snapshot” in time. Examples of items that have not been included in forecasting are costs in relation to the Invercargill office and a variation requested for the Wastenet recycling contract. As actual results will differ from the forecast, Council staff will still need to present to the committee at year end a listing of potential negative/positive carry forwards. The forecasting numbers included in this report and that presented to Finance and Assurance were also compiled prior to the COVID-19 outbreak.
- 12 The Te Anau wastewater project and the Wastenet recycling contract is currently being reviewed and options considered as we work to understand the implications of the various COVID-19 Alert Levels on our ability to undertake works coupled with the contractual implications for time and cost (if any) in conjunction with an assessment of what work within our works programme is considered essential versus able to be deferred without exposing the organisation to unreasonable risk increase.
- 13 In regards to projects identified as needing to be deferred to 2020/21, Council staff are currently incorporating these and the impact into the 20/21 Annual Plan.
- 14 Budget managers were requested to undertake forecasts for their business units where the expected overall outcome would vary from the budget in the annual plan by specified tolerance levels. These net levels are set at:
 - \$1,000 for Council-owned halls
 - \$1,000 to \$10,000 for townships depending on their operational expenditure in the current year
 - \$10,000 for all District business units. The maximum limit of \$10,000 was set in line with the delegation held by the Chief Executive.

- 15 Changes due to forecasting have been included in the attachments as follows.
- Appendix A - provides details of changes to revenue, operating expenditure and capital expenditure for each business unit with commentary from the budget manager.
 - Appendix B - shows the net effect of the changes to the Statement of Comprehensive Revenue and Expenditure for the year-ended 30 June 2020.
 - Appendix C - shows the effect of changes to the Statement of Financial Position for the year ending 30 June 2020.
 - Appendix D - provides details of the specific projects being deferred to future years. Currently staff are looking to incorporate the changes to the 19/20 year into the draft 2020/21 annual plan.
 - Appendix E - provides details of the specific projects being deleted.

- 16 A breakdown of the movement of projects (both capital and operational) as a result of carry forwards and forecasting for the 2019/2020 year is as follows:

Financial Activity	Amount
Projects as per the 2019/2020 Annual Plan	\$24,064,723
Projects carried forward from 2019/2020	\$968,480
October forecasting movement	\$375,422
February forecasting movement	(\$6,611,620)
Expected project costs for 2019/20	\$18,797,005

- 17 The roading capital programme for the year is as follows:

Financial Activity	Amount
Roading capital programme as per the 2019/2020 Annual Plan	\$13,940,019
October forecasting movement	\$1,500,000
Expected roading capital programme for 2019/20	\$15,440,019

- 18 In addition to this, roading also complete a significant programme of operational and maintenance work. In this round of forecasting an additional \$1.8 million of operational costs have been included for emergency works from the February emergency event. The total costs from the emergency works is expected to be \$3 million over two years.

- 19 Appendix B outlines the overall impact of the changes on the Forecast Statement of Comprehensive Revenue and Expenditure. Details of the major forecasting changes can be found in appendix A and include the following:

Revenue - Revenue has increased from the last forecasted position by \$523 thousand. This is principally due to:

- additional funding of \$930 thousand from NZTA for emergency works.
- a reduction of \$393 thousand in grants and subsidies due to deferral of projects on Stewart Island Jetties which are currently being re-scoped.

Operating Costs – Operating expenditure has increased from the budget by \$1.456 million. Major changes are:

- increased costs for emergency works following the recent flooding damage in Southland in February of \$1.825 million (in the current year) in the roading activity.
- decrease of \$91 thousand in knowledge management (related in a reduction in the number of LIMS processed) and \$211 thousand in the resource consent department related to a lower level of consultants fees on-charged to applicants.

Capital – Forecast capital expenditure has decreased by \$5.5 million due to the deferral of a number of projects including \$4 million for the Te Anau Sewerage capacity upgrade. The SDI field pipe may be ordered but it is unlikely that any work on the membrane plant will be completed in the current financial year given the current stage in the procurement process. Details can be found in appendix A.

There are a number of projects for SIESA (\$400 thousand) that have been deleted from the work programme. These are projects that were part of a work program developed a number of years ago and a new program is currently being developed. As part of agreeing to the new programme, unbudgeted expenditure will be sought from Council. This is likely to be in the 2020/2021 financial year.

- 20 The total forecast net deficit for the year is \$4.5 million which is \$1.2 million more than the annual plan budget.
- 21 The Te Anau sewerage upgrade has costs of \$4 million deferred to 20/21 financial year. It is expected the pipeline will be completed in the current year.
- 22 In the December forecasting report there was a resolution for playground expenditure noting it was subject to community board approval. The activity manager no longer believes that the expenditure is required in this financial year and these entries have been removed from the projected financial results in this round. If any of this playground expenditure is required a new unbudgeted expenditure request will be made.
- 23 As part of the 2019/2020 Annual Plan Council has budgeted to achieve 159% of its benchmark of Capital expenditure to depreciation, on the five network infrastructure services (Roading, Solid Waste, Stormwater, Wastewater, Water supply). Based on the forecast changes, it is estimated Council will end the year at 152%. However it is worth noting that in order to arrive at the calculation, the depreciation number is still that budgeted, the actual depreciation as a result of the year end asset revaluation process may change this along with the actual work programme able to be achieved by year end.

Issues

- 24 Forecasting is part of the ongoing process to encourage better financial behaviours across the organisation. This includes early identification of projects that will not be completed by the end of the current financial year. Additionally, any changes at year-end will be included as part of the carry forward report to Council.
- 25 Forecasting also provides an opportunity to approve anticipated unbudgeted expenditure during the year. This should reduce the number of individual requests needed to be handled by Council. Council will still need to approve some expenditure items separately where the expenditure is large enough to require individual approval.
- 26 The work required to retain accreditation by Council as a Building Consent Authority are in excess of what the SDC Building solutions team can realistically deal with and Council needs to recognise that there are additional staffing costs for the building control department required in order to maintain accreditation with IANZ. These are being worked through and have not been included in this round of forecasting.

Factors to Consider

Legal and Statutory Requirements

- 27 There are no legal or statutory requirements in regards to forecasting Council's end of year position.

Community Views

- 28 The original budget was consulted on as part of the 2018 Long Term Plan budget process and estimates meetings. Changes proposed to capital and operational expenditure for townships will have been or will be reported to the relevant community board.

Costs and Funding

- 29 The forecasting that has been completed shows that the net deficit for this round of forecasting will be \$904 thousand less (appendix A).
- 30 Overall net capital expenditure is expected to decrease by \$5.5 million as in appendix A.
- 31 The impact on the budgeted Statement of Comprehensive Revenue and Expenditure for 2019/2020 is a net operating deficit of \$1.2 million from the annual plan as shown in appendix B.

Policy Implications

- 32 Council staff must ensure that all expenditure is carried out within approved delegations. The current financial delegations only allow the Chief Executive to approve unbudgeted purchase plant, capital items and goods and services expenditure up to \$10,000.

Analysis of Options

The options are to approve or not to approve, in full or part, the forecasted adjustments to the expenditure in the annual plan.

Option 1 - Approve the forecast changes recommended including any adjustments approved at the meeting

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Council is informed of anticipated changes from the annual plan for 2019/2020• Council has had the opportunity to prioritise expenditure to be incurred in the current financial year• Council staff are able to purchase services as required to provide services to the community in the most appropriate manner.	<ul style="list-style-type: none">• deferral of projects which are going to be completed later and/or costing more than previously indicated.

Option 2 - Approve the changes in income and expenditure in Attachment A

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Council is informed of anticipated changes from the annual plan for 2019/2020• Council has had the opportunity to prioritise expenditure to be incurred in the current financial year• Council considers that the additional expenditure is not a current priority and does not need to be incurred.	<ul style="list-style-type: none">• processes may be delayed where further approval needs to be sought from Council before committing to additional expenditure.

Option 3 – Do not approve, in part or in full, the forecast changes recommended

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Council is informed of anticipated changes from the annual plan for 2019/2020.• Council has had the opportunity to prioritise expenditure to be incurred in the current financial year	<ul style="list-style-type: none">• processes may be delayed where further approval needs to be sought from Council before committing to additional expenditure.

Assessment of Significance

The content of this report is not deemed significant under Council's Significance and Engagement Policy.

Recommended Option

- 33 Option 1 - Approve the forecast changes recommended including any adjustments approved at the meeting

Next Steps

- 34 Advise managers of the approval of any unbudgeted expenditure or confirmed project deletions for the 2019/2020 financial year.
- 35 Ensure that deferred projects are included in the proposed 2020-2021 annual plan.

Attachments

- A Appendix A - Forecasted adjustments to revenue, operating expenditure and capital expenditure by business unit [↓](#)
- B Appendix B - Forecasted statement of comprehensive revenue and expenditure for year ending 30 June 2020 as at February 2020 [↓](#)
- C Appendix C - Forecasted financial position for year ending 30 June 2020 as at February 2020 [↓](#)
- D Appendix D - Projects planned to be deferred from the 2020/21 Annual Plan [↓](#)
- E Appendix E - Projects planned to be deleted from the 2019/20 Annual Plan [↓](#)

APPENDIX A: Forecast adjustments to revenue, operating expenditure and capital expenditure by business unit

Business Unit Name	February Forecast Adjustment	Forecast Balance at June 2020	30	Increase or (Decrease)	Comment
Income					
Knowledge Management	\$60,000	(\$90,641)	(Decrease)		Variance is based on an average of 25 LIMs per month as per first 7 months of the financial year
Resource Consent Processing	(\$46,443)	(\$210,711)	Increase		oncharged consultant fees back to the applicant for consent processing and technical input
Subtotal Other Revenue	\$13,557	(\$301,352)	(Decrease)		
Roading - District Wide	(\$930,750)	(\$6,655,073)	Increase		NZTA funding for emergency works. An estimation of the cost associated with the flood damage is \$3M in total, \$2M this FY and \$1M in the 20/21 year. This funding from NZTA is yet to be approved.
Subtotal NZTA	(\$930,750)	(\$6,655,073)	Increase		
Stewart Island Jetties	\$393,812	(\$57,985)	(Decrease)		Golden Bay wharf and Rebuild Ulva Island jetty forecast entries
Subtotal Grant and Subsidies	\$393,812	(\$57,985)	(Decrease)		
Total Revenue adjustment	(\$523,381)	(\$7,014,410)	Increase		
Employee Benefit Expense					
Resource Planning/Policy	\$14,980	\$141,779	Increase		Increased staff costs to complete required RMA policy work, this is funded from savings in General projects budgets below, thus a movement within budget
Total adjustment	\$14,980	\$141,779	(Decrease)		
Operational Expenditure					
Strategy and Policy	(\$25,000)	\$58,804	(Decrease)		Reduction to anticipated costs in surveys trialling monkey survey
Customer Service	\$36,720	\$131,000	Increase		Based on the cost incurred to January, this is the expected cost for the year.
District Library	(\$382,800)	\$0	(Decrease)		Due to the Winton closure, we have had to postpone the project for the Winton Library Radio Frequency Identification till next financial year
People and Capability	\$41,588	\$0	Increase		As we no longer manage SRDAs payroll/HR services as we did for Venture Southland we no longer receive this income
SRDA	(\$41,588)	\$0	(Decrease)		As we no longer manage SRDAs payroll/HR services as we did for Venture Southland we no longer receive this income
Knowledge Management	(\$21,000)	\$110,348	(Decrease)		Based on expenditure to date and actuals for the 18/19 ye, forecast lower spend on Consultants' costs
Information Management	(\$84,490)	\$11,710	(Decrease)		New Cyber Insurance, recommended by Finance and Audit
District Water	(\$152,273)	\$679,600	(Decrease)		Forecast reductions in Electricity due to less production due to wetter than normal summer, deferring Project WAT 952 A for District monitoring, Forecasting down Project P-100093 pipe sample testing.
Building Regulation	\$13,000	\$14,350	Increase		Forecast for possible bad debt expense
Resource Consent Processing	\$49,623	\$70,000	Increase		External consultant costs to support resource consent processing timeframes and technical inputs. These fees are oncharged to applicants.
Resource Planning/Policy	(\$14,980)	\$293,049	(Decrease)		Increased staff costs to complete required RMA policy work, this is funded from savings in General projects budgets, thus a movement within budget
Council and Councillors	\$37,862	\$506,512	Increase		Remuneration as per Remuneration authority
Council Elections	(\$20,000)	\$204,840	(Decrease)		Savings on Election Costs
Buildings - Te Anau Library	(\$33,587)	\$0	(Decrease)		Project Deferred to 20/21 due to lack of resourcing to complete
Community Housing Winton (Perm	(\$15,660)	\$15,000	(Decrease)		Project CH0012-A completed under budget
District Refuse Sites	\$8,626	\$14,000	Increase		This is to cover the cost of SDC's share of reinforcement of riverbanks to prevent landfill from being stored
Waste Management Costs	(\$25,189)	\$25,000	(Decrease)		There will be no more need to engage consultants this financial year
Wheelie Bins	\$57,026	\$630,000	Increase		Increased waste disposal costs as a result of additional waste to landfill through the recycling centre ie plastics, cardboard that is not able to be recycled at present
Roading - District Wide	\$1,985,000	\$2,000,000	Increase		An estimation of the cost associated with the flood damage. \$3M in total, \$2M this FY and \$1M in the 20/21 year.
Roading - Administration	(\$160,000)	(\$160,000)	(Decrease)		Pyramid bridge contributions, originally budgeted through 10855.
Community Leadership Ardhusa	\$9,524	\$9,524	Increase		Community Board salaries

Business Unit Name	February Forecast Adjustment	Forecast Balance at June 2020	30 Increase or (Decrease)	Comment
Toilets - Athol	\$6,000	\$6,000	Increase	P-10294 budget remainder (Orepuki toilets) to use for these toilets
Cemetery - Athol	(\$468)	\$500	(Decrease)	Actual full year mowing spend for 19/20 is expected to be \$500
Community Leadership Northern	\$10,788	\$10,788	Increase	Community Board salaries
Street Works - Colac Bay	(\$1,888)	\$800	(Decrease)	Maintenance not required, nothing major planned at this point in time.
Hall - Dipton	\$9,448	\$47,448	Increase	R/19/8/19442 Unbudgeted expenditure approved by Council
Administration - EdenWyn	(\$11,985)	\$4,600	(Decrease)	Community Board Salary
Street Works - EdenWyn	(\$7,137)	\$0	(Decrease)	Loan to fund footpath renewals was not required in 18/19.
Community Leadership Fiordland	\$14,742	\$14,742	Increase	Community Board salaries
Recreation Reserve -Gorge Road	\$3,609	\$3,609	Increase	Ward funding for Project P-10342.
Community Leadership Tuatapere	\$10,717	\$10,717	Increase	Community Board salaries
Community Leadership Wallace T	\$4,660	\$4,660	Increase	Community Board salaries
Beautification - Lumsden	(\$3,572)	\$23,000	(Decrease)	Forecasted to reflect decreased actuals for Maintenance Gardening
Community Leadership Oraka Apa	\$4,080	\$4,080	Increase	Community Board salaries
Operating Costs - Manapouri	(\$15,220)	\$0	(Decrease)	CDA decided not to follow through with consent, hence decreased Consultants costs forecasted for
Community Leadership Oreti	\$3,014	\$3,014	Increase	Community Board salaries
Toilets - Mossburn	\$20,000	\$20,000	Increase	Remainder of P-10294 budget to use here
Operating Costs - Nightcaps	\$3,400	\$3,400	Increase	R/19/6/11269 Unbudgeted expenditure approved by CDA Grant to Ohai Nightcaps Lions Club to restore Wagon project
Administration - Riverton	\$15,365	\$44,240	Increase	Salaries in the new community board business units
Cemetery - Riverton	\$1,197	\$7,820	Increase	Works completed as a package with all other cemetery beam projects, variation to this site causing over spend.
Taramea Bay	\$2,000	\$2,000	Increase	R/19/11/25822 CB agreed to donation to Riverton Rocks Bowling club to clean Taramea Bay BBQ
Moturau Gardens	\$7,500	\$11,000	Increase	R19/10/23910 unbudgeted expenditure approved by CB for upgrade tracks
Administration - Te Anau	(\$28,969)	\$8,728	(Decrease)	Salaries in the new community board business units
Street Works - Te Anau	(\$36,046)	\$25,716	(Decrease)	Maintenance budget not required, move to increase new footpath budgets.
Cemetery - Te Anau	(\$2,860)	\$3,589	(Decrease)	Works was completed as a cemetery beams package, resulting in cost savings overall.
Luxmore Subdivision	\$32,700	\$32,700	Increase	R/19/10/22764 Unbudgeted expenditure approved by Council for costs to review possible Luxmore development at Te Anau
Water Supply Ramparts	\$2,881	\$4,005	Increase	Extra consent charges
Water Supply Takitimu	(\$4,017)	\$20,000	(Decrease)	Wet summer reduced electricity use
Water Supply Kakapo	(\$4,550)	\$21,000	(Decrease)	Wet summer reduced electricity use
Water Supply Homestead	\$4,036	\$5,058	Increase	Consent costs higher than budgeted
Manapouri Airport	\$90,000	\$102,762	Increase	Follow up action required in order to retain Part 139 Certification
Street Works - Thornbury	(\$1,332)	\$800	(Decrease)	Maintenance not required, nothing major planned at this point in time.
Administration - Tuatapere	(\$11,589)	\$4,248	(Decrease)	Salaries in the new community board business units
Hall - Orawia	(\$16,550)	\$9,000	(Decrease)	Completed under budget
Administration - Waihopai Toe	\$12,000	\$12,000	Increase	Salaries for the new board
Operating Costs - Waihopai Toet	(\$2,854)	\$65,082	(Decrease)	Rimu War Memorial Project is a grant given to Gorge Road.
Administration - Otautau	(\$13,404)	\$12,987	(Decrease)	Salaries in the new community board business units
Cemetery - Otautau	(\$3,229)	\$3,790	(Decrease)	Cemetery Beams was completed as a combined package, resulting in cost savings.
Holt Park Camping Ground	\$16,612	\$61,612	Increase	Demo costs plus consent and other costs incurred prior to change in scope.
Bowling Club	\$998	\$998	Increase	R/20/1/1516 Unbudgeted Expenditure approved by CB to having funds in reserves paid out to Bowling club
Cemetery - Calcium	\$18,436	\$18,436	Increase	R/20/1/2249 Unbudgeted expenditure approved by CB for repair and restore on Isla Bank War memorial
Administration - Wallacetown	(\$5,433)	\$4,373	(Decrease)	Salaries in the new community board business units, excess salary budget to transfer to new CB
Administration - Winton	(\$16,158)	\$16,266	(Decrease)	Salaries now in new CB business unit

Business Unit Name	February Forecast Adjustment	Forecast Balance at June 2020	30	Increase or (Decrease)	Comment
Street Works - Winton	(\$7,592)	\$9,605		(Decrease)	Works completed under budget
Cemetery - Winton	\$4,199	\$4,199		Increase	Project brought forward from 20/21 to be included in the combined cemetery beams package.
Winton Parks & Reserves	(\$5,830)	\$14,610		(Decrease)	Project came in under budget W16751-29429 P10293
Cemetery - Woodlands	(\$1,500)	\$3,500		(Decrease)	Expected maintenance-general spend expected to be no more than \$3,500 for 19/20
Cemetery - Wyndham	\$1,785	\$2,000		Increase	Error in coding to date - Wyndham maintenance going to Woodlands - Forecast an increase in budget to \$2K to cover actual costs to date of \$1.1K
SIESA - Operations	\$51,635	\$57,925		Increase	R/19/5/8260 Service provider review
Total adjustment	\$1,412,021	\$5,361,144		Increase	
Net surplus (deficit)		\$903,620			

Capital Expenditure	(\$5,543,865)	\$22,440,801			
Business Unit Name	February Forecast Adjustment	Forecast Balance at June 2020	30	Increase or (Decrease)	Comment
District Library	\$0	\$249,701		Increase	Funds transferred to fund new furniture for libraries, Funds transferred to enable gradual renewal of library furniture
Information Management	(\$400,000)	\$190,800		(Decrease)	Reduction due to not requiring a project resource and budget for Core system review deferred to 20/21
Toilets - Weirs Beach	(\$61,230)	\$90		(Decrease)	R/19/12/30532 Unbudgeted expenditure to allocate the budget to the Athol and Wyndham toilet projects
Toilets - Thornbury Bridge	(\$43,211)	\$20,000		(Decrease)	R/12/12/30532 toilet projects, remainder of budget to Athol and Wyndham
District Water	(\$185,058)	\$3,323,640		(Decrease)	Increasing forecast to match actuals. Project has been completed.
District Sewerage	(\$4,006,912)	\$18,505,273		(Decrease)	Te Anau Sewerage Project - Expected to complete the pipeline in the current year and ordering pipe for SDI field; unlikely to complete any work on the plant given current stage in procurement process or physical work on SDI
Toilets - Athol	\$45,000	\$45,000		Increase	R/19/12/30532 unbudgeted expenditure approved
Cemetery - Edendale	(\$258)	\$4,242		(Decrease)	Project completed as a cemetery beams package, completed over budget.
Water Supply Matuku	(\$5,032)	\$0		(Decrease)	This project was completed in the 18/19 FY, budget was carried forward but no longer needed.
Community Centre - Limehills	\$7,378	\$17,598		Increase	R/19\12\31214 - Unbudgeted expenditure, report to be approved by Community Board at their next meeting.
Street Works - Lumsden	\$3,784	\$24,784		Increase	Works completed slightly over budget due to contract variances.
Beautification - Manapouri	\$6,683	\$21,000		Increase	Unbudgeted expenditure report to go up to Council re Manapouri Playground equipment
Water Supply Manapouri	\$0	(\$279,995)		Increase	Increasing project costs based on contractor price to complete
Dr Woods Memorial Park	(\$10,000)	\$40,000		(Decrease)	Project completed under budget
Hall - Ohai	\$14,000	\$40,000		Increase	R/20/1/1468 Unbudgeted expenditure approved by CB for Kitchen equipment and new chairs for the Ohai Hall
Sewerage Scheme Ohai	\$0	(\$61,500)		Increase	Deferring project P-10003 to 2020/2021 due to ES consent not yet being granted
Toilets - Orepuki Hall	(\$26,000)	\$15,862		(Decrease)	Forecasted to remove remaining budget to Mossburn Toilet (\$20k) and Athol toilet (\$6k) for maintenance as project came in under budget
Stormwater Drainage - Riverton	(\$10,000)	\$0		(Decrease)	Removing project budget for P-10059 due to project being terminated. This is detailed in a report to the Oraka Aparima CB due to be heard on Feb 26 2020
Recreation Reserve - Riverton	\$25,000	\$50,000		Increase	R/20/1/72 Council approved additional unbudgeted expenditure
Taramea Bay	(\$25,000)	\$0		(Decrease)	R/20/1/72 Defer to 2021
Water Supply Riverton	\$0	(\$387,813)		Increase	Decreasing the budget as this project is now complete
Sewerage Scheme Riverton	\$0	(\$235,109)		Increase	Budget needs moved from BU 26370 to BU 26387
WW Riverton desludging	\$0	\$0		Increase	To add the project into the BU which it was first budgeted for. Moving from BU 26370. And increase the budget by \$5K to fund the actual costs.
Street Works - Stewart Island	\$15,000	\$15,000		Increase	R/19/10/23910 Unbudgeted expenditure approved by Stewart Isle CB P-10336 \$10k streetlights, \$5K P10379 install power point
Toilets - Hall, Gold Bay, Hors	(\$11,314)	\$0		(Decrease)	Project deferred to 20/21
Stewart Island Jetties	(\$393,812)	\$100,000		(Decrease)	Forecast for reduced spend will require application to SIVL

Business Unit Name	February Forecast Adjustment	Forecast Balance at June 2020	30 Increase or (Decrease)	Comment
Street Works - Te Anau	\$51,116	\$102,216	Increase	R/19/7/13188 CCTV Te Anau Town centre unbudgeted expenditure approved by CB
Stormwater Drainage - Te Anau	(\$12,834)	\$0	(Decrease)	Project P-10180 is to be terminated and a report requesting a new project for stormwater renewal is being drafted for the Fiordland CB
Beautification - Te Anau	(\$18,342)	\$30,000	(Decrease)	Project to combine with P-10110 entrance signs Te Anau
Sewerage Scheme Te Anau	\$0	(\$87,500)	Increase	Expected to complete the pipeline in the current year and ordering pipe for SDI field; unlikely to complete any work on the plant given current stage in procurement process or physical work on SDI
Street Works - Thornbury	(\$48,365)	\$0	(Decrease)	Design is to occur which is being funded by Roading. Project is not expected to occur till next Financial Year.
Hall - Waikawa	(\$25,000)	\$0	(Decrease)	Project to be deferred to 20/21 and added to budget to reclad Exterior Co0052 at Waikawa Hall
Tuatapere Parks & Reserves	\$10,000	\$40,000	Increase	R/19/9/20697 Unbudgeted expenditure approved in September meeting using reserves from Elder Park
Hall - Clifden	\$30,145	\$30,145	Increase	R/19/12/29547 Unbudgeted expenditure for \$19500 to CB for Clifden Hall remedial work, and \$10445 for Clifden Hall forecasted in Oct 18 not included in Carry fwd. for 19/20 year
Street Works - Otautau	(\$12,492)	\$19,164	(Decrease)	reducing project budget by \$80,000.00 for P-10256 as cost to complete estimate has us under budget
Stormwater Drainage - Winton	(\$78,199)	\$685,999	(Decrease)	Reducing project budget for P-10099 based on cost to complete
Hall - RSA	(\$5,110)	\$0	(Decrease)	Heater was replaced as part of the library relocation project.
Sewerage Scheme Winton	\$0	(\$99,470)	Increase	Reducing budget for P-10183 as project is completed
Toilets - Wyndham	\$55,000	\$55,000	Increase	R/19/12/30532 unbudgeted expenditure approved
SIESA - Operations	(\$428,802)	\$67,000	(Decrease)	Projects deferred to 20/21
Total adjustment	\$903,620	(\$1,511,487)	Increase	

APPENDIX B:

FORECAST STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE (DISTRICT AND LOCAL)

	Annual Plan 2019-2020 (adopted in June 2019) (\$000)	Amounts Carried Forward from 2018-2019 (\$000)	Forecast Changes from October 2019 (\$000)	Forecast Changes from February 2020 (\$000)	"Subject to calcs form Oct forecast to remove"	Forecasted Result for 2019- 2020(\$000)
Revenue						
Rates	48,411	-	-			48,411
Other revenue	8,372	15	356	(14)		8,729
Interest and Dividends	68	-	-			68
NZTA	13,129	446	765	931		15,271
Grants and Subsidies	4,171	93	890	(394)		4,761
Other Gains/(Losses)	(1,447)	40	-			(1,407)
Vested Assets	-	-	-			0
Development and Financial Contributions	368	16	-			384
	73,072	610	2,011	523		76,217
Expenditure						-
Employee Benefit Expenses	13,388		547	15		13,950
Depreciation and Amortisation	23,183	-	-			23,183
Finance Costs	22	-	-			22
Other Council Expenditure	39,834	740	1,715	1,412	(60)	43,641
	76,427	740	2,262	1,427	(60)	80,796
OPERATING SURPLUS/(DEFICIT)	(3,355)	(130)	(251)	(904)	60	(4,579)
Share of Associate Surplus/(Deficit)	-	-	-	-		-
SURPLUS/(DEFICIT) BEFORE TAX	(3,355)	(130)	(251)	(904)	60	(4,579)
Income Tax Benefit	-	-	-			-
SURPLUS/(DEFICIT) AFTER TAX	(3,355)	(130)	(251)	(904)	60	(4,579)
Gain/(Loss) on Property, Plant and Equipment Revaluations	30,544	-	-	-		30,544
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	27,189	(130)	(251)	(904)	60	25,964.94

Note:

- 1) The Annual Plan for 2020-2021 is the consolidated result of Council and SIESA. This includes any adjustments to the Long term plan which have been approved by Council up to 31 October 2019.
- 2) No adjustment has been made to the budgeted amount in the 10 Year Plan for depreciation, revaluation of infrastructure assets and re-valuation of forestry assets in the forecasting process.
- 3) Further details of the revenue or expenditure is provided in Attachment A for the February 2020 round of Forecasting.

APPENDIX C:

SOUTHLAND DISTRICT COUNCIL
FORECAST STATEMENT OF FINANCIAL POSITION
30 JUNE 2020

	30 June 2019 '000	Annual Plan 2019/20	2019/20 Carried forwards	October Forecast adjustments	February Forecast adjustments	"Subject to calcs form Oct forecast to remove"	Forecast February 2019/2020 '000	Consolidated Annual Plan 2019/2020 '000
Equity								
Retained Earnings	718,647	(2,223)	1,426	1,974	(362)	60	719,523	716,633
Asset Revaluation Reserves	822,120	30,544					852,664	830,003
Fair Value Reserves	2,666	-					2,666	2,369
Other Reserves	42,546	(1,130)	(1,556)	(2,225)	(542)	(90)	37,003	39,681
	1,585,979	27,191	(130)	(251)	(904)	(30)	1,611,855	1,588,686
Current Assets								
Cash and Cash Equivalents	14,911	(16,325)	(2,291)	(2,437)	2,939	40	(3,163)	(3,173)
Trade and Other Receivables	9,556	241					9,797	4,633
Inventories	129	(9)					120	85
Work in Progress	-	-					0	-
Other Financial Assets	1,508	-					1,508	314
	26,104	(16,093)	(2,291)	(2,437)	2,939	40	8,262	1,859
Non Current Assets								
Property, Plant and Equipment	1,557,472	44,964	1,867	2,006	(5,544)	(70)	1,600,695	1,582,338
Intangible Assets	2,565	89	294	180			3,128	2,521
Forestry Assets	11,900	(1,570)					10,330	10,342
Internal Loans	31,316	15,380	735	212	(5,181)	(40)	42,422	-
Investments in Associates	314	-					314	-
Other Financial Assets	303	-					303	607
	1,603,870	58,863	2,896	2,398	(10,725)	(110)	1,657,192	1,595,808
TOTAL ASSETS	1,629,974	42,770	605	(39)	(7,786)	(70)	1,665,454	1,597,667
Current Liabilities								
Trade and Other Payables	6,792	192		-			6,984	4,481
Income in Advance	-						0	-
Contract Retentions and Deposits	452	(22)		-			430	571
Employee Benefit Liabilities	1,583	24					1,607	1,675
Development and Financial Contributions	2,113	11		-			2,124	2,189
Provision for Decommissioning	14						14	14
Provisions	-		-	-			0	-
Borrowings	1,700				(1,700)		0	-
	12,654	205	-	-	(1,700)		11,159	8,930
Non-Current Liabilities								
Employee Benefit Liabilities	18	-					18	49
Provision for Decommissioning	8	6					2	2
Borrowings	-	-					0	-
Internal Loans - Liability	31,316	15,380	735	212	(5,181)	(40)	42,422	-
	31,342	15,374	735	212	(5,181)	(40)	42,442	51
TOTAL LIABILITIES	43,996	15,579	735	212	(6,881)	(40)	53,601	8,981
NET ASSETS	1,585,978	27,191	(130)	(251)	(904)	(30)	1,611,853	1,588,686

APPENDIX D: Projects planned to be deferred to future years

Town	Project Name	Financial Year	Funded From	Total 19/20 Budget	Deferred \$ spend for the year 2019/20
Winton	Library Radio Frequency Identification	2019/20	Loan	382,800	382,800
District Water	Project WAT 952 District Monitoring, deferring remainder of project	2017/18	District Funding	146,078	131,478
Buildings Te Anau	Te Anau Library Project deferred to 20/21 due to lack of resourcing to complete	2017/18	Reserves	33,587	33,587
Sewerage scheme Ohai	P-10003 New UV/Treatment Plant upgrade project deferred due to ES consent not yet being granted	2017/18	District Funding	54,225	54,225
Stewart Island	Trail Park Pavilion toilets , project deferred to 20/21	2019/20	Loan	11,314	11,314
Te Anau	Metering District Metered Areas, deferred due to inability to resource proper scoping	2018/19	District Funding	101,500	101,500
Te Anau Sewerage Scheme	Scheme capacity upgrade, demand portion. Expected to complete the pipeline in the current year and ordering pipe for SDI field; unlikely to complete any work on the plant given current stage in procurement process or physical work on SDI	2018/19	Development Contribution and Loan	4,937,316	2,459,478
Te Anau Sewerage Scheme	Scheme capacity upgrade. Expected to complete the pipeline in the current year and undertake initial work on the SDI field; unlikely to complete any work on the plant given current stage in procurement process.	2018/19	District Funding	7,882,536	1,540,522
Thornbury streetworks	Kerb and channel Foster Road Project 806B	2019/20	Loan and Reserves	48,365	48,365
Hall Waikawa	Exterior clad of Waikawa Hall	2018/19	Loan and Reserves	25,000	25,000
Street Works Otautau	Footpath upgrade - remaining budget to be deferred to 20/21 to be added to next year's footpath renewals	2017/18	Rates and Loan	31,656	12,492
Information Management	Forecast to reduce core system review budget and defer to 20/21	Multi-Year 15/16	Loan	850,871	350,000
				14,505,248	5,150,761

APPENDIX E: Projects planned to be deleted from the 2019-2020 Annual Plan

Town	Project Name	Financial Year	Funded From	Total 19/20 Budget	Deleted \$ spend for the year 2019/20
Riverton	P-10059/STO1508 Project to Investigate Stormwater discharge around Soundshell area due to blocked outlets, project terminated	2019/20	Reserves	10,000	10,000
Stewart Island Jetties	Golden Bay Wharf rebuild project terminated	2018/19	Grants	233,812	233,812
Te Anau	Te Anau Stormwater Condition Assessment project terminated	2017/18	Reserves	12,834	12,834
Te Anau	Project to Improve Link Te Anau - Manapouri trail and Lakefront cancelled as not required	2019/20	Reserves	10,220	10,220
SIESA	Replacement Generator	2017/18	Reserves	110,000	110,000
SIESA	Replace circuit breakers on 400V	2017/18	Reserves	80,000	80,000
SIESA	Network upgrade	2015/16	Reserves	20,440	20,440
SIESA	Exhaust system renewal/ service	2016/17	Reserves	20,000	20,000
SIESA	Replace one transformer	2016/17	Reserves	35,000	35,000
SIESA	Gates/Fence/Signs, Security cameras	2016/17	Reserves	30,000	30,000
SIESA	Ringfeed Project stage 3	2016/17	Reserves	46,000	31,000
SIESA	Ringfeed Project stage 4	2018/19	Reserves	56,000	56,000
SIESA	Ringfeed Project stage 5	2019/20	Reserves	32,193	32,193
SIESA	Service SCADA control	2018/19	Reserves	25,000	25,000
SIESA	Upgrade SCADA control	2018/19	Reserves	10,000	10,000
				731,499	716,499

Milford Community Trust - Statement of Intent 2020-2023

Record No: R/20/4/10004
Author: Simon Moran, Community Partnership Leader
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To seek endorsement of the Milford Community Trust's Statement of Intent 2020-2023.

Executive Summary

- 2 The Milford Community Trust has endorsed the attached Statement of Intent and is seeking Council endorsement of it.
- 3 COVID-19 is the key issue to have emerged between the Trust's endorsement of the Statement of Intent and its presentation to Council. It has significant implications for both the revenue stream and the key capital project which is the construction of the recreation centre.
- 4 The Trust will need to re-examine its budgets when it next meets in light of the effect on Milford Sound *Piopiota* businesses. That includes the Milford Recreation Centre project which had budgeted capital expenditure of \$500,000. Although after the February floods this project was again endorsed by the operators, who will ultimately fund it through their contributions to the Milford Community Trust, it is now very unlikely to proceed within the next two years due to the effects of COVID-19 on the tourism industry.
- 5 It is recommended that the Council endorse the Milford Community Trust's Statement of Intent 2020-2023.

Recommendation

That the Council:

- a) **Receives the report titled “Milford Community Trust - Statement of Intent 2020-2023” dated 1 May 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) **Endorses the Milford Community Trust’s Statement of Intent 2020-2023.**

Background

- 6 At its meeting on 26 February the Milford Community Trust discussed the attached Statement of Intent 2020-2023 and it was subsequently endorsed by all Trustees.

Issues

- 7 COVID-19 is the key issue to have emerged between the Trust’s endorsement of the Statement of Intent and its presentation to Council. It has significant implications for both the revenue stream and the key capital project which is the construction of the recreation centre.
- 8 The Trust will need to re-examine its budgets when it next meets in light of the effect on Milford Sound *Piopiota* businesses. That includes the Milford Recreation Centre project which had budgeted capital expenditure of \$500,000. Although after the February floods this project was again endorsed by the operators, who will ultimately fund it through their contributions to the Milford Community Trust, it is now very unlikely to proceed within the next two years due to the effects of COVID-19 on the tourism industry.

Factors to Consider

Legal and Statutory Requirements

- 9 The Statement of Intent is a legally mandated document that the Trust must produce annually that covers a rolling three year period. The Local Government Act 2002 section 64 details the requirements for a statement of intent for council controlled organisations.

Community Views

- 10 There is no requirement to specifically consult with the community on the Statement of Intent.

Costs and Funding

- 11 The costs and funding outlined in the Statement of Intent are borne by the Milford Community Trust which receives its funding by directly invoicing the operators in Milford.

Policy Implications

- 12 There are no policy implications.

Analysis

Options Considered

- 13 The Milford Community Trust is required to produce a Statement of Intent and Council's only options are to either endorse it or notendorse it.

Assessment of Significance

- 14 The activities and work programme in the Statement of Intent do not trigger any of the significance policy criteria.

Recommended Option

- 15 That Council endorses the Milford Community Trust's Statement of Intent 2020-2023.

Next Steps

- 16 To circulate the Statement of Intent to the mandated stakeholders which are the Department of Conservation and Environment Southland.

Attachments

- A Milford Community Trust - Statement of Intent 2020-2023 [↓](#)



MILFORD COMMUNITY TRUST

STATEMENT OF INTENT 2020 - 2023

STATEMENT OF INTENT

1. Introduction

The Milford Community Trust was established in 2007 by the Southland District Council and the Department of Conservation with the assistance of Environment Southland for the purposes of providing leadership and governance for the Milford community.

The Trust Deed defines Milford as the developed area of land and adjacent coastal marine area at the end of State Highway 94 at the head of Milford Sound. It defines the Milford community as being the residents of Milford, the holders of concessions from the Crown operating at Milford and Iwi.

The purpose of this Statement of Intent (SOI) is to:

- Set out the proposed activities of the Trust.
- Provide an opportunity for stakeholders to influence the direction of the organisation.
- Provide a basis for accountability of the Trustees to their stakeholders for the performance of the organisation.

This Statement of Intent covers the three years from 1 July 2020 to 30 June 2023. The statement is updated annually.

2. Objectives of the Trust

The objectives of the Trust are:

- (a) To manage and carry out services and undertake leadership, planning and advocacy for the general benefit of the Milford community so as to ensure as far as possible that the infrastructure of the community and its sense of identity, viability and wellbeing are maintained and enhanced.
- (b) To liaise with and communicate with all individuals, organisations, groups and other parties with interests in the Milford community for all purposes which are beneficial to the community.
- (c) To represent the interests of the Milford community to ensure that the natural environments and outstanding values of the Milford Sound area are safeguarded and protected for all residents and visitors to the area.
- (d) To monitor and maintain an overview of all activities and services provided within the Milford community.
- (e) To consider and report on all matters either referred to and/or delegated to it from time to time by the Department of Conservation and the Southland District Council and on any matter of interest or concern to the Milford community.

- (f) To access, use or invest funds and enter into arrangements, contracts and other agreements upon such securities or in such manner and upon such terms and conditions that the Trustees deem suitable for the purpose of furthering the objects and purposes of the Trust.
- (g) To carry out such other lawful activities which are incidental or conducive to attaining the objects and purposes of the Trust.

3. Statement on the Trust's Approach to Governance

Establishment

The Milford Community Trust was established in 2007 following a process of consultation with residents, agencies and businesses with interests in Milford in accordance with the special consultation process set out in the Local Government Act 2002. The inaugural meeting of the Trust was held on 18 April 2007.

The Trust was incorporated under the Charitable Trusts Act 1957 on 18 May 2007. The Charities Commission has approved the Trust as being exempt for tax purposes.

The Trust reports to the Southland District Council.

Trust Structure

In accordance with Section 9 of the Trust Deed, the Trust is governed by a board of seven Trustees. Current representatives from stakeholder groups are shown in the table below:

Designation	Name	Term Expires 30 June
Mararoa-Waimea Ward Councillor, ex-officio appointment Interim Chair	Ebel Kremer	Oct 2022 Dec 2021
Milford Community Association elected representative	Brad Johnstone	2020
Milford Community appointee	Tim Holland	2020
Milford Community appointee	Jason Steele	2022
Milford Community appointee	Rosco Gaudin	2023
Milford Community appointee	Vacant	

Trust Operations

The Trust Deed sets out the way in which business of the Trust is to be conducted. A strong driver is that the local Milford community should determine its own priorities and agree on the funding for these. The Trust strives to regularly review its performance and to be open and accountable to the community through public meetings. The Trustees also undertake to meet the regulatory and stakeholder requirements for governance, reporting and planning, particularly the

local government reporting requirements and recognition of the National Park and World Heritage Area status of the Milford Sound *Piopiotahi* area.

Resources Available to the Trust

Standing Orders, a Code of Conduct for Trustees and administrative support are available from Southland District Council.

Significant Policies

Financial Delegations Policy
Suspected Fraud Policy

Where appropriate, further policy guidance is obtained from relevant council and other statutory authority policy and this will be reviewed as necessary.

4. The Nature and Scope of the Activities to be Undertaken

Vision

The Trust's vision is:

The long-term sustainability of Milford Sound *Piopiotahi*, with a community focus.

Strategic Goals

The primary goals of the Trust are to:

- Provide leadership and governance for the Milford community in Milford Sound *Piopiotahi*.
- Advocate for the general benefit of the Milford community.

Within the over-arching vision and strategic goals, the more specific focus areas for 2020 – 2023 are:

Planning:

- Determine the future direction of the Trust.
- Advocating for better planning to address specific issues: highway safety, control of illegal camping, toilet facilities, community facilities, coordinated emergency response, and recognition of the area's World Heritage status.

Communication:

- Communicate the roles of the Trust and other authorities more clearly to the Milford community.
- Affirm the Trust role as a voice for the Milford community.
- Maintain relationships with Milford infrastructure providers.
- Provide clear information to concessionaires regarding intentions and implementation of Trust policies.

- Consult with the community and concessionaires to develop a strategic project plan for the Trust to deliver for the benefit of the community.

Advocacy:

- Advocate, as required, on behalf of the Milford community to central government, Environment Southland, Department of Conservation, Southland District Council, Iwi and other authorities.

Planned Activities/Services

2020/21:

- Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound.
- Provide funding for medical support services and facilities.
- Review of the Trust and charging mechanism with stakeholders including concessionaires.
- Facilitate the construction of the Milford recreation centre if the project gets approval.
- Advocate the continuation of maintaining beautification and roading issues within the Village and Deepwater Basin.
- Assist the Milford Community Association with the on-going development of the Cleddau Village Recreation Area to accommodate the community centre.

2021/22:

- Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound.
- Provide funding for medical support services and facilities.
- Advocate the continuation of maintaining beautification and roading within the village.

2022/23:

- Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound.
- Provide funding for medical support services and facilities.
- Advocate the continuation of maintaining beautification and roading within the village.

5. Ratio of Total Assets: Equity

Total assets are defined to include cash, investment and bank balances, accounts receivable, investments, prepayments, fixed assets (net of accumulated depreciation), intangible assets (net of accumulated amortisation), loans (none), etc.

Total equity is defined to include accumulated funds and retained earnings.

6. Significant Accounting Policies

The following accounting policies have been adopted by the Trust.

Revenue Recognition

Concessionaires Fees

Revenue is recorded when the fee is due to be received.

Donated Assets

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

Interest

Interest revenue is recorded as it is earned during the year.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment and the loss is recorded as a bad debt expense. Debtors are shown as GST inclusive.

Bank Accounts and Cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

Term Deposits

Term Deposits with Banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Property, Plant and Equipment

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

Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a straight line basis that will write off the cost of the assets over their useful lives. This is calculated using the following rates:

Recreational Pad	3%	Diminishing Line
Buildings	2%	Straight Line

Income Tax

The Trust is exempt from income tax as it is a Charitable Trust registered with the Charities Commission.

Loans

Loans are recognised at the amount borrowed from the lender, less any repayments made.

Budget Figures

The budget figures are derived from the Statement of Intent as approved by the Trustees at the beginning of the financial year. The budget figures have been prepared in accordance with tier 3 standards, using accounting policies that are consistent with those adopted by the Trustees in preparing these financial statements.

7. Key Performance Targets

These are agreed through the Long Term Plan (LTP) public consultation process undertaken by the Southland District Council. These targets can be changed only through a formal review of the LTP.

Level of service	Key performance indicator	Actual	Target			Confirmation source
		18/19	19/20	20/21	21/22	
Maintain a structure that facilitates local decision making.	Number of Milford Community Trust meetings held annually.	4	4	4	4	Agenda/minute records on file.
Keep the Milford community informed about Trust plans and outcomes.	Hold public forums in Milford each year.	1	1	1	1	Agenda/minute records on file which note meeting location

8. Information to be reported to Council

In each year the Trust will comply with all reporting requirements under the Local Government Act 2002 (particularly Sections 66 to 69 of that Act). In particular, it will provide:

- A draft Statement of Intent detailing all matters required under the Local Government Act 2002 by 1 March each year for consideration prior to commencement of the new financial year.

- A half yearly report by the end of February each year (specific dates as set by Council).
- An annual report by the end of September each year (specific dates as set by Council).

Copies of the Trust's reports are forwarded to the other major stakeholder authorities, being the Southland District Council, Department of Conservation and Environment Southland.

9. Key Issues

- The future direction of the Trust
- Decide whether or not it is feasible to proceed with the development of a recreation centre building.
- The Trust has decided to make provision for a funding grant of up to \$80,000 per year to assist with the provision of Medical Services in Milford Sound *Piopiotaahi*.

10. Activities for which Other Investment is sought

The value of the annual concession to be charged will continue to be reviewed each year. For 2020/2021, the total amount being sought from concessionaires is \$150,583 excluding GST. Any surplus funds will be held by the Trust in its bank account for future project funding.

Included within the Forecast Expenditure of the Trust is Management and Administration costs of \$34,113.

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

Future budgeted costs are indicative only and will be reviewed annually by the Trustees.

Other Project Funding:

In addition to the above operational and project costs, there are also costs associated with other significant projects that fall either directly or indirectly under the influence of the Milford Community Trust but have all or a majority of proposed funding through means other than apportioned implied concessionaires fees. There may also be a portion of public good associated with these projects.

In this Statement of Intent the Trustees are seeking to borrow to fund the anticipated shortfall of the cost to build the recreation centre. The shortfall is expected to be no more than \$300,000, and will be repaid over five years, commencing from 1 July 2021. Based on the current and forecast financial position of the Trust, the financials included in this Statement of Intent have been prepared on the assumption that \$200,000 will be borrowed, at an interest rate of 4.65% per annum.

In accordance with sections 3.3 and 3.4 of Southland District Council Investment and Liability Management Policy, Milford Community Trust has the ability to approach Southland District Council to borrow funds.

11. Estimate of Value of Stakeholders Investment

The net value of the stakeholders' investment in the Trust is estimated to be valued at \$100. This value shall be reassessed by the Trustees on completion of the annual accounts or at any other time determined by the Trustees. The method of assessment will use the value of stakeholders' funds as determined in the annual accounts as a guide.

12. Other Matters

No distribution is intended within the period of the Statement or succeeding years, noting the Trust's status as a charitable organisation.

Any subscription for, purchase or otherwise acquiring shares in any company or other organisation requires the prior approval of the Trustees.

MILFORD COMMUNITY TRUST
PROSPECTIVE FINANCIAL STATEMENTS 2020-2023
Prospective Statement of Financial Performance

Account Description	Actuals 2018/2019	Forecast 2019/2020	Budget 2020/2021	Budget 2021/2022	Budget 2022/2023
<u>Income</u>					
Concessionaires Income	136,893	150,583	150,583	150,583	150,583
Grant	-	-	-	-	-
Trustee Fees Forgiven	3,600	-	-	-	-
Interest	6,943	-	-	-	-
	<u>147,436</u>	<u>150,583</u>	<u>150,583</u>	<u>150,583</u>	<u>150,583</u>
<u>Expenses</u>					
<u>Management/Administration</u>					
Accommodation and Meals	(95)	500	500	500	500
Administration	44	50	50	50	50
Advertising	-	600	600	600	600
Audit Fees	4,199	4,500	4,500	4,500	5,000
Bad Debts	-	-	-	-	-
Bank Fees	79	40	40	40	40
Catering Expenses	98	500	500	500	500
Chairperson's Fees	10,000	10,000	10,000	10,000	10,000
Depreciation - Recreational Pad	1,549	1,502	1,472	1,443	1,414
Depreciation - Recreational Centre	-	-	-	11,000	11,000
Emergency Services Provider	-	-	-	-	-
General Expenses	420	500	500	500	500
Interest on Loan - Recreation Centre	-	-	-	8,531	6,803
Mileage	338	1,500	1,500	1,500	1,500
Project Development and Planning	-	5,000	5,000	5,000	5,000
RNZ Licence	-	740	370	370	370
Room Hire	185	200	200	200	200
Trustees Fees	3,900	6,000	6,000	6,000	6,000
Insurance	2,675	2,825	2,882	2,939	2,998
Deepwater Basin Walkway	86,934	-	-	-	-
	<u>110,327</u>	<u>34,457</u>	<u>34,113</u>	<u>53,673</u>	<u>52,475</u>
<u>Grants</u>					
Medical Support	-	40,000	80,000	80,000	80,000
	<u>-</u>	<u>40,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Total Expenses	<u>110,327</u>	<u>74,457</u>	<u>114,113</u>	<u>133,673</u>	<u>132,475</u>
Net Operating Surplus/(Deficit)	<u>37,110</u>	<u>76,126</u>	<u>36,470</u>	<u>16,911</u>	<u>18,109</u>

Capital Projects

<u>Project</u>				
Recreation Centre	-	50,000	500,000	-
	<u>-</u>	<u>50,000</u>	<u>500,000</u>	<u>-</u>

Prospective Statement of Changes in Equity

	Actuals 2018/2019	Forecast 2019/2020	Budget 2020/2021	Budget 2021/2022	Budget 2022/2023
Balance at 1 July	326,402	363,512	439,638	476,108	493,018
Net Surplus / (Deficit)	37,110	76,126	36,470	16,911	18,109
Capital Funding					
Equity at end of year	363,512	439,638	476,108	493,018	511,127

Prospective Statement of Financial Position

	Actuals 2018/2019	Forecast 2019/2020	Budget 2020/2021	Budget 2021/2022	Budget 2022/2023
Equity					
Accumulated Funds	363,412	439,538	476,008	492,918	511,027
Trust Capital	100	100	100	100	100
	363,512	439,638	476,108	493,018	511,127
Represented by:					
Current Assets					
Accounts Receivable	773	100	100	100	100
Accrued income	1,532	-	-	-	-
Bank Account - 00	3,756	5,000	5,000	5,000	5,000
Bank Account - 25	39,046	10,000	10,000	10,000	10,000
Term Deposit - Recreation Centre	110,000	-	-	-	-
Term Deposit - Surplus Funds	165,000	334,350	35,565	64,573	57,079
GST Recievable	1,388	-	-	-	-
	321,494	349,450	50,665	79,673	72,179
Non Current Assets					
Recreational Pad	50,075	48,573	47,101	45,659	44,245
Recreational Centre	-	-	550,000	539,000	528,000
Recreational Centre - WIP		50,000	-	-	-
	50,075	98,573	597,101	584,659	572,245
Total Assets	371,569	448,023	647,766	664,331	644,424
Current Liabilities					
Accrued Expenses	7,859	5,000	5,000	5,000	5,000
Accounts Payable	198	-	-	-	-
Term Loan - Recreation Centre - Current	-	-	36,376	38,104	39,914
GST Payable	-	3,385	(33,342)	2,689	2,777
	8,057	8,385	8,034	45,793	47,691
Non-Current Liabilities					
Term Loan - Recreation Centre - Non Current	-	-	163,624	125,520	85,606
	-	-	163,624	125,520	85,606
Total Liabilities	8,057	8,385	171,658	171,313	133,297
Net Assets	363,512	439,638	476,108	493,018	511,127

Milford Community Trust - Half Yearly Report

Record No: R/20/4/10005
Author: Simon Moran, Community Partnership Leader
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Purpose

- 1 To provide Council with the Milford Community Trust's half yearly financial report for its information.
- 2 The report is required under s66 of the Local Government because the Milford Community Trust is a council-controlled organisation.

Recommendation

That the Council:

- a) **Receives the report titled "Milford Community Trust - Half Yearly Report" dated 3 May 2020.**

Attachments

- A Milford Community Trust - Half Year Report to 31 December 2019 [↓](#)

Half Year Financial Report to 31 December 2019

Record No: R/20/2/4304

Author: Simon Moran, Community Partnership Leader

Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of this report is to present the half yearly financial report for the period ending 31 December 2019 for the Trustees information.
- 2 As at 31 December 2019 there has been minimal expenditure. The Trust continues to be in a strong financial position with a significant amount of cash invested in term deposits, awaiting the progression of the community centre project.

Milford Community Trust Statement of Financial Performance For the period to 31 December 2019			
Actual 30/06/19	Account Description	Actual 31/12/19	Annual Budget
	<u>Income</u>		
136,893	Concessionaires Income	75,292	150,583
6,943	Interest	4,571	-
3,600	Trustees Fees Forgiven	1,800	-
<u>147,436</u>		<u>81,663</u>	<u>150,583</u>
	<u>Expenses</u>		
(95)	Accommodation and Meals	-	800
44	Administration	44	67
-	Advertising	-	600
4,199	Audit Fees	-	4,300
79	Bank Fees	-	40
98	Catering Expenses	(3)	500
10,000	Chairperson's Fees	5,000	10,000
1,549	Depreciation	720	1,613
86,934	Grant to Milford Sound Tourism Ltd (Walkway)	-	-
420	General Expenses	196	500
-	Legal Fees	832	-
-	Medical Clinical Desk Support Grant	-	15,000
338	Mileage	-	1,500
-	Project Development and Planning	-	5,000
-	RNZ Licence	-	370
185	Room Hire	(7)	600
3,900	Trustees Fees	1,500	6,000
2,675	Insurance	2,825	2,605
<u>110,327</u>		<u>11,109</u>	<u>49,495</u>
37,110	Net Operating Surplus/(Deficit)	70,554	101,088
-	Other Comprehensive Income	-	-
37,110	Total Comprehensive Income	70,554	101,088

**Statement of Changes in Equity
For the period to 31 December 2019**

Actual 30/06/19		Actual 31/12/19
326,403	Total Equity at beginning of year	363,512
37,110	Net Surplus / (Deficit)	70,554
363,512	Equity at end of year	434,066

**Statement of Financial Position
As at 31 December 2019**

Actual 30/06/19		Actual 31/12/19
	Equity	
100	Trust Capital	100
363,412	Accumulated Funds	433,966
363,512		434,066
	Represented by:	
	Current Assets	
673	Accounts Receivable	19
1,532	Accrued Income	3,423
1,388	GST Receivable	-
3,756	BNZ Cheque Account	22,592
39,046	BNZ Savings Account	11,725
275,000	BNZ Term Deposits	360,000
321,395	Total Current Assets	397,759
	Non Current Assets	
100	Trust Capital	100
50,075	Recreational Pad	49,355
371,570	Total Assets	447,215
	Current Liabilities	
7,859	Accrued Expenses	3,100
198	Accounts Payable	-
-	GST Payable	10,048
8,057	Total Liabilities	13,148
363,512	Net Assets	434,066

Milford Community Trust
Statement of Cash Flows
For the Period ended 31 December 2019

Actual 30/06/19		Actual 31/12/19
	Cash Flows From Operating Activities	
136,972	Receipts from Concessionaires Income	87,239
-	Reciepts from Grant Funding	-
5,929	Interest Received	2,680
(103,570)	Payments to Suppliers and Employees	(14,792)
(15,007)	Goods and Services Tax (net)	1,388
24,324	Net Cash Flow from Operating Activities	76,515
	Cash Flow From Investing Activities	
(275,000)	Investment in Term Deposit	(360,000)
-	Investment in Plant, Property and Equipment	-
289,807	Maturity of Term Deposit	275,000
14,807	Net Cash Flow From Investing Activities	(85,000)
	Cash Flows From Financing Activities	
-	Proceeds for Borrowings	-
-	Repayment of Borrowings	-
-	Net Cash Flow From Financing Activities	-
39,131	Net Increase / (Decrease) In Cash	(8,485)
3,671	Cash at 1 July	42,802
42,802	Cash at 31 December	34,317
	Represented By	
42,802	Cash and Bank	34,317
42,802		34,317

Recommendation

That the Milford Community Trust:

- a) Receives the report titled “Half Year Financial Report to 31 December 2019” dated 19 February 2020.**
- b) Approves the half yearly report for the six month period to 31 December 2019, and recommends that the report be submitted to the Southland District Council for information purposes and subsequently distributed to the Trust’s stakeholders.**

Attachments

There are no attachments for this report.

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

Recommendation

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

C10.1 Te Anau Wastewater Upgrade Update and Request for Unbudgeted Expenditure

C10.2 Te Anau Wastewater Upgrade – Recommendation to Award Membrane Filtration Plant Contract (19/46)

C10.3 Te Anau Wastewater Upgrade – Recommendation to Award Contract for Kepler Dripline Installation

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Te Anau Wastewater Upgrade Update and Request for Unbudgeted Expenditure	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Te Anau Wastewater Upgrade – Recommendation to Award Membrane Filtration Plant Contract (19/46)	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Te Anau Wastewater Upgrade – Recommendation to Award Contract for Kepler Dripline Installation	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.