



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

Date: **Wednesday, 18 November 2020**
Time: **9am**
Meeting Room: **Council Chamber**
Venue: **15 Forth Street**
Invercargill

Council Agenda

OPEN

MEMBERSHIP

Mayor
Deputy Mayor
Councillors

Mayor Gary Tong
Ebel Kremer
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
Committee Advisor

Cameron McIntosh
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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Nil	

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 12noon at least one clear day 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, 21 October 2020

Adoption of Annual Report 2019/2020

Record No: R/20/11/65098
Author: Jason Domigan, Corporate Performance Lead
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is for Council to adopt the Annual Report 2019/2020.

Executive Summary

- 2 Council is required by the Local Government Act 2002 to develop and adopt an Annual Report within four months of the end of a financial year.
- 3 The Annual Report is a means for Council to account and report to the community on its performance for the preceding financial year. It compares and comments on the performance of Council against the budget and operating targets set in the 2019/2020 Annual Plan.
- 4 This year, legislation has recently been passed to extend the deadline for annual reports relating to the financial year 1 July 2019 to 30 June 2020. The Annual reports need to be adopted by 31 December 2020 rather than by 31 October 2020. This extension is to allow for interruptions due to the impact of Covid-19.
- 5 The Annual Report has been reviewed by members of the executive leadership team and the Finance and Assurance Committee prior to being audited by Audit New Zealand. Changes required from these processes have been incorporated into the document.
- 6 The Finance and Assurance Committee reviewed the final draft document at its meeting on 10 November and have recommended to Council that it adopt the Annual Report 2019/2020.
- 7 Dereck Ollsson, Associate Audit Director of Audit New Zealand was in attendance via video conference at the Finance and Assurance Committee meeting to give an overview of the audit process, findings and answer any questions the committee had. At the Finance and Assurance meeting Mr Ollsson advised the committee of his intention to issue a modified audit opinion.
- 8 The draft audit opinion provided by Audit NZ is included as Attachment C. The opinion is unmodified on the audited information, excluding the Activity Groups statement which is qualified on three performance measures. Additionally an emphasis of matter paragraph has also been included in regards to the impact of Covid-19 on Council.
- 9 The qualification is in relation to Audit NZ's inability to gain completeness over three Department of Internal Affairs mandatory performance measures for water, wastewater and stormwater activities. This is in relation to systematic issues with data capturing within the Palmerston North call centre, who Council use for managing after hours calls. This qualification will apply to a number of Councils across New Zealand who use this after hours call centre.

- 10 The auditors also wish to draw the reader's attention to the impacts of Covid-19 on Council, and thus have included an emphasis of matter paragraph in their audit opinion which directs the reader to Council's note in the Annual Report.
- 11 Further discussion on these matters are included in the issues section of this report.
- 12 The final draft Annual Report and Summary Annual Report are attached to this report (Attachment A and B) as well as the draft audit opinion, and draft representation letter (Attachment C and D).
- 13 Council is asked to consider the Annual Report 2019/2020 as presented, incorporating any further changes as necessary, for adoption.

Recommendation

That the Council:

- a) **Receives the report titled "Adoption of Annual Report 2019/2020" dated 12 November 2020.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the recommendation from the Finance and Assurance committee that Council adopt the Annual Report for the year ended 30 June 2020.**
- e) **Adopts the Annual Report for year ended 30 June 2020.**
- f) **Agrees to delegate authority to the chief executive to approve any minor amendments needed to the Annual Report, subsequent to this meeting.**
- g) **Agrees to delegate authority to the chief executive and mayor to sign the Annual Report letter of representation to Audit New Zealand on behalf of Council.**
- h) **Agrees to delegate authority to the chief executive to approve any staff/audit changes to the Summary Annual Report.**
- i) **Agrees to delegate authority to the chief executive and mayor to sign the Summary Annual Report letter of representation to Audit New Zealand on behalf of Council.**
- j) **Notes that the Summary Annual Report will be released to the public once approved by the chief executive.**

Background

- 14 The Local Government Act 2002 requires Council to prepare and adopt an Annual Report within four months of the end of each financial year.
- 15 Legislation has recently been passed in June to extend this deadline. Council annual reports are to be adopted by 31 December 2020 rather than 31 October 2020. This is to allow for interruptions due to Covid-19.
- 16 An Annual Report is intended to outline Council's actual performance in comparison with its intended performance as outlined in its Annual or Long Term Plan. The Annual Report details the operating activities of Council and includes financial statements for Council. The report and financial statements have been audited by Audit New Zealand on behalf of the auditor-general.
- 17 A draft of the unaudited Annual Report was presented to the Finance and Assurance Committee on 11 September 2020 for their review and the committee resolved to release the document to Audit NZ
- 18 At the date of this report, Audit New Zealand's audit is substantially complete.
- 19 The final draft Annual Report and Summary Annual Report document were presented to the Finance and Assurance Committee on 10 November 2020 and the committee has recommended to Council that it adopt the Annual Report.
- 20 Dereck Ollsson, Associate Audit Director of Audit New Zealand was in attendance via video conference at the Finance and Assurance Committee meeting to give an overview of the audit process, findings and answer any questions the committee had. Mr Ollsson will also be present via video conference at the Council meeting to present the audit opinion and answer any questions regarding the Annual Report. Audit New Zealand have not finalised the management report at the date of this report, however Audit New Zealand have discussed the key findings with the Finance and Assurance Committee. The formal report will be provided by Audit New Zealand in due course.
- 21 The Annual Report and Summary Annual Report will be made available to the public via Council's website, by placing printed copies in libraries and service centres and having printed copies available for distribution on request in December 2020. The availability of the Annual Report will be advertised. Printed copies of the report and summary will also be sent to those on the strategy and policy mailing list.

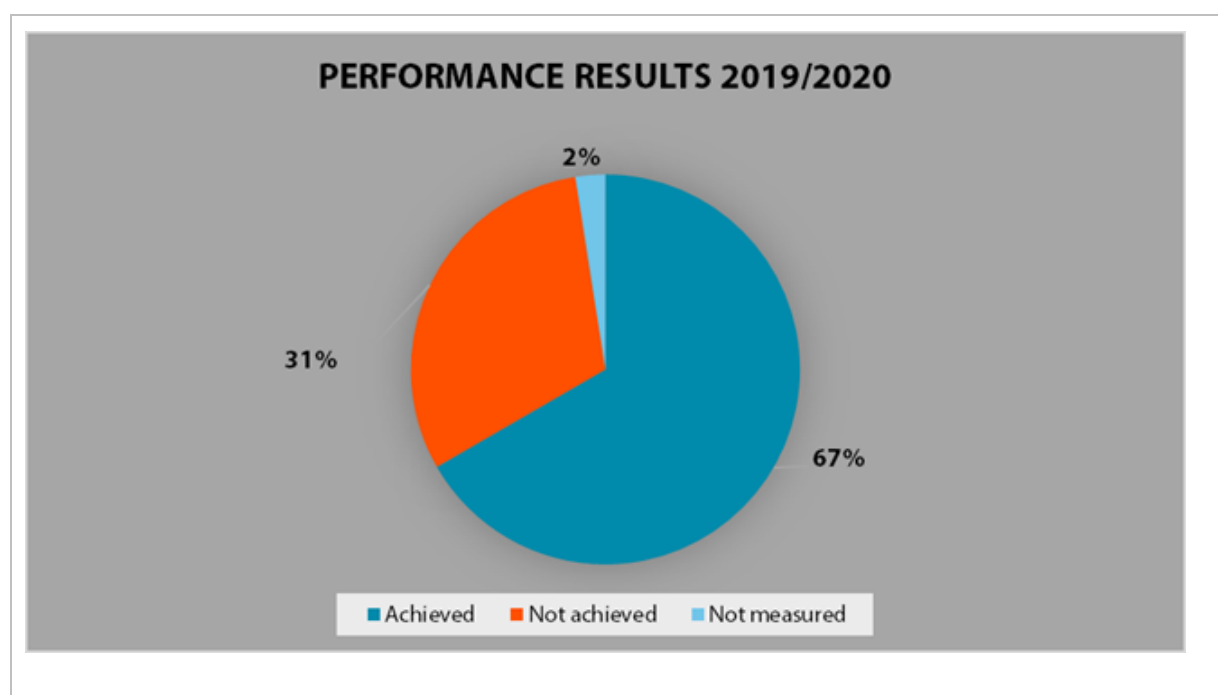
Status of the Report

- 22 At the date of this report the Annual Report is practically complete. The principal matters outstanding include finalisation of the audit opinion and representation letter by Audit New Zealand.
- 23 At the time of writing this report, Audit New Zealand have completed the majority of their audit fieldwork and review of the draft Annual Report. Verbal audit clearance was provided at the Finance and Assurance meeting on 10 November 2020.
- 24 Subsequent to providing verbal audit clearance, Audit New Zealand have provided Council with the draft audit opinion, and the draft representation letter. These documents are included in this report as attachment C and D respectively. The letter of representation is required to be signed

by the mayor and chief executive. Audit New Zealand have not finalised the draft management report as at the date of this report, however they have communicated the key matters and these are outlined in the issues section of this report.

Organisational Performance

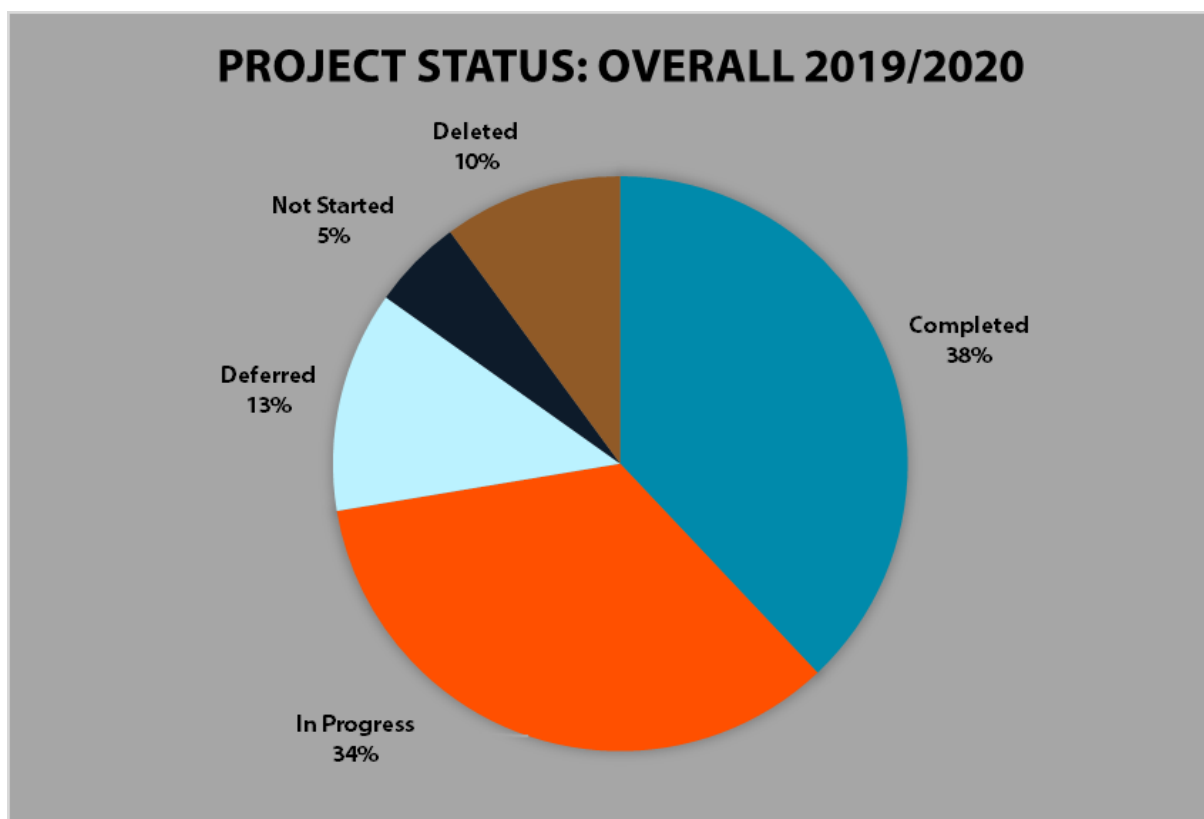
- 25 The Annual Report 2019/2020 details performance of the organisation against the key performance targets that were specified in the 10 Year Plan.
- 26 Managers have reviewed the activities for which they are responsible and have provided commentary of the actual performance against targets, particularly in those instances where the performance targets have not been met.
- 27 Of the 81 service performance targets, 54 (67%) achieved, two (2%) not measured and 25 (31%) not achieved. The result shows that just over 30% of the organisations KPIs were not met. In general, throughout the report there were a variety of reasons why the performance targets were not achieved and these reasons are outlined in more detail in the performance tables within the various activity sections of the Annual Report. However, some of the reasons include but are not limited to:
- that the target was set incorrectly
 - the priorities have changed
 - performance measure results are not available yet (e.g. Drinking Water Assessor report)
 - financial costs exceeded anticipated target
 - improvements are being made but are not yet in place
 - there may be issues with processes or resources



Activity group performance results	Achieved	Not measured	Not Achieved	Total
Community services	7	-	4	11
District leadership	14	-	5	19
Emergency management	2	-	-	2
Regulatory services	6	1	4	11
Roads and footpaths	2	1	3	6
Solid waste	4	-	2	6
Stormwater	8	-	2	10
Sewerage	6	-	-	6
Water supply	5	-	5	10
TOTAL	54	2	25	81

Capital Expenditure Projects

- 28 The draft unaudited Annual Report 2019/2020 includes information about projects, their completion status and actual cost versus budget. The projects include those programmed in the Annual Plan 2019/2020 plus any projects carried forward from previous years or any new projects. This project information excludes the roading programme.
- 29 Of the 169 projects, overall, 64 (38%) were completed, 17 (10%) were deleted, 9 (5%) were not started, 58 (34%) were in progress and 21 (13%) were deferred.
- 30 It should be noted that only about a third were completed within the financial year with 34% still in progress.



Activity Group	Completed	In Progress	Not Started	Deferred	Deleted	Total
Community services	30	18	2	17	10	77
District leadership	2	3	-	-	1	6
Emergency Management	-	-	-	-	-	-
Regulatory Services	-	-	-	-	-	-
Roading & transport	10	12	4	2	1	29
Solid Waste	-	-	-	-	-	-
Stormwater	1	1	-	-	1	3
Wastewater	7	13	1	1	1	23
Water supply	14	11	2	1	3	31
Total	64	58	9	21	17	169

Financial results

Statement of compliance

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

Financial Statements

- 33 These financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The accounting policies for the year ended 30 June 2020 were approved at the Finance and Assurance committee meeting in June 2020. Explanations of the variances between actual results and budgeted results for 2019/2020 year can be found in note 36 of the Annual Report.
- 34 A summary of key financial information is set out below.

Statement of comprehensive revenue and expense

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

	Actual 2019/2020	Budget 2019/2020	Actual 2018/2019
Total revenue	\$80.5M	\$73.1M	\$77.1M
Total expenditure	(\$80.7M)	(\$76.4M)	(\$78.5M)
Share of surplus from associates	\$0.1M	-	\$0.3M
Operating surplus/(deficit)	(\$0.2M)	(\$3.3M)	(\$1.1M)
Gains on assets at fair value	\$16.4M	\$30.5M	\$49.9M
Total comprehensive revenue and expense	\$16.2M	\$27.2M	\$48.8M

- 36 Total revenue was \$7.4 million over budget primarily due to increased NZTA subsidies (\$0.9 million), forestry harvesting income (\$0.4 million), grants (\$2.0 million), forestry revaluation (\$1.9 million), vested assets (\$0.7 million) and Council's share of income from WasteNet, not budgeted for (\$1.3 million). These increases were offset by the recognition of outstanding building consent fees as deferred revenue rather than income (\$0.9 million).
- 37 Total expenditure was \$4.3 million above budget predominantly due to increased costs associated with emergency roading works as a result of the February 2020 flooding event (\$1.3 million); employee-related costs (\$1.0 million), primarily due to increases in building control staff to manage workflows and accreditation as well as new positions to enable Council to manage legislative changes, predominantly around water reforms; increased waste management costs (\$0.4 million); increased consultants costs, the majority of which are associated with government-funded projects including Milford Opportunities and Stewart Island/Rakiura Opportunities (\$2.0 million); and Council's share of WasteNet expenditure, not budgeted for (\$1.1 million). These costs are offset by Council's contribution to the Pyramid Bridge rebuild being lower than budgeted (\$1.3 million). As a result of the higher than anticipated infrastructure values, Council's depreciation also increased (\$0.7 million).
- 38 Gains on assets at fair value was \$14.1 million less than budget due to the increase in the roading and three waters valuations not being as high as budgeted as a result of current market conditions (compared to market conditions at the time the budget was established).

Statement of financial position

- 39 The statement of financial position (also referred to as the balance sheet) records the assets Council owns, and how those assets are financed. Total assets refers to what Council owns, for example infrastructure assets. Total liabilities are finance from third parties, for example accounts payable. Total equity is the net community assets (total assets less total liabilities). Key items in the statement of financial position are:

	Actual 2019/2020	Budget 2019/2020	Actual 2018/2019
Total assets	\$1,619M	\$1,598M	\$1,600M
Total liabilities	\$16.5M	\$9.0M	\$13.4M
Total equity	\$1,603M	\$1,589M	\$1,586M

- 40 Total assets are over budget primarily due to cash and trade and other receivables being more than budgeted, principally as a result of the higher than budgeted cash balance as a result of

additional income received, investments being converted to short term deposits and delays in capital works.

- 41 At 30 June 2020, Council also had \$2.5 million of external borrowings. This was a short term utilisation of Council's overdraft facility due to operational cashflow requirements. It was repaid in full in July 2020.

Statement of cash flows

- 42 The statement of cash flows records the cash that Council received and disbursed. Broadly cash, under financial reporting rules is recorded in three separate categories:
- operating cash flows - the cash flow related to day-to-day operating activities
 - investing cash flows - the cash flow received from sale of assets and cash spent on capital assets
 - financing cash flows - the cash flow received from any borrowings and the cash flow disbursed in repaying borrowings.
- 43 Overall, Council's cash position decreased from June 2019 by \$3.9 million to \$11.8 million at 30 June 2020. In summary, the cash flows recorded within these categories are as follows:

Operating cash flows	Actual 2019/2020	Budget 2019/2020	Actual 2018/2019
Cash surplus/(deficit)	\$23.6M	\$21.2M	\$23.1M

Investing cash flows	Actual 2019/2020	Budget 2019/2020	Actual 2018/2019
Cash surplus/(deficit)	(\$28.3M)	(\$37.6M)	(\$20.0M)

Financing cash flows	Actual 2019/2020	Budget 2019/2020	Actual 2018/2019
Cash surplus/(deficit)	\$0.8M	-	\$1.7M

- 44 Council's net operating cashflows were higher than budgeted predominantly due to \$1.8 million more receipts from Waka Kotahi NZ Transport Agency for subsidies towards emergency works; as well as additional government grants for various projects. Net cash outflows from investing activities were \$9.3 million lower than budgeted due delayed progress on Te Anau wastewater project as well as other capital works as a result of COVID-19.

Issues

- 45 As at the date of this report there are no significant unresolved issues in relation to the Annual Report. There are however, some matters that have arisen during the audit which Council need to be aware of.

Palmerston North call centre data capturing process

- 46 During their audit procedures, Audit NZ were unable to gain sufficient evidence over the completeness of three Department of Internal Affairs (DIA) mandatory performance measures for water, wastewater and stormwater activities, specifically customer complaints. The issue is due to systematic issues with data capturing by the Palmerston North after hours call centre. How a complaint is counted is not in accordance with the DIA guidance and the method of counting is likely to have understated the actual number of complaints received both in the current year and in the comparative year to 30 June 2019. This issue will impact a number of local authorities across the country who also use this call centre.
- 47 This matter was referred to Audit NZ's technical department for consideration and the outcome was a qualification to Council's audit opinion, specifically a qualification paragraph in the audit opinion (refer below).
- 48 Council staff are working with the Palmerston North call centre management to look to resolve this matter going forward.

Outstanding building consent liability

- 49 To date, Council have not recognised in its balance sheet the liability associated with building consent inspections that have not been undertaken given the difficulty in ascertaining accurate data to support a value.
- 50 Given the significant work that has been done in this area by the Building Solutions team in the last 12 months, staff now have more confidence in the data and the associated value that should be recognised in the balance sheet. Based on data extracted from Council's building control systems, it is estimated that there are approximately 3,288 consents outstanding at an estimated value of \$0.9 million (GST exclusive) at 30 June 2020.
- 51 In the initial draft 2019/2020 Annual Report presented to the Finance and Assurance Committee on 11 September, staff advised that this liability had been recognised as a prior period error, and as a result, comparative information for the prior period (2018/2019) financial statements had been amended in the 2019/2020 Annual Report.
- 52 Subsequently Audit NZ have reviewed this matter and the supporting information and have indicated that in their opinion, this matter is a change in estimate rather than a prior period error. After further investigations and discussions with Audit NZ, staff accept Audit NZ's position and have amended the accounting treatment in the final draft Annual Report to align with Audit NZ's expectation. The impact of this change was to revert 2018/2019 financial results to the match the published Annual Report, consent fee revenue was reduced by \$0.9 million in 2019/2020 and the balance sheet now includes deferred revenue of \$0.9 million. Disclosure on this matter is included in Note 20 of the final draft Annual Report.

Infrastructure asset data quality

- 53 The three waters valuations for 30 June 2020 indicted some issues with asset data.
- 54 The valuers' have noted in their valuation report that the confidence in Council's data has reduced to a rating of 3 (50% estimated) across all asset categories. In the 2018/2019 revaluation all asset categories (other than stormwater pipe attributes which was 3 in 2018/2019) were rated 2 (minor inaccuracies).
- 55 Management advised that this matter arose as a result of insufficient resourcing available to manage the increased work programme in recent times. Council are currently recruiting to address this resourcing shortage.

- 56 Audit NZ have advised that this matter will be recognised in their management report as a recommendation.

Draft audit opinion (attachment C)

- 57 An auditor can issue either an unmodified or a modified audit opinion. An auditor expresses an unmodified audit opinion when they are able to satisfactorily conclude that the financial statements are free from material misstatement (desired outcome). However, an auditor may issue a modified opinion:
- when the financial statements are not free from material misstatement or
 - when they have been unable to obtain sufficient appropriate evidence.
- 58 Historically Council has typically received an unmodified audit opinion. However, for the 2019/2020 Annual Report, the draft audit opinion provided by Audit NZ (Attachment C) is an unmodified opinion on the audited information, excluding the Activity Groups statement. Additionally an emphasis of matter paragraph has also been included in regards to the impact of Covid-19 on Council.
- 59 The qualification is in relation to Audit NZ's inability to gain completeness over three Department of Internal Affairs mandatory performance measures for water, wastewater and stormwater activities. This is in relation to systematic issues with data capturing within the Palmerston North call centre, who Council use for managing after hours calls. This qualification will apply to a number of Councils across New Zealand who use this after hours call centre. As we are already nearly 6 months through the 2020/2021 financial year, it is anticipated that this modified audit opinion will be in place for the 2020/2021 Annual Report also.
- 60 Audit NZ have advised that the disclosures in the audit opinion around the qualification is in line with NZ Auditing Standards.
- 61 Staff understand from discussions with Audit NZ that this qualification wording is consistent across all affected Councils in New Zealand.
- 62 The emphasis of matter paragraph is in relation to the impact of Covid-19 on Council. Audit NZ advised staff that the Office of the Auditor General has requested an emphasis of matter paragraph be included in all audit opinions of financial statements with a balance date of 30 June 2020. This is to bring to the readers' attention the uncertainties in regards to the impact of Covid-19 on Council. The emphasis of matter statement directs the readers to note 35 of the Annual Report where Council outlines the impact of Covid-19 on its operations.
- 63 Staff have identified content in the audit opinion which differs from prior years, in red text within attachment C. Yellow highlights indicate areas subject to change prior to finalisation of the document.

Representation letter (attachment D)

- 64 Audit NZ have provided a draft representation letter which is required to be signed by the mayor and chief executive on behalf of the Council. It provides various representations to Audit NZ in relation to the preparation of the Annual Report.
- 65 Audit NZ are awaiting guidance from their technical department in relation to the desired representations around the Palmerston North call centre matter (refer above).
- 66 Staff have identified content in the representation letter which differs from prior years, in red text within attachment D. Yellow highlights indicate areas subject to change prior to finalisation of the document.

Management report from Audit NZ

- 67 Audit NZ are not in a position to provide Council with its draft management letter for consideration at this meeting. Staff are, however aware that Audit NZ are proposing to include the following matters in their report, and that Mr Ollsson may speak to these at the meeting:
- Palmerston North call centre data capturing process
 - Outstanding building consent liability
 - Infrastructure asset data quality
 - Unadjusted audit differences
 - o impairment of 15 Forth Street building (\$0.3 million), and
 - o timing of recognition of grant revenue (\$1.0 million)

Risks

- 68 There are no outstanding risks in relation to the annual report at this stage of the process. However, it should be noted that the issue relating to the call centre data capture process will likely result in a modified audit opinion for the 2020/2021 Annual Report due to the processes being in existence for the first part of the current financial year.

Factors to Consider

Legal and Statutory Requirements

- 69 Section 98 of the Local Government Act 2002 requires Council to adopt an Annual Report within four months of the end of the financial year. Legislation has recently been passed to extend the deadline for 30 June 2020 Council annual reports to be adopted by 31 December 2020 rather than 31 October 2020. This is to allow for interruptions due to the Covid-19.
- 70 The Act also requires that Council publishes a summary of the Annual Report within one month of the Annual Report being adopted. A final draft of the summary document is included in this report as Attachment B and will be available to the public soon after the adoption.
- 71 Part 3 of Schedule 10 also outlines a number of disclosures that are required to be included in the Annual Report.
- 72 Amendments to the Local Government Act 2002 provide the inclusion of wellbeing's. In relation to annual reporting an amendment to Schedule 10 (3, 23), - Groups of activities now includes "(d) describe any identified effects that any activity within the group of activities has had on the social, economic, environmental, or cultural well-being of the community." This had been reflected throughout the annual report document.

Community Views

- 73 The community expects Council to adopt an Annual Report in accordance with the requirements of the Local Government Act 2002. The report is an important accountability document in terms of explaining the actual performance of the organisation relative to the objectives that were set via the Long Term Plan and Annual Plan.
- 74 No specific community views have been sought on the Annual Report.

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

Costs and Funding

- 76 The audit fee for the Annual Report is \$120,124 (excluding GST) plus associated disbursements.
- 77 There are no additional financial considerations associated with making a decision on whether to adopt the Annual Report.

Policy Implications

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

Analysis

Options Considered

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

Analysis of Options

Option 1 – Recommend adoption of the Annual Report 2019/2020, including any adjustments agreed by the committee at this meeting

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• compliance with Council's legislative requirements and Council's committee delegations• the committee has an opportunity to review the report and satisfy itself that the report is complete and that it has been prepared on an appropriate basis• the document provides information to the public on the performance to budget and against key performance indicators.	<ul style="list-style-type: none">• none identified.

Option 2 – Do not recommend adoption of the Annual Report 2019/2020, including any adjustments agreed by the committee at this meeting

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• there are no advantages of this option.	<ul style="list-style-type: none">• Council will not be compliant with the legislation if the Annual Report is not audited and adopted by Council by 31 December 2020.

Assessment of Significance

- 80 The Annual Report 2019/2020 is considered significant under Council's Significance and Engagement Policy because the performance of Council is of wide community interest.
- 81 It is important to the public that Council meets both its financial and non-financial commitments to ensure it delivers its services efficiently and effectively. To do this the public relies on the information provided in the Annual Report to give it assurance that Council is undertaking its responsibilities and how well it is performing these.
- 82 Along with the processes and procedures Council undertakes to track and record the information provided in the Annual Report, to ensure that the public can rely on the information provided an independent review is undertaken by auditors (Audit New Zealand). In general, Audit New Zealand provides an opinion as to whether Council has complied with Generally Accepted Accounting Practice (GAAP) and that the Annual Report fairly reflects Council's financial position, results of operations and cashflows, and levels of service and reasons for any variance.

Recommended Option

- 83 The recommended option is Option 1 – Recommend adoption of the Annual Report 2019/2020 including any adjustments agreed by the committee at this meeting.

Next Steps

- 84 Once the Annual Report and summary are adopted, and the signed representation letter has been provided to Audit NZ, the final audit opinion(s) will be issued to Council. The audit opinion will be finalised in the Annual Report and the graphically designed version of the full document and summary including an online and printed version of the Annual Report will be made available to the public in late November.

Attachments

- A Final draft Annual Report 2019/2020 [↓](#)
- B Final draft Annual Report summary document 2019/2020 [↓](#)
- C Draft audit opinion for the year ended 30 June 2020 from Audit NZ [↓](#)
- D Draft representation letter to Audit NZ [↓](#)

AnnualReport

2019/2020

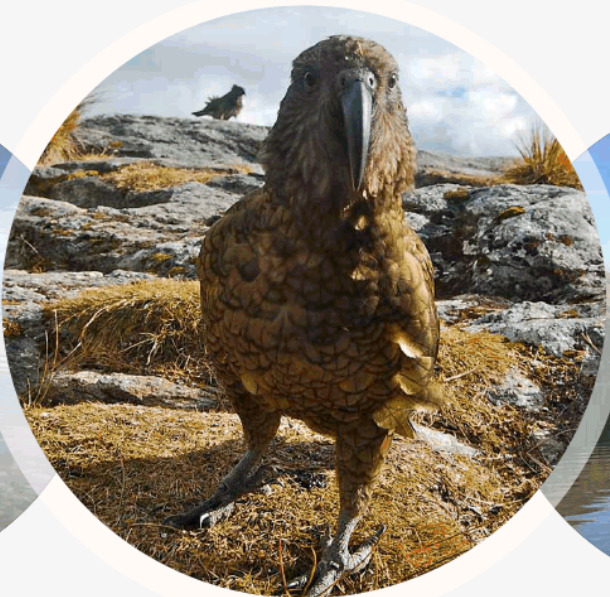


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Weathering the storm...

Message from the mayor Gary Tong and chief executive Steve Ruru*

There is no doubt that 2019/2020 has been a year of disruption and change, and there is no doubt there's more to come. For Southland District Council it has been a year of planning for the future while weathering the storm – or, more specifically, a flood and a global pandemic.

A major part of our planning is to increase the resilience of the communities in our District so that they are better able to meet the challenges we know lie ahead. These take many forms, from increased extreme weather events to shifting societal trends, and our communities have to be healthy and strong to not only withstand them but to thrive in spite of them.

This is why community-led development is a major focus of Council's work, and why the local election in October 2019 was held under a new governance model of nine community boards covering all of Southland District.

Our philosophy of small council, big community recognises the need to empower communities to do things for themselves rather than have an ongoing reliance on Council.


The purpose of this is to further strengthen communities so that they are prepared for and able to adapt to whatever the future may bring.

We did not have to wait long to put this theory into practice, as natural disaster followed in the form of the February floods, which had a big impact in the District. Southland communities from Milford Sound to Fortrose responded magnificently, banding together to shelter, feed and care for those stranded or displaced by the rising floodwaters.

This deeply rooted strength of character and generosity of spirit was witnessed again with the Covid-19 pandemic when it reached New Zealand and we were forced into isolation during a period of lockdown. Within the restrictions of physical distancing, communities reached out to their most vulnerable members in a number of innovative ways.

We weathered that storm as well but there are those in the community who have been deeply affected, the tourism industry has been thrown into turmoil, and there will be flow-on consequences for the way we live and work going forward.

Isolation forced a rethink of how businesses do their work, and Council was no exception. Working remotely from home, connected by video conferencing, became the new normal, and while staff are again able to work from their office desks the new ways of working that

A scenic photograph of a mountain landscape. In the foreground, there is a dense green forest. A winding asphalt road curves through the middle ground, leading towards a valley. In the background, steep, rocky mountains rise, with several waterfalls cascading down their slopes. The sky is overcast and misty.

bought new efficiencies have continued to be used in many aspects of our organisation.

With ongoing outbreaks of Covid-19 internationally, initial predictions of when the world might return to some level of normality are being recalibrated. Right now we are looking at a period of years, not months, and the learnings we have taken from New Zealand's response may prove valuable in the future.

Three waters reform, poses probably the biggest change to local government since the amalgamations of 1989. It has been a long time coming, and while this process started in earnest following the gastro outbreak in Havelock North in 2016, it has been on the cards since the late 1990s. The need for it now has been exacerbated by the impacts of Covid-19.

Through the three waters reforms and major pieces of work such as the Milford Opportunities

Project, in which Southland District Council is heavily involved, we are seeing real momentum towards not just multi-agency partnerships but multi-regional collaborations.

This collaborative planning and working between public sector agencies – local authorities, iwi, health boards, police, justice, communications and infrastructure providers and so on – is implicit in the four well-beings reintroduced into the Local Government Act by the current government, and it is the platform on which we've been advancing our programme of community-led development.

We will continue to build on this platform as it will strengthen the economic, social, cultural and environmental well-being of our communities and enable them to develop their own resilience to whatever the future holds.

While the rate of change we are experiencing now might seem dizzying, the issues we need to address have been forecast for some time and we know there is more change coming, and fast. Council will be talking with you about this in greater detail as we continue to develop our next Long Term Plan 2021-2031.

In the meantime, we encourage you to take the time to look through this Annual Report.

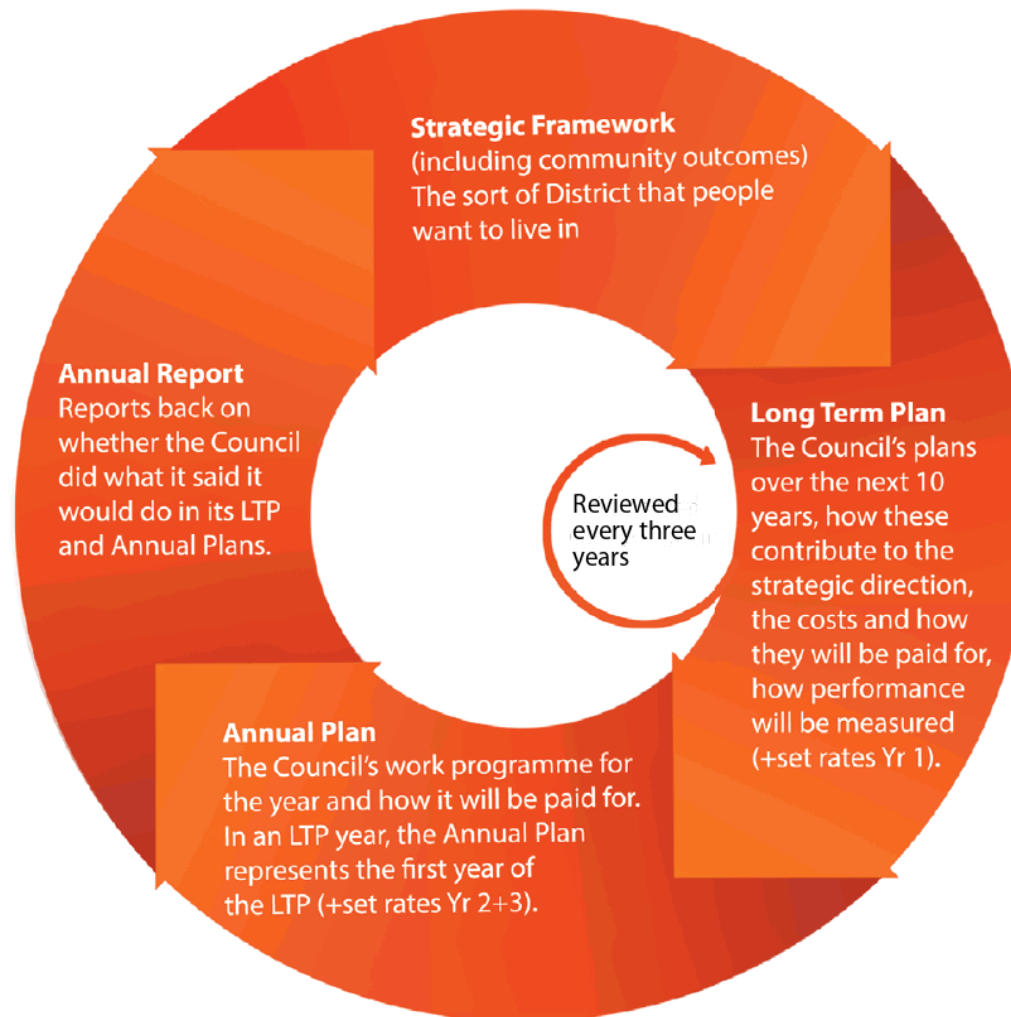
* Please note: Steve Ruru resigned as chief executive on 2 October 2020.

What's an Annual Report?

This Annual Report tells you and us how well we did against what we said we were going to do in the Long Term Plan (LTP) 2018-2028, and Annual Plan 2019/2020 how much it cost to do this and how we paid for it.

Audit New Zealand gives its opinion on whether the financial statements fairly reflect Council's financial performance and financial position and comply with generally accepted accounting practice.

The planning cycle





Additionally, the opinion is given on how accurately we have monitored and reported on our activities and whether what we have reported on is a good reflection of our performance.

This document reports on Council's activities during the year 1 July 2019 to 30 June 2020.

Southland District Council Te Rohe Pōtae o Murihiku





VISION

Southland – one
community offering endless
opportunities

MISSION

Working together for a
better Southland

Council's strategic direction

The table sets out Council's approach to planning and the strategies and proposals that are set out in the Long Term Plan 2018 - 2028, as well as the key priorities we intend to focus on.

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

The challenge

Fundamental shifts are occurring in our communities affecting where and how people live that raise questions about how we can best achieve our shared vision.

Strategic priorities

What we need to focus on to ensure that we and our communities are making informed decisions to move from where we are now towards our shared vision.

We need to provide strong community leadership and work with our communities on how to adapt to these changes so that the infrastructure, local services and regulatory functions we provide are appropriate and support the achievement of our shared vision.

1. Improve how we work

- Ensuring that the business of Council is running efficiently and effectively and finding ways to do more with less. Key aspects include:
- Operate in a financially responsible manner
- Continue to adapt
- Doing what we say we will
- Business improvement work
- Ease of doing business
- Significant projects managed effectively
- Community partnerships
- Culture
- Focus on customer support

2. Provide appropriate infrastructure/services

- Ensuring that we are providing infrastructure and services that are fit for purpose for current and future community needs. Key aspects include:
- Ensuring infrastructure and services are cost-effectively and efficiently managed over the long-term
- Ensuring legislative / regulatory compliance
- Considering environmental sustainability and best use of natural resources
- Considering alternative asset / service delivery options
- Getting good asset data / service information (e.g. useful lives)
- Considering appropriate levels of service
- Mitigating risks – e.g. business continuity planning (natural hazards / critical lifelines) and climate change (sea level rise, rainfall)
- Better understanding of the future and what this means for communities

3. Make informed decisions

- Ensuring that we have what is needed to make good decisions. Key aspects include:
- Building resilient communities
- Undertaking community engagement and partnership activities and open communication
- Working regionally and collaborating
- Community governance and representation review
- Developing community leadership plans

4. More people

- Ensuring that we build great local places where people want to live and supporting new development opportunities that will help attract more people to Southland. Key aspects include:
- Working with the community to create great local places
- Helping to build strong communities
- Supporting Southland Regional Development Strategy initiatives:
- Tourism (destination creation, management, marketing)
- Aquaculture
- Primary sector extension
- Digital connectivity

Consider what is appropriate, affordable, acceptable and achievable for communities long term



Paul Duffy
Waihopai Toetoe Ward Councillor



Key highlights

Small council, big community

The local elections in October 2019 were the first held under Southland District Council's new community governance model of nine community boards covering all of Southland District.

This model was the key determination of the Local Government Commission following SDC's six-yearly Representation Review, and a Community Governance Project started by Council in 2015.

The model enables community boards to provide greater leadership in their communities, with the support of Council.

One of the first major projects for the new boards is developing their own community board plans, which outline visions for their areas and desired outcomes.

These plans will feed into budgets to be prepared for SDC's next Long Term Plan 2021-2031.

Three waters reforms

The government is reviewing how to improve the regulation and supply arrangements of drinking water, wastewater and stormwater (three waters) to better support New Zealand's prosperity, health, safety and environment.

Most three waters assets and services, are owned and delivered by local councils, including Southland District Council. The review ran in parallel to the latter stages of the Havelock North Inquiry into drinking water safety following the campylobacter outbreak in 2016.

During 2019/2020 a new national water services regulatory body, Taumata Arowai, was established to administer and enforce a new drinking water regulatory system (including the management of risks to sources of drinking water); and to support improving the environmental performance of wastewater and stormwater networks.

Capital expenditure programme

A trend over recent years of increased investment in capital works by Council continued in 2019/2020.

A total of \$29 million was spent, the major share of which was on the Te Anau wastewater project.

Capital expenditure has increased in recent years as a result of further investment in infrastructure and establishing more efficient delivery of our services.

Online services

As Council moves away from paper-based processes, we launched several new online services during 2019/2020.

These will enable customers to have easier and more convenient access to a range of our services.

Building consent applications can now be made online and our building control team now have the software to process them on a device, with customers able to monitor how their application is progressing.

Dog registrations, including changes, along with payments and internet banking, can now be done through our website, southlanddc.govt.nz, and dog owners can elect to have their registration forms emailed to them, rather than posted. Other software products were introduced at Council to create greater efficiencies and added mobility for staff working out in the District.

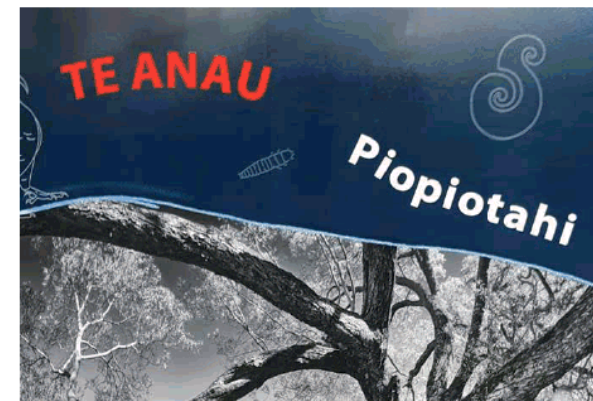


Beautiful loos

An innovative Council project to convert shipping containers into toilet facilities and install them at key locations around the District attracted national attention last year.

The first modified shipping container to be installed, at Colac Bay, won the Best Loo Award at the Keep New Zealand Beautiful Awards in Dunedin in October.

Several such toilets were rolled out during the year, each unique and linked to its surrounding area by use of an adhesive graphic wrap that illustrated some of the local character.



Our response to Covid-19

Council acknowledges the ongoing impacts of the global Covid-19 pandemic on our residents and ratepayers.

During the Covid-19 pandemic lockdown, Council closed all its offices and public facilities. Staff worked from home, and essential Council services such as roading, rubbish collection, water and wastewater continued to be delivered. After 13 May, when New Zealand returned to alert level two, Council returned to providing all services to the community, with heightened health and safety measures around physical distancing, personal protective equipment and cleaning regimes.

In comparison to the negative impacts felt by many Southland businesses and organisations during the alert level one lockdown, there was less of an overall impact on Council operations. The delivery of Council's programmed capital works was delayed and, accordingly, progress, subsidies and expenditure on these items was deferred. However, Council did not incur significant contract variations as a result of Covid-19. The reduced impact on Council is partly because we don't operate significant facilities used by the public, such as pools, stadiums, galleries, museums and event venues.

Tourism plays a major part in Southland's economy and we are conscious of the financial hardship experienced by Southland tourism operators, along with the many other Southland District residents from whom we collect rates revenue. In an effort to assist, Council continues to offer to work with customers or ratepayers who are worried about their ability to pay their rates. More details can be found on page 218 of this Annual Report.



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High-cost infrastructure projects



Accelerated bridge replacement programme

Council approved unbudgeted expenditure of \$3 million in 2019/2020 to accelerate the replacement of at-risk wooden bridges throughout the District. Of this, Council's share is \$1.47 million, with Waka Kotahi NZ Transport Agency providing the remainder.

Up to 19 bridges will be replaced in this initial programme, with a completion target date of April 2021. By the end of the financial year at 30 June the programme was well advanced,

with six bridges having been replaced. This is only the start of a long and costly journey.

We calculate that up to 171 wooden bridges, with a total replacement value of around \$40 million, will need to be replaced within the next 12 years, and a further 22 in the eight years after that.

Currently there is a significant shortfall in annual funding available for this work.

Te Anau wastewater project

This \$22 million multi-year project is of significant scale and cost to the District and requires a lot of work and resource from Council.

Pipeline construction was completed by Fulton Hogan late in the 2019/2020 year and the contract for design and construction of the membrane filter wastewater treatment plant was awarded to Downer. An application was lodged for an extension to the Upukerora River discharge consent, because of a change in dispersal method from centre pivot irrigation to sub-surface drip irrigation in the Kepler field.

Fulton Hogan has been awarded the contract to carry out this package of work.

Winton stormwater and water mains

A major project to upgrade 1km of stormwater pipes and associated fixtures in Winton was completed in the 2019/2020 year.

Contractors Opus and Downer broke ground on 7 February 2019. The project's total cost of \$1.51 million is being funded by a 30-year loan, with the Winton Community Board approving \$500,000 from reserves to lessen the impact of repayments on the town's ratepayers.

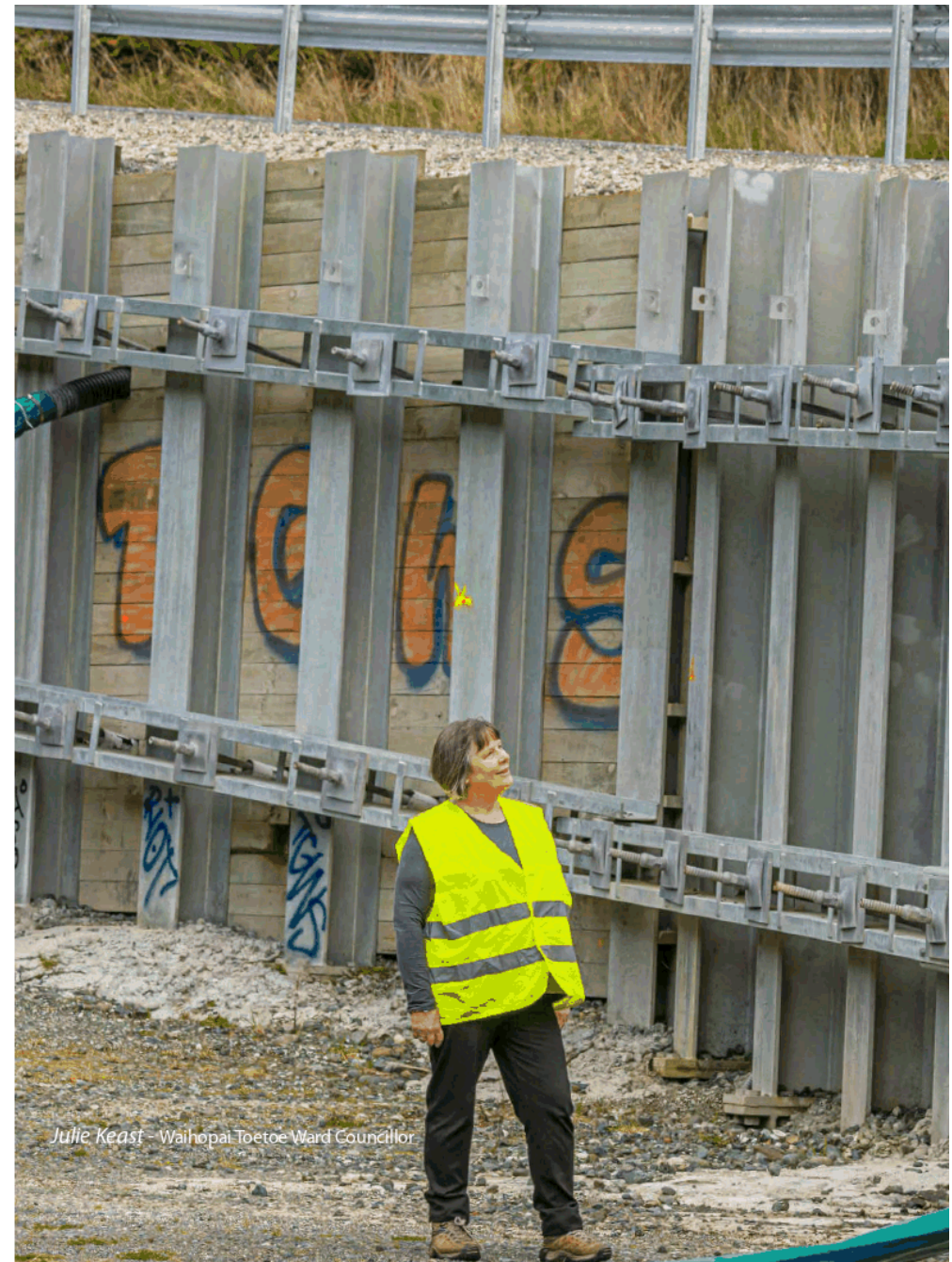


Summary activity report

The tables provide a snapshot of the status of the projects and achievements of performance targets as at 30 June 2020 for the 2019/2020 financial year.

Council's 26 activities are broken down into nine activity groups. There were 54 (67%) achieved, two (2%) not measured and 25 (31%) not achieved.

Achievement category	Progress to 30 June 2020
Achieved	54 (67%)
Not achieved	25 (31%)
Not measured	2 (2%)
Total KPIs	81 (100%)



Julie Keast - Waihopai Toetoe Ward Councillor



PERFORMANCE RESULTS

Activity group	Achieved	Not measured	Not achieved	Total
Community services	7	-	4	11
District leadership	14	-	5	19
Emergency management	2	-	-	2
Regulatory services	6	1	4	11
Roads and footpaths	2	1	3	6
Solid waste	4	-	2	6
Stormwater	8	-	2	10
Wastewater	6	-	-	6
Water supply	5	-	5	10
Total	54	2	25	81

PROJECTS STATUS

Activity group	Completed	In progress	Not started	Deferred	Deleted	Total
Community svices	30	18	2	17	10	77
District leadership	2	3	-	-	1	6
Regulatory services	-	-	-	-	-	-
Emergency management	-	-	-	-	-	-
Roads and footpaths	10	12	4	2	1	29
Solid waste	-	-	-	-	-	-
Stormwater	1	1	-	-	1	3
Wastewater	7	13	1	1	1	23
Water supply	14	11	2	1	3	31
Total	64	58	9	21	17	169

The project list is extracted from an internal system as at 30 June 2020. Please note the information provided does not include the roading programme of projects.

Financial overview

The financial overview provides a summary of the year-end financial results for Southland District Council.

The information contained in this overview has been extracted from the full financial statements, which contain detailed information about Council's finances and service performance.

The financial results include information about Council and the Stewart Island Electrical Supply Authority, as well as Council's share of its associated entities. The table shows the financial year-end results, as at 30 June 2020, and includes comparisons from the previous financial year and the budget as outlined in the 2019/2020 Annual Plan.

The full financial statements were authorised for issue by Mayor Gary Tong and chief executive Cameron McIntosh on 18 November 2020. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand.

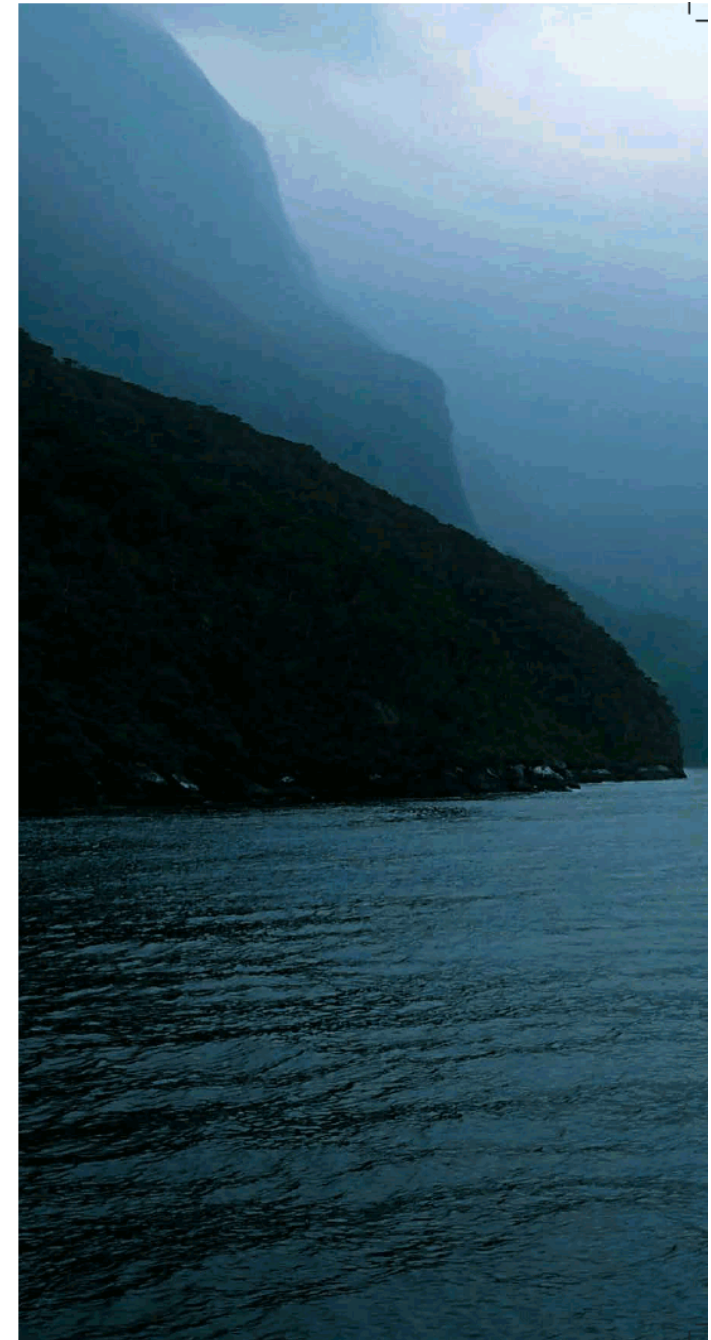
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand.

The only changes in accounting policies for the year ended 30 June 2020 relate to accounting for associates and joint ventures as a result of mandatory adoption of PBE IPSAS 36 Investments in Associates and Joint Ventures and PBE IPSAS 37 Joint Arrangements. This impacts how Council recognises its interests in Venture Southland and WasteNet.

Full details of Council's accounting policies can be found on pages 158-173.

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

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



Definitions

NET SURPLUS/(DEFICIT) AFTER TAX	What income Council has left after operational costs are paid.
EQUITY	Net assets owned by ratepayers.
NET ASSETS	What Council has less what it owes at the end of the year.
CASHFLOW	How Council generated and used cash during the year.

FINANCIAL SUMMARY

Actual 2018/2019 (\$000)		Actual 2019/2020 (\$000)	Budget AP 2019/2020 (\$000)
COMPREHENSIVE REVENUE AND EXPENSE			
77,092	Revenue earned (incl asset development)	80,488	73,073
(78,488)	Less total expenditure	(80,711)	(76,405)
(22)	Less finance costs	(23)	(22)
314	Share of associate's surplus/deficit	55	-
(1,104)	Net surplus/(deficit) after tax	(191)	(3,353)
298	Movement in fair value reserve	910	-
49,655	Movement in asset revaluation reserve	15,528	30,544
48,849	Comprehensive revenue and expense	16,247	27,191
CHANGES IN EQUITY			
1,537,706	Equity at start of year	1,586,556	1,561,495
48,849	Total comprehensive income	16,247	27,191
1,586,556	Equity at the end of the Year	1,602,802	1,588,686
FINANCIAL POSITION			
1,586,556	Total equity	1,602,802	1,588,686
27,426	Current assets	25,068	1,860
1,572,555	Non-current assets	1,594,191	1,595,808
1,599,981	Total assets	1,619,260	1,597,668
13,426	Current liabilities	16,437	8,931
26	Non-current liabilities	21	51
13,426	Total liabilities	16,457	8,982
1,586,556	Net assets (assets less liabilities)	1,602,802	1,558,686
CASH FLOWS			
23,144	Operating cashflow	23,585	21,244
(20,004)	Investing cashflow	(28,312)	(37,569)
1,700	Financing cashflow	800	-
4,839	Net cashflow increase/(decrease)	(3,927)	(16,324)
10,885	Opening cash balance	15,725	13,152
15,724	Closing cash balance	11,798	(3,173)



In summary

Council's revenue was higher than budgeted as a result of government grants for Milford Opportunities and Te Anau wastewater projects, as well as higher Waka Kotahi NZ Transport Agency subsidies, increased forestry harvesting proceeds and revaluation and vested assets received.

Operating expenditure was over budget for the year, primarily due to costs associated with emergency works as a result of the February floods, consultant costs associated with various projects (many government funded) and employee expenses. Overall, Council's net deficit before tax was \$3.2 million less than budgeted.

Council continues to maintain a strong financial position with \$1.6 billion in assets and minimal liabilities. At balance date Council had \$2.5 million of short-term external debt. The only significant variance from budget on the statement of financial position is property, plant and equipment, which is principally due to the increase in the value of key infrastructure assets. More specific explanations of financial statement variances from budget can be found at note 36 of the financial statements.

Where the revenue came from

Council's consolidated revenue this year is \$80.5 million, including \$48.1 million from rates. The breakdown of this revenue is shown in the table (below).

SOURCES OF REVENUE	Actual (\$000)	% of total revenue
Rates revenue	48,112	60%
Waka Kotahi NZ Transport Agency	14,028	17%
Other revenue	10,131	13%
Other gains/(losses)	494	1%
Grants and subsidies	6,139	8%
Interest and dividends	313	0%
Vested assets	684	1%
Development and financial contributions	587	1%
TOTAL	80,488	100%

Where your rates were spent

The following table shows the breakdown of where the rates were spent in 2019/2020.

Other district services includes the emergency management, customer support and library activities. Other local services include community buildings, cemeteries, pools, public conveniences and jetties etc.

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

RATES EXPENDITURE	Actual (\$000)	% of total rates expenditure
Roading and transport	14,481	30%
Stormwater, wastewater and water	8,143	17%
Other district services	7,040	14%
Governance, strategy and communication	5,766	12%
Other local services	5,703	12%
Solid waste management	4,690	10%
Regulatory services	1,696	4%
Grants and donations	593	1%
TOTAL	48,112	100%

Revenue

\$80.5 million of revenue was collected during the financial year.

Overall, revenue was \$7.4 million higher than budget primarily due to increased Waka Kotahi NZ Transport Agency subsidies (\$0.9 million), forestry harvesting income (\$0.4 million), government grants (\$2.0 million), forestry revaluation (\$1.9 million), vested assets (\$0.7 million) and Council's share of income from WasteNet not budgeted for (\$1.3 million).

These increases in revenue were offset by a reduction in building consent fees which was recognised as deferred revenue on the statement of financial position (\$0.9 million).

Operational expenditure

Operating expenditure totalled \$79.7 million, with nearly half of this relating to roading and transport services (42%).

Overall operating expenditure was over budget by \$2.8 million.

This was primarily due to increased costs associated with:

- emergency roading works as a result of the February 2020 flooding event (\$1.3 million);
- employee-related costs (\$1.0 million), primarily due to increases in building control staff to manage workflows and accreditation as well as new positions to enable Council to manage legislative changes, predominantly around water reforms;
- increased waste management costs (\$0.4 million);
- increased consultants costs, the majority of which are associated with government-funded projects including Milford Opportunities and Stewart Island/Rakiura Opportunities (\$2.0 million);
- Council's share of WasteNet expenditure, not budgeted for (\$1.1 million).

These costs are offset by Council's contribution to the Pyramid Bridge rebuild being lower than budgeted (\$1.3 million).

As a result of the higher than anticipated infrastructure levels, Council's depreciation also increased (\$0.7 million).

Net assets and equity

Overall, Council's total net assets have increased by \$16.2 million from last year.

This is primarily due to an increase in the valuation of Council's infrastructure.

Cashflow

Council's net operating cashflows were higher than budgeted.

Receipts from Waka Kotahi NZ Transport Agency were \$1.9 million above budget primarily due to subsidies towards the emergency works as a result of the February flooding.

Receipts from other revenue was \$3.2 million higher than budgeted as a result of additional government grants received for various projects.

Net cash outflows from investing activities were \$9.3 million lower than budgeted due delayed progress on Te Anau wastewater project as well as other capital works as a result of Covid-19.

Net cash from financing activities was \$0.8 million higher than budget due to short term external borrowings being required at year end.

Overall, Council has ended the year with a cash balance of \$11.8 million, which was \$15 million more than budget.



Capital expenditure

Council spent \$28.4 million on capital projects in 2019/2020.

Of this total, \$15.6 million (55%) was spent on roading and transport projects throughout the District and \$10.2 million (36%) was spent on stormwater, wastewater and water projects in local townships.

The capital project spending was \$3.6 million less than the \$32 million budgeted for 2019/2020 in the Annual Plan as a number of projects were still in progress or not yet started at 30 June 2020, as well as deferrals of projects to future years.

More detail on project status is included in the summary activity report on page 19.



Activity capital expenditure (including vested assets)	Actual (\$000)	% of total capital expenditure
Roading and transport	15,625	55%
Stormwater, wastewater and water	10,245	36%
Other local services	1,306	5%
Other District services	1,120	4%
Regulatory services	56	0%
Solid waste management	52	0%
Governance, strategy and communication	46	0%
Total	28,449	100%

Annual Report disclosure statement

Financial prudence benchmarks

Purpose

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

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

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

Actual results for the 2018/2019 and 2019/2020 financial years are compared against the benchmarks set in the Long Term Plan 2018-2028.

Rates (income) affordability benchmark

Council meets the rates affordability benchmark if:

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

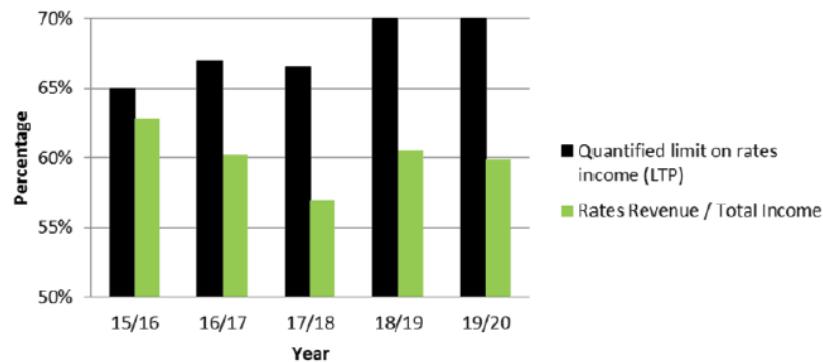
Figure 1 compares Council's actual rates income with the limits imposed in the 2015-2025 and 2018-2028 Long Term Plans.

The limits are indicated by the black columns in Figure 1.

This limit is set by Council.

Council has remained within the limit on rates income in the past five years. In 2019/2020 rates revenue as a percentage of total revenue was relatively consistent with 2018/2019.

Figure 1 Rate affordability – Limit on rates



KEY

- Benchmark Met
- Benchmark Not Met
- Benchmark

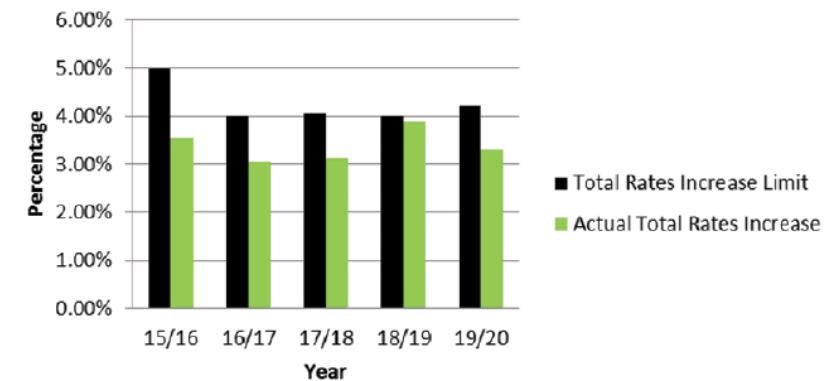
Figure 2 compares Council's actual rates increases with the limit imposed in the 2015-2025 and 2018-2028 Long Term Plans.

The limits are indicated by the black columns in Figure 2.

This limit is set by Council.

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

Figure 2 Total rates increase



Debt affordability

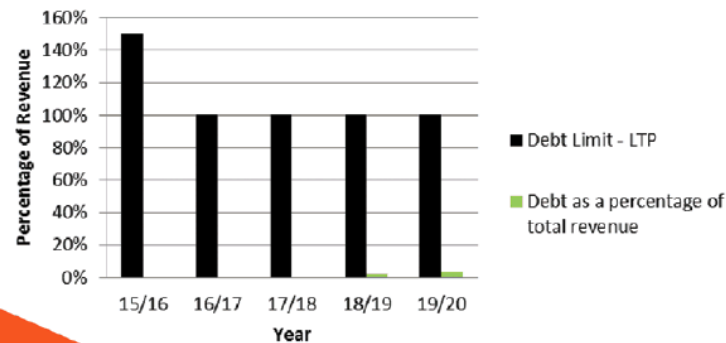
Council meets the debt affordability benchmark if its actual borrowings are within each quantified limit on borrowing.

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

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

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

Figure 3 Debt affordability



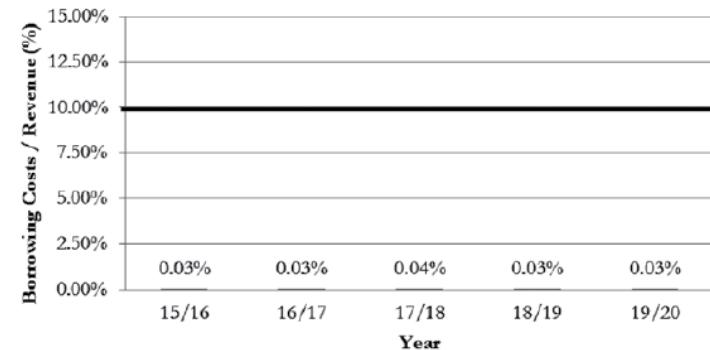
Debt servicing benchmark

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

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

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

Figure 4 Debt servicing



Essential services benchmark

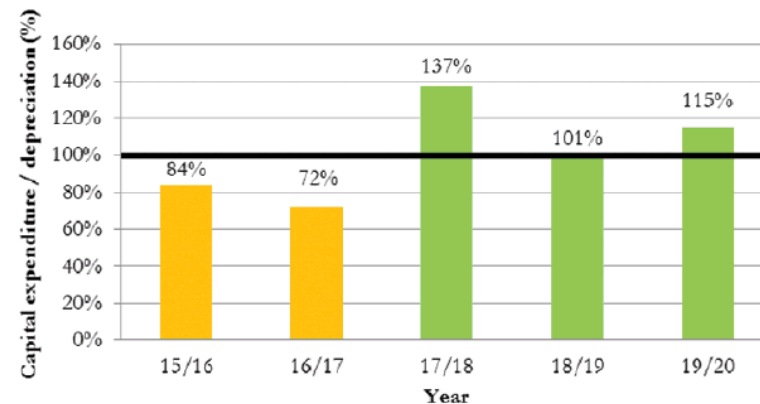
Council's capital expenditure on network services as a proportion of depreciation on the network services.

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

This limit is set by legislation.

Council continues to meet this benchmark. However, as asset lives are up to 100 years there will be years that Council's capital renewal programme is less than depreciation.

Figure 5 Essential services



Balanced budget benchmark

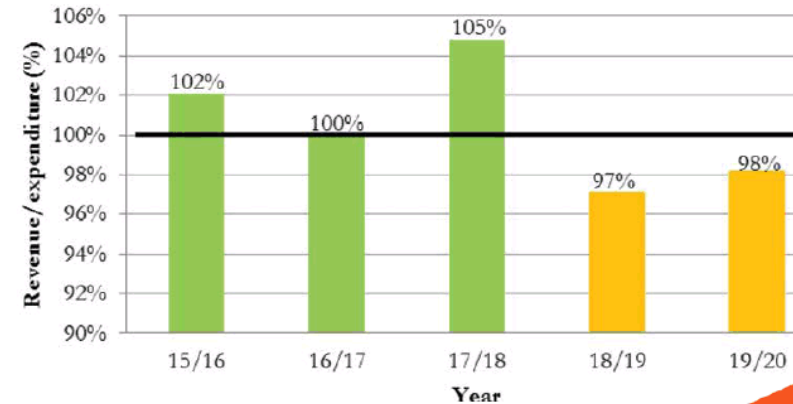
The following graph displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments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

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

This limit is set by legislation.

Council did not meet the balanced budget in 2019/2020 as a result of increased operational costs that were not budgeted for. Please see further details on page 23.

Figure 6 Balanced budget



Operations control benchmark

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

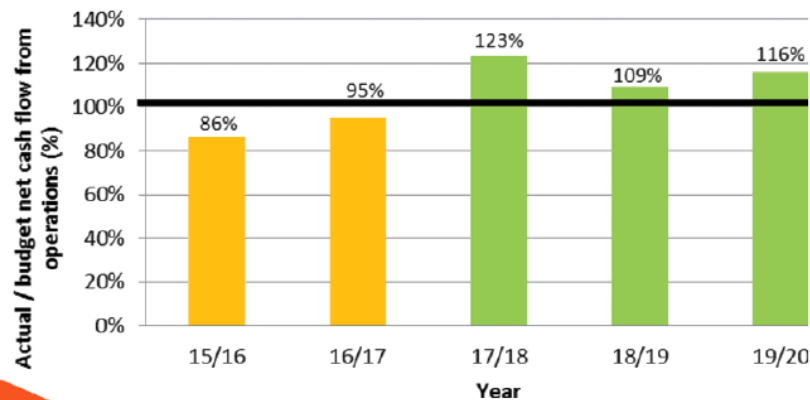
Council meets the operations control benchmark if its actual net cashflow from operations equals or is greater than its planned net cashflow from operations.

The limit is set by legislation.

Council continues to meet this benchmark. The years that Council did not meet the benchmark, cash from revenue other than rates was lower than anticipated.

However, overall cash reserves were sufficient to cover the shortfall.

Figure 7 Operations control



Debt control benchmark

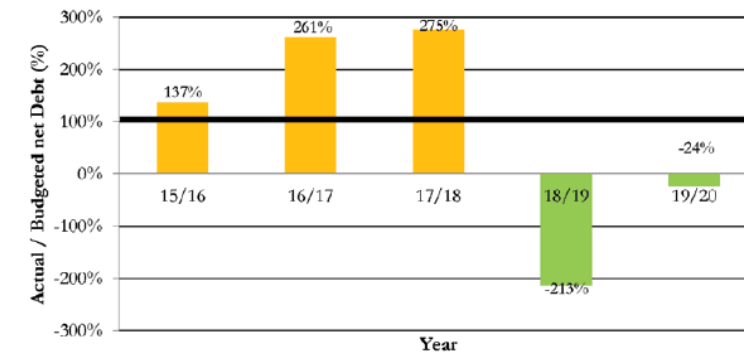
The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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

This limit is set by legislation.

Council maintains a strong balance sheet position with financial assets currently exceeding financial liabilities. In the Long Term Plan 2018-2028, Council was planning to have external debt in 2019/2020. However, this was not required to the extent budgeted. In 2019/2020 Council had an actual net financial asset balance of \$1.7 million, compared with a planned net financial liability balance of \$7.2 million.

Figure 8 Debt control





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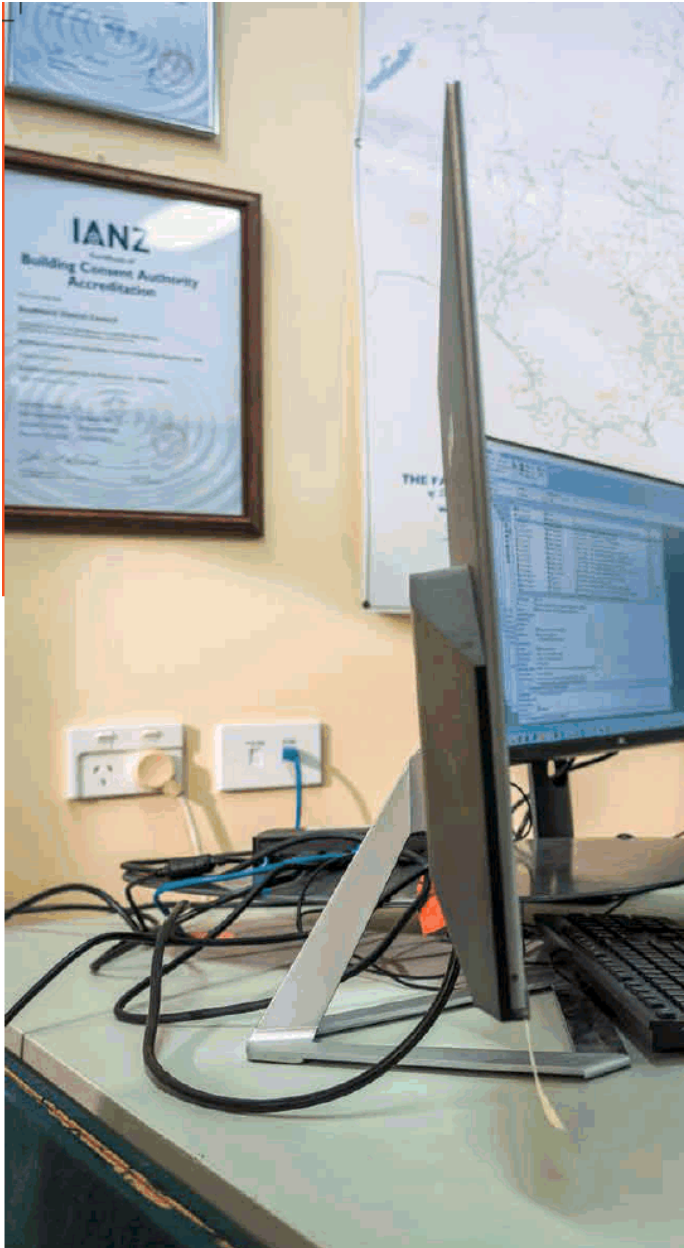
Shared services



Council fully participates in relevant shared service arrangements via the Southland Triennial Agreement and a memorandum of understanding with other local authorities, locally and nationally.

There is better value obtained through those services than trying to undertake the work on our own.

The following are examples of some of those collaborations.



Building control

Southland District Council (SDC), Invercargill City Council (ICC) and Gore District Council (GDC) with Clutha District Council (CDC) continue to work closely together on building control matters in terms of both information sharing and staff exchanges to support each other at busy times.

The four councils have developed a combined process and quality manual as well as shared regulation forms, which all four councils have adopted.

The shared manual and forms standardise the consent processing methodology and quality assurance processes and had been the subject of formal International Accreditation New Zealand (IANZ) reaccreditation reviews with all four councils. IANZ has complimented the shared manual approach and has referred several other building consent authorities to seek a copy of the manual.

The subsequent step was consideration of a shared approach to building consent fees across the councils, which is being considered as part of the Southland Regional Development Strategy's 'ease of doing business' work.





Emergency management

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

It focuses on ensuring resilience in communities by preparing for emergencies and ensuring communities are able to respond to and recover from these when they do happen.

Specific actions include public education and ensuring a pool of trained personnel.

During 2019/2020 Emergency Management Southland managed two major emergencies - flooding, which affected the wider Southland region, and Covid-19.

Information technology

In the past 12 months the IT Shared Services Operations Subcommittee has undertaken some activities that will align the operations of member councils and the ability to provide a more collaborative platform moving forward.

Shared services initiatives that were completed during the past year were:

- a shared review of backup and disaster recovery capabilities. This resulted in running a joint request for proposal (RFP) to identify a suitable service which fulfilled the requirement to improve member councils' business continuity capability. The RFP was largely performed during the Covid-19 lockdown, benefiting from the ability to work remotely during this time
- discussion continued around a shared geographic information system (GIS) portal to provide a comprehensive graphical view of member councils' information
- member councils supported each other during the Covid-19 lockdown period to ensure high availability of networks and services to enable staff members to work effectively from remote locations
- work progressed on closer alignment of services. SDC integrated with ES on a solicitor web portal to provide a single source for property rating information.





SouthLib library consortium

A southern library consortium came together to share a range of services during 2014/2015.

These originally included the Symphony library management system, which allowed access to the complete catalogues of Dunedin, Invercargill, Queenstown Lakes, Central Otago and Southland District libraries for all residents.

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

A range of other opportunities are also being explored between the districts and these include integrated holiday and reading programmes, requests and holds able to be placed across boundaries and the possibility of staff exchanges. Purchase of large print, audio, e-book and e-audio collections have long been shared by the consortium and these collections are exchanged, or made available, to all members.





Although consortium membership remains unchanged, member authorities do some things slightly differently. However, this is unlikely to impact upon the level of service members of the public receive. Reciprocal membership is available at all libraries from Waitaki south for any resident of those local authorities.

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



Iwi liaison

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

Since its inception, Queenstown Lakes District Council, Otago Regional Council and Clutha District Council have also joined supporting Te Ao Mārama Inc.

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

The key focus is to give these meetings more of a strategic focus and less focus on day to day operational/retrospective reporting back.

There is a potential change (which will become clearer during the 2020/2021 year) to the membership of Te Ao Mārama being considered with one of the rūnanga stepping out of the structure in order to manage its own resource management involvements directly with the local authority it is situated within.

Māori contribution to decision-making

Southland District Council was officially gifted its Māori name 'Te Rohe Pōtae o Murihiku' at a naming ceremony at Takutai o te Titi marae at Colac Bay/Ōraka in November 2005, strengthening links between Council and the tangata whenua and emphasising the importance of Council's partnership with Ngāi Tahu.

The Māori name acknowledges Council's role as an all-embracing shelter ("umbrella/lid") for its District.



Approximately 10% of Southland District's population is Māori.

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

Charter of understanding

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

The charter of understanding provides:

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

Te Roopū Taiao is the collaborative structure put in place to give effect to the Charter of Understanding and the obligations of the parties to the charter. Councillors and Council staff involved in resource management regularly attend Te Roopū Taiao meetings.

Te Roopū Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives and meetings are usually held quarterly, with minutes reported back to participant councils.

A number of councils throughout New Zealand have resolved to make representation provisions which provide for specific seats for Maori on councils and associated committees. Southland District Council engaged in 2018 with Te Ao Mārama on this matter as part of its representation review process.

Te Ao Mārama representatives expressed no desire at that stage to alter the existing participation/representation arrangements to create specific seats/representation for Maori. However, it is important that Council remains receptive to further dialogue on such matters in the future if it will enhance Maori participation in Council's decision-making processes.



Fostering Māori capacity

INITIATIVES	STATUS	PROGRESS
Continue to engage Te Ao Mārama as a partner during its decision making and consultation processes	ONGOING	Te Ao Mārama representatives were part of the hearing committee which heard 2018-2028 LTP submissions
Continue to hold regular liaison meetings between Te Ao Mārama and Council executive and senior managers	ONGOING	Regular meetings held and Council senior managers also attend Te Roopu Taiao
Provide an interpreter on request should Māori wish to present submissions to Council in Te Reo Māori	ONGOING	Interpretation service available on request
Provide a standing invitation to all Māori to attend Council meetings and hearings to become familiar with Council protocol	ONGOING	Standing invitation in place
Give consideration to appointment of Iwi representatives to act as hearing commissioners on key issues such as major resource consent applications and District Plan changes that have issues of Iwi significance	ONGOING	This is considered on a case by case basis. Where Te Ao Mārama is a submitter, then the choice of Iwi representative needs to recognise the need to avoid any real or perceived conflicts of interest
Maintain existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties and integrate protocols into the organisation	ONGOING	The charter of understanding/He Huarahi mo Nga Uri Whakatapu, which is the foundation document for the relationship was comprehensively reviewed in 2016. The Charter has now been in existence for 25 years and this was recognised at the recent New Zealand Planning Institute Awards with a Best Practice Commendation in 2019
Regularly refer to and report against Te Tangi a Tauira, the new Ngāi Tahu Murihiku Resource Management Plan when assessing resource consent applications	ONGOING	Resource management staff consistently refer to relevant Te Tangi a Tauira content when processing and reporting on relevant resource consent applications
Maintain its commitment to ongoing funding of Te Ao Mārama Incorporated, the Ngāi Tahu (Murihiku) Resource Management Agency	ONGOING	Ongoing funding for Te Ao Mārama has been included in the 2018-2028 Long Term Plan, and will also be provided for in the 2021-2031 Long Term Plan. There is a need in the future to review the capacity and funding of TAMI
Continue to train new staff and councillors on marae protocol, local history and related legislation	INCOMPLETE	There has been no formal training in this area beyond the informal monthly contact sessions referred to below. Staff are in discussions around how to resource this as a priority initiative
Continue to provide regular contact sessions for SDC staff to interact with Te Ao Mārama staff on topical matters of mutual interest, to maintain and enhance the relationship between the agencies	ONGOING	Contact sessions held every month in 2019/2020. These have been very well attended by staff with high interest and the sessions are now usually fully booked
Display Ngāi Tahu taonga items, following agreement with Murihiku Ngāi Tahu Papatipu Rūnanga at its Invercargill office and all area offices, to acknowledge the strength and importance of its relationship with Ngāi Tahu	ONGOING	A carving is in place at the entrance to the Council Chambers and a blessing ceremony was held. Opportunities for display will be considered for any new sites



Statement of compliance and responsibility

Compliance

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

Responsibility

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

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

In the opinion of Council and management of Southland District Council, the annual financial statements for the year ended 30 June 2020 fairly reflect the financial position and operations of Southland District Council.

Gary Tong
MAYOR



Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa



46 Auditor's Report



Southland District



Working together for a better Southland





About the Council

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

Council consists of a mayor and 12 councillors elected by Southland District residents/ratepayers every three years.

Council believes its democratic election ensures it is able to operate in the best interests of the District.

Council is responsible for:

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



The purpose of Council is:

- to enable democratic local decision-making and action by and on behalf of communities
- to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

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

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

Governance systems



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Council committees

Committees have been established by Council to assist with conducting the business of Council; these are listed on page 55.

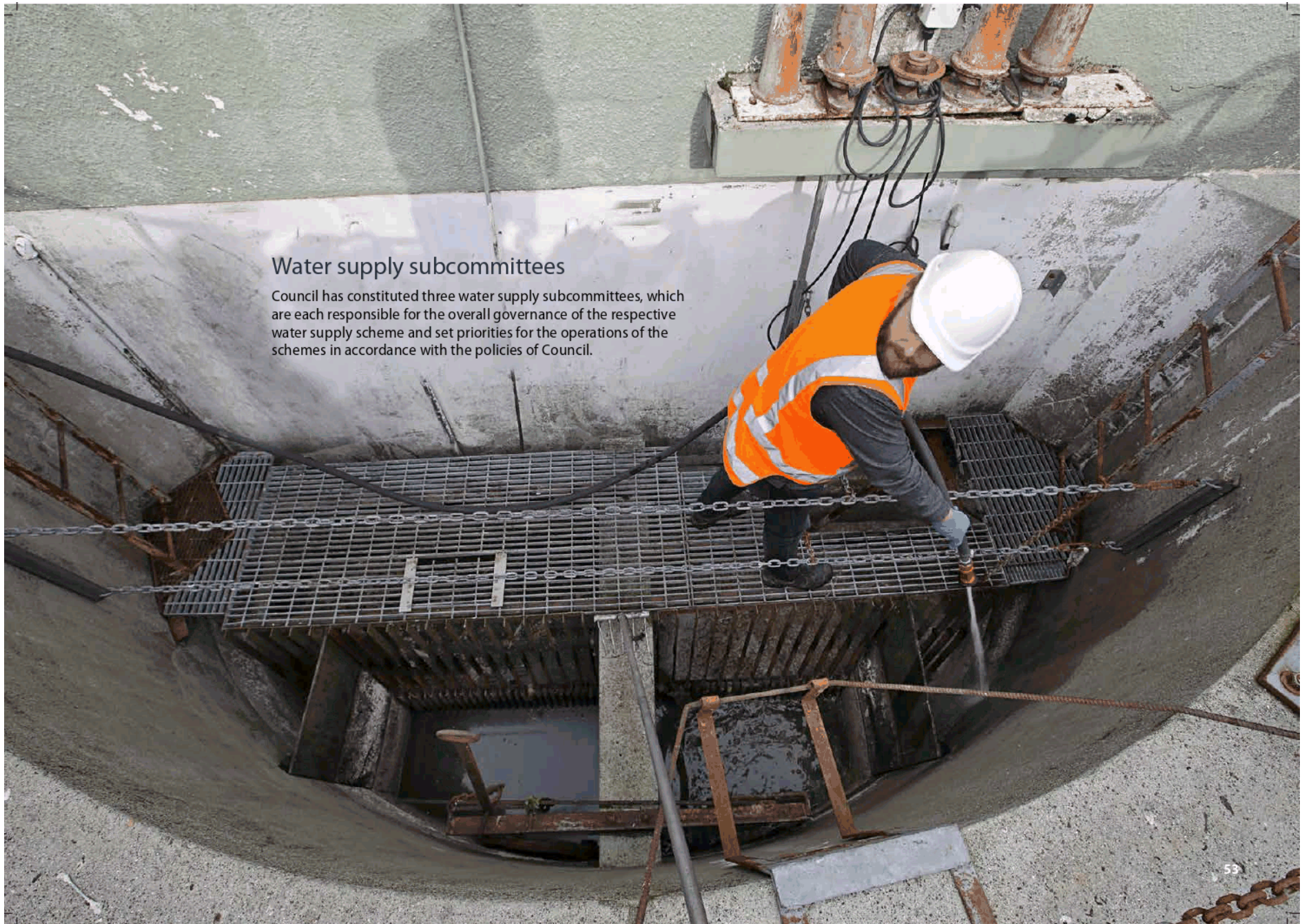
Community boards

The 2019 local elections were held using Council's new community governance structure.

Following Council's six-yearly Representation Review, which was completed in 2019, the number of community boards increased to nine (formerly eight), allowing District-wide access to local decision-making.

The boards prepare local budgets, recommend local rates and make decisions on issues specifically delegated by Council.

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



Youth Council

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

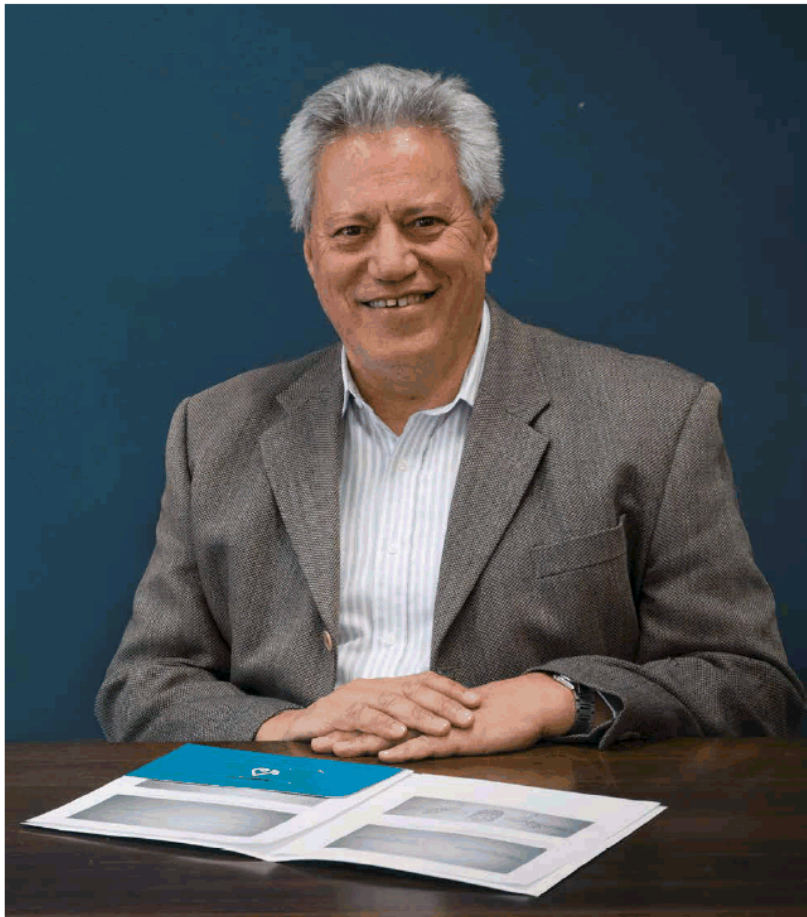


COUNCIL COMMITTEES

COUNCIL - MAYOR AND 12 COUNCILLORS

Community boards	Council committees	Joint committees
Ardlussa Fiordland Northern Oraka Aparima Oreti Stewart Island/Rakiura Tuatapere Te Waewae Waihopai Toetoe Wallace Takitimu	Community and Strategy Committee Chair: Cr Keast Executive Committee Chair: Mayor Tong Finance and Assurance Committee Chair: Mr B Robertson Regulatory and Consents Committee Chair: Cr Duffy Services and Assets Committee Chair: Cr Kremer	Combined Local Alcohol Policy Joint Committee Combined Local Approved Products Joint Committee Southland Civil Defence Emergency Management Group Southland Regional Heritage Committee Southland Regional Land Transport Committee WasteNet (WasteNet Management Advisory Group)
Council membership on external organisations	Council-controlled organisations	Council subcommittees
Age Concern Southland Creative Communities Destination Fiordland Gore and Districts Community Counselling Centre Inc Milford Opportunities Project Pioneer Women's Memorial Trust (Gore) Rakiura Heritage Centre Trust Regional Community Road Safety Network Southland Regional Indoor Leisure Centre Charitable Trust Southland Medical Foundation Southland Regional Heritage Building and Preservation Trust Te Roopu Taiao Waiau Working Party	Great South Milford Community Trust Southland Museum and Art Gallery Trust Youth representation Southland District Youth Council	Ohai Railway Fund Riverton Harbour Stewart Island/Rakiura Visitor Levy Subcommittee Water supply subcommittees Five Rivers Matuku Te Anau Basin

Council operations



Council has appointed a chief executive to be in charge of its operations and has delegated certain powers of management to that position.

The chief executive implements and manages Council's policies and objectives within the budgetary constraints established by Council.

The chief executive is responsible for:

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

The management of Council is structured under six groups.

The six groups are:

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



Council activities



This section provides an overview of Council's activities, organised within Council's nine groups of activities.

Four of these groups are mandatory under the Local Government Act – roads and footpaths, wastewater, stormwater and water supply.

In the Local Government Act 2002, an activity is defined as a good or service provided by, or on behalf of, a local authority or a council-controlled organisation.

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

Community Services



Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle.

Its secondary outcome is resilient communities that leave a legacy for tomorrow.

What we do

The community services group of activities includes the following:

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

Why we do it

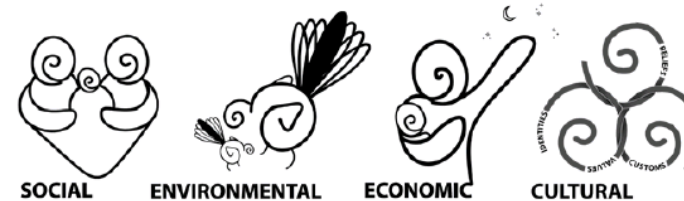
This group of activities provides funding or facilities that enable communities and visitors to participate in a range of recreational, educational, sporting, commercial and social/cultural activities.

This enables communities to be more socially connected and active and makes Southland a desirable place to live.

Some of these activities, including electricity supply, water structures, open spaces and airports, are also important economically to support the operation of local businesses and industries, which in turn contributes to sustaining our local communities.

There are also benefits to the environment by controlling access to sensitive water and coastal environments, reducing the likelihood of human waste impacting on the environment and raising community appreciation (and use) of our unique natural areas.

Identified effects on community wellbeing



The community assistance activity has identified effects on the economic wellbeing of the community.

The economic grants allocated and the work schemes department help communities to complete community projects in a cost-effective manner and to enhance their spaces. Other activities within this group, including electricity supply, water structures, open spaces and airports, are also important economically to support the operation of local businesses and industries, which in turn contributes to sustaining our local communities now and in the future.

The activity group has identified effects on the social wellbeing as they enable communities and visitors to participate in a range of recreational, educational, sporting, commercial and social/cultural activities which makes communities more socially connected and active. Providing low cost community housing benefits the elderly within the community. Libraries provide spaces for education and social connection for all ages. Community centres also provide local spaces for learning and gathering for different meetings and activities. The parks and reserves activity provide the community with reserves and open spaces to enjoy and encourages a healthy lifestyle along with learning, social and leisure benefits. Cemeteries are an important part of each local community's history from a cultural wellbeing perspective.

The activity group has identified effects on the cultural wellbeing by enabling communities and visitors to participate in a range of cultural activities which makes communities more connected, active and keeps local customs and traditions alive.

From an environmental wellbeing perspective, there are benefits by controlling access to sensitive water and coastal environments, reducing the likelihood of human waste impacting on the environment and raising community appreciation (and use) of our unique natural areas. Having local facilities reduces the carbon footprint of our communities because people don't have to travel to other areas.

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



Rob Scott - Mararoa Waimea Ward Councillor

Community services - key highlights

Community assistance

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

Council continued to support and invest in communities through grants and donations. Funding distributed through various funds totalled \$1.28 million. A total of 105 groups or organisations and 14 people received grants or scholarships.

The Community Initiatives Fund has been disestablished and replaced by the Community Partnership Fund, which will be distributed by Council's nine community boards, and the District Initiatives Fund, to be distributed by Council's Community and Strategy Committee.

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

Council is struggling to get contractors to do small maintenance jobs. This has been identified as an issue and is due to a number of factors. These include our ageing demographic, increased legislative compliance around health and safety and a shortage of people coming through the trades. The work scheme team fills this void and is able to provide a service to both internal and external customers. There is an opportunity to grow the team to pick up work that has traditionally been done on contract.

Projects carried out by the team in 2019/2020 included:

- assisting with relocation of the Winton office/library to the RSA Hall
- helping to maintain community housing grounds and buildings
- noxious plant control (cutting gorse and broom along fence lines) and track maintenance
- supporting the Around the Mountain Cycle Trail, delivering shelters, bike stands and interpretation panel stands along the trail.



Cemeteries

Interments is an evolving activity. There appears to be a trend towards more cremations and away from traditional burials, resulting in more inquiries about memorial plaques.

Restrictions on public gatherings during the Covid-19 lockdown affected funerals and interments, but Council followed government guidelines with staff and contractors ensuring that interments went as smoothly and safely as possible.

For the first time, Council installed new beams at cemeteries throughout the District under one larger contract.

Wet weather hindered cemetery maintenance in the spring and early summer but the work was completed.

Council is investigating moving to an electronic online burial records management system, which would provide efficiencies and improved access to more reliable data.

The government review of the Burial and Cremations Act is ongoing. Council has decided not to make an individual submission but supports the Society of Local Government Managers (SOLGM) submission.

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

Council staff have been gathering usage information and undertaking condition assessments on its community facility assets.



Discussions have been held with Council's new community boards so members have a better understanding of what assets they have within the new geographic areas of their boards. The information is also being used to compile the Long Term Plan 2021-2031 and will be incorporated into Council's asset management application.

The Winton office/library closed in May 2019 due to black mould being found in the building. Council is working through the process of reopening the Winton office.

The original part of Council's Invercargill office does not meet new earthquake standards and some Council staff are being relocated out of the Forth Street buildings as an interim step while Council decides on the future of the building.

A number of Council community facilities received refurbishment throughout the year, ranging from window replacement to internal and external painting maintenance. The wharf at Ulva Island has yet to be replaced and Council had not yet taken ownership of the Golden Bay wharf. A number of issues need to be addressed about the Ulva Island wharf before an approved scope of works is agreed to and the Golden Bay wharf is subject to an engineer's report before the handover agreement is signed.

Fire and Emergency New Zealand (FENZ) regulations that cover gatherings at Council's community facilities are becoming more difficult to comply with and will potentially have an impact on what these facilities can be used for.

Parks and reserves

Beautification projects were carried out on a number of reserves throughout the year.

These included the removal of hedges, installation of fences and flying foxes, upgrading a multi-use trail and refurbishing the Winton band rotunda.

Two projects were not completed – the additional car park at Ivon Wilson Park, Te Anau, and the flying fox at the Tuatapere playground – as a direct result of the Covid-19 lockdown and the unavailability of the contractor to complete the work once we moved out of lockdown to complete the work.

Staff undertook an assessment of all of Council's playgrounds across the District, measuring them against the New Zealand standard for playground equipment and surfacing. Some items of playground equipment had to be removed because they did not meet the minimum standard and/or were unsafe. Decisions about these facilities will have to be addressed in the Long Term Plan 2021-2031.

Library services

Adversity brought out the best in the Southland District libraries team in 2019/2020.

Winton office/library staff relocated for the second time to the RSA Hall after black mould was found in the building. Staff responded swiftly, reopening for business on the next working day, and quickly re-establishing services in the new site as technical limitations allowed.

Staff went the extra mile during the Covid-19 lockdown to assist library customers. Elderly customers were called individually and told about available online services, use of which increased markedly.

Staff arranged contactless deliveries of books in their own vehicles, and the mobile book bus was also used. Up to 400 people had books delivered. On Stewart Island/Rakiura, library book bundles were compiled before New Zealand went to alert level 4 and left outside the library doors for customers to collect and read during lockdown. Library staff's strong connections to their communities was exhibited during this challenging time and they received a lot of positive feedback.





Public toilets

Council started a programme of replacing ageing public toilets at various locations throughout the District using customised shipping containers.

The first of these, installed at Colac Bay in July 2019, was named New Zealand's Best Loo at the Keep New Zealand Beautiful Awards in Dunedin in October 2019.

Community housing

Council's stock of 69 community housing units was generally built in the 1970s and is filling a niche market for the elderly in our communities.

The units have been designed as single-person accommodation for residents who are still able to take care of themselves.

The units generally have long-term tenants and this causes issues when trying to undertake internal programmed maintenance. Often the tenants have no family support and this makes it difficult to move them out to allow for internal maintenance. Therefore, this work is undertaken when a unit is vacated and before a new tenant moves in.

Community housing units at two locations were painted and reroofed.

A number of units were internally refurbished after tenants vacated them. There was a higher number of refurbishments than would normally be done due a higher turnover of tenants. Council staff also had to replace the underground water main at two of its community housing sites due to failures in the existing pipe.

Council is working through the implications of meeting the healthy homes legislation within the required timeframe.



Stewart Island Electrical Supply Authority (SIESA)

In January 2020 a funding agreement with MBIE for a wind power project on Stewart Island was established with a value of \$3.16 million.

The project is structured in two phases, with an initial pre-development phase, followed by a development phase which encompasses construction of the turbines.

A consultant, Roaring 40s Wind Power, has been engaged for the predevelopment phase, which includes preliminary design, land access, wind monitoring, consenting activities, system optimisation, pre-tender design and business case.

The value of this agreement is \$495,000. This will inform a final investment decision in 2021, on whether to proceed with the development phase.

The management and service agreement with PowerNet for SIESA expires in 2020. Negotiation of a renewed contract is underway for commencement by 1 October 2020.

The majority of capital works projects for 2019/2020 have been deleted pending outcomes from both the wind power project and a renewed SIESA management and service agreement. The exception is work in progress such as diesel storage tanks upgrade, and unplanned renewals such as a replacement alternator on generator five.

Te Anau Airport Manapouri

Events related to Covid-19 have had a significant impact on the airport since March.

Scheduled landings of larger aircraft chartered for private tours have been cancelled until further notice and the future use of the airport, particularly tourist flights and activities, is highly uncertain. As a result, many planned capital projects have been cancelled or deferred.

The airport's strategic significance was illustrated during the February floods and again during the Covid-19 lockdown. The airport served as an evacuation base for people left stranded during the floods at Milford Sound and along the Milford Road, and when normal road transport channels were closed during lockdown charter flights from the airport enabled crayfish from Fiordland to reach export markets.

The airport gained Part 139 certification in 2019 to allow for scheduled landings of larger flights. Significant spending of more than \$1 million on runway resurfacing is required in the near future to maintain the current level of service and Part 139 certification.



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	2019/2020 Actual \$(000)	2019/2020 Budget (LTP) \$(000)
GRANTS		
Citizens Advice Bureau	2	2
Cycling Southland Incorporated	3	3
Gore Counselling Service	1	1
High Values Area	15	15
Hollyford Conservation Trust	10	10
IWI Funding	42	42
Life Education Trust	-	5
Loss and Grief Centre	13	15
Miscellaneous Grants	7	9
Safe Swim Programme	23	23
Southern REAP	10	10
Southland Indoor Leisure Centre (Stadium maintenance)	75	75
Southland Regional Heritage Committee	569	569
Southland Safer Communities	10	10
St John Ambulance	-	1
Toimata Foundation (formally Enviroschools Programme)	10	10
Waituna Partnership	25	25
Warm Homes Trust	30	35

In January and February 2020 the Lumsden Heritage Trust recovered two 19th century V Class locomotives from the Mararoa junction near Lumsden.

Around 20 men, four contracting companies, multiple pieces of heavy machinery and equipment and a host of local service organisations and businesses were involved in the successful effort to salvage the two historic steam engine sets. Southland District Council supported the project by helping to source money through a variety of funds.

	2019/2020 Actual \$(000)	2019/2020 Budget (LTP) \$(000)
SCHOLARSHIPS		
Bursaries	4	7
Community service award	-	1
Debating competition	-	1
Outward Bound	4	8
FUNDING ASSISTANCE FOR COUNCIL ACTIVITIES		
Dog and animal control	39	39
Contribution parks and reserves	15	15
Holiday programmes	30	31
Museum services	38	34
Santa Parade	1	5
ALLOCATION GRANTS		
Community Initiative	127	109
Creative Communities	20	21
District Heritage	67	63
John Beange	4	1
Northern Southland Development Fund	10	10
Ohai Railway Fund	65	55
Sport NZ	11	13



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Performance results



The community services activity group has 11 KPIs and 11 targets. Seven were achieved and four were not achieved. Of the four targets that were not achieved, reasons included an access issue preventing repairs, delays to timeframes and additional work was required, restrictions in the Covid-19 lockdown period and the closure of the Winton library.

PERFORMANCE MEASURES

Provide facilities communities need and support the community to participate in a range of recreational, educational, sporting, commercial and social/cultural activities

LEVEL OF SERVICE (LOS) 22: Facilities are fit purpose, in appropriate locations and managed cost-effectively (community facilities)

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 22.1: Percentage of facilities that meet desired standards ¹ :			
(a) community centres	a) 100%	a) 100%	a) Achieved All community centres met the desired standards. Please note that the previous year result was incorrectly stated as 98% and should have been 100%. (2018/2019: Not achieved – 100%)
(b) wharves/jetties	b) 100%	b) 91%	b) Not achieved The wharves and jetties are located at Riverton and Stewart Island. At Riverton, five out of the six are compliant. One of the Council structures is non-compliant due to an ongoing access issue which has meant Council are unable to repair the structure. At Stewart Island, a report went to the Stewart Island Rakiura Community Board meeting on 29 June recommending to Council that the Ulva Island wharf be replaced in the current location within the existing coastal permit footprint. The board approved the recommendation with some minor changes. The report will go to the Services and Assets committee and then to Council. Once it receives approval the process and funding, Council staff can initiate the project to replace the wharf. (2018/2019: Not achieved – 91%)
KPI 22.2: Community housing occupancy rate	90%	94%	Achieved Community housing occupancy was in high demand. (2018/2019: Achieved – 91.3%)
KPI 22.3: Community housing net cost (rates)	\$0	\$0	Achieved The overall budget was in credit so there was no funding required from rates for this activity for this year. The purpose of the KPI is to not have an impact on rates. (2018/2019: Achieved – 0)
KPI 22.4: Cemetery interment net cost (rates)	\$0	\$0	Achieved The overall budget was in credit so there was no funding required from rates for this activity for this year. The purpose of the KPI is to not have an impact on rates. (2018/2019: Achieved – 0)
KPI: 22.6: Number of unplanned interruptions to Stewart Island electricity supply	≤6	\$0	Achieved There have been no unplanned interruptions to the supply of electricity to the Stewart Island consumer during the 2019/2020 period. (2018/2019: Achieved – 5)
1 – Meeting required standards for community centres and wharves/jetties are those achieving a condition rating of 2 - Minor Defects Only (IIMM manual).			

PERFORMANCE MEASURES

A network of open spaces and facilities that celebrate and enhance our natural environment that can be appreciated and enjoyed by current and future generations

LEVEL OF SERVICE (LOS) 23: Facilities are fit for purpose, in appropriate locations and managed cost effectively (Parks, Reserves and Public Toilets)

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 23.1: Percentage of facilities that meet desired standards ¹ : (a) parks/reserves (b) playgrounds (c) sportsfields (d) public toilets	95%	a) 100% b) 95% c) 100% d) 98.5%	Achieved a) The parks and reserves are inspected by Councils contractors and no issues have been reported. There have been 16 Requests for Service (RFS) for issues related to reserves that have been responded to within the assigned time frames. b) Council staff have been working with our maintenance contractors to ensure that they have the appropriate levels of qualification to carry out playground inspections on behalf of Council. Staff are working through the next priority level issues that were identified in the playground assessment. Individual detailed reports will be provided to each community board at their next meeting to start working towards a works programme to resolve the level 2 and 3 issues.c) Council sportsfields are inspected by our contractors and contract managers and there have been no issues identified or any Requests for Service (RFS) for sports fields. d) There is currently one toilet at Athol that is currently out of service. This is due to the plumbing connection and the septic tank not being able to meet the demand placed on it. Council staff now have an arrangement with a member of the community to provide public toilets while they investigate options for the provision of service in Athol. (2018/2019: Achieved – a-d – 100%)
KPI 23.2: Complete open space strategy implementation plan within budget for: (a) open space projects (b) public toilet projects	a) 1 project (budget approx. \$150,000) ² b) 6 projects (budget approx \$270,000) ²	a) 0 b) 0	Not achieved Some initial work has been done toward progressing this project. Council staff have worked with a consultant to prepare minimum levels of service for work associated with open spaces. This will support the preparation of the tender documents for the new contracts that are being prepared as part of the Section 17A cost effectiveness review. Additional work is planned around updating the reserve management plans and tree/garden management in Councils open spaces. Council staff have recently engaged Xyst to undertake a tree survey that includes data collection and mapping of all of the green assets throughout the urban areas of the District. This work started in June having been delayed by the Covid-19 lockdown. (2018/2019: Achieved a) Implemented plan has been developed) Not achieved The condition assessment report commissioned will enable staff to prepare a works programme and subsequent implementation through the next LTP. The report identified structural issues with a number of the toilets and this requires further investigation to determine what level of resource and funding will be necessary to manage these facilities at the appropriate level of service. (2018/2019: Achieved b) Implemented plan has been developed)
KPI 23.3: Number of complaints about public toilets	≤ 25	21	Achieved For the year there were 21 complaints. There were some issues with vandalism and theft. (2018/2019: Achieved - 16)
<p>¹ – Desired standards relates to those set under the contract and includes a range of factors such as lawn mowing, weed removal and equipment inspection and maintenance.</p> <p>² – The target number of projects and costs included in the table above for years 2-10 have been estimated and will be confirmed/updated once the open spaces implementation plan has been prepared and the project scoping is complete in 2018/2019.</p>			



Ebel Kremer
Mararoa Waimea Ward Councillor

Connect residents to local, national and global communities, information and ideas			
LEVEL OF SERVICE (LOS) 24: Provide easy access to information, resources and tools (Library Service)			
KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 24.1: Active ¹ library membership per capita	Increase on prior year (17.5%)	14.40%	<p>Not achieved</p> <p>An active member is considered any user that has used their library card within the previous 12 months. We are short of our target active user percentage of 17.5% of the Southland District population. We can attribute this to a couple reasons. Prior to the Winton library closure our numbers were consistently steady. Although our reporting system cannot retroactively break the active library membership to an individual library and show how each library has fared over the last 12 months we can look at the fact that there is a direct decline in membership that correlates with the exact timing of the closure.</p> <p>We have moved to a much smaller space with a much smaller collection and this space may not meet the requirements of many within our community resulting in a decrease in user-ship. On top of this we also have the effect of the Covid-19 pandemic which may have also affected library membership during the recorded period. The active library membership only reports users who checkout collection items and does not record those who visit and use our other library services. This KPI for libraries is to look at the number of active members rather than measuring only books issued to borrowers.</p> <p>(2018/2019: Achieved – 17.51%)</p>
¹ – Definition of an “active” member is customer using their library card to issue books, access online databases or register for a library program			

Funding impact statement – Budget variations

Total operating funding was higher than budgeted due to increased SIESA revenue (fees and charges) and unbudgeted contributions to the mayoral flood relief (subsidies and grants).

Payments to staff and suppliers are slightly lower than budgeted, however this was offset by increased internal charges and other operating costs.

Capital expenditure to replace existing assets is lower than budgeted due to a number of SIESA projects being deleted from the works programme during the year. These projects were part of a work program developed a number of years ago and a new program of works is currently being developed.

The budgeted renewal of marine assets in Stewart Island Jetties did not occur during the year. The proposed Tourism Industry Fund ("TIF") application for the Golden Bay and Ulva Island jetties has been put on hold. This was due to issues with access onto Ulva Island, the ownership of the Golden Bay wharf and the ability of the community to fund 50% of the project (a TIF requirement).

¹ includes all other operating funding from sources not identified in the table.

² interest on internal loans are included in internal charges and overheads applied. Actual interest on internal loans for 2019/2020 was \$164,000 (2019: \$152,000).

FUNDING IMPACT STATEMENT – COMMUNITY SERVICES

2018/2019 Budget (LTP) (\$'000)	2019/2020 Budget (LTP) (\$'000)		2018/2019 Actual (\$'000)	2019/2020 Actual (\$'000)	2019/2020 Budget (AP) (\$'000)
SOURCES OF OPERATING FUNDING					
2,481	2,708	General rates, uniform annual general charges, rates penalties	2,484	2,604	2,600
2,616	2,640	Targeted rates	2,616	2,674	2,658
61	45	Subsidies and grants for operating purposes	77	75	45
1,287	1,305	Fees and charges	1,368	1,355	1,314
3,294	3,493	Internal charges and overheads recovered	3,280	3,664	3,701
762	784	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	800	848	764
10,502	10,975	Total operating funding	10,624	11,221	11,081
APPLICATIONS OF OPERATING FUNDING					
6,649	6,928	Payments to staff and suppliers	6,976	7,333	7,409
-	-	Finance costs ²	-	-	-
2,142	2,302	Internal charges and overheads applied ²	2,081	2,199	2,150
1,280	1,287	Other operating funding applications	1,378	1,368	1,294
10,071	10,517	Total applications of operating funding	10,435	10,900	10,853
431	458	Surplus (deficit) of operating funding	188	321	227
SOURCES OF CAPITAL FUNDING					
309	600	Subsidies and grants for capital expenditure	286	-	570
64	-	Development and financial contributions	-	236	-
636	928	Increase (decrease) in debt	276	560	1,040
60	10	Gross proceeds from sale of assets	81	82	10
-	-	Lump sum contributions	-	-	-
1,068	1,538	Total sources of capital funding	643	877	1,620
APPLICATIONS OF CAPITAL FUNDING					
		Capital expenditure			
64	-	to meet additional demand	-	-	-
399	148	to improve the level of service	765	329	262
2,551	1,774	to replace existing assets	636	998	2,134
(1,214)	374	Increase (decrease) in reserves	(220)	501	(249)
(300)	(300)	Increase (decrease) in investments	(350)	(630)	(300)
1,499	1,996	Total applications of capital funding	832	1,198	1,847
(431)	(458)	Surplus (deficit) of capital funding	(188)	(321)	(227)
-	-	Funding balance	-	-	-

District Leadership



Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle.

Its secondary outcome is resilient communities that leave a legacy for tomorrow.

What we do

District leadership describes Council's role as a leader in its communities where it provides information, support, and development opportunities to residents.

This empowers them to make a difference in their communities by becoming involved in decision-making.

The group of activities includes

- community development
- representation and advocacy
- District support (area offices and customer support)
- corporate support (people and capability, finance, strategy and policy, communications, and information management)
- forestry

Why we do it

These activities help make it easier for people to access Council's services, understand the issues surrounding Council's activities and provide opportunities to participate meaningfully in shaping the District's services, facilities, policies, spaces and places, and, ultimately improve the quality of life in the District.

They encourage collaboration and partnerships, not only so communities can achieve more, but also to strengthen community connections, understanding and self-reliance.

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

Identified effects on community wellbeing



The District Leadership group of activities has a positive effect on the economic, social, environmental and cultural wellbeing of our communities.

From an economic wellbeing perspective, the forestry activity provides an economic return that helps to offset the cost of rates. From an environmental wellbeing perspective, the forestry activity does have an effect on the community's natural environment.

From a social wellbeing perspective, the Representation and Advocacy activity allows for local decisions making and participation at a local level within our communities. Community futures supports collaborative partnerships and connection with the local community and key national and regional agencies.

Communities are able to set goals and achieved them such as developing community board plans. Customer support has area offices where locals can connect and access many council services. There are no significant negative effects from Council's District leadership activities.

Community futures

Council supports collaborative partnerships with local community organisations and key national and regional agencies/stakeholders that support the District's communities and that add value to residents' quality of life and visitor experiences.

This includes Council's investment in regional economic and tourism development and local community development opportunities. At a regional level, Council is involved in regional development initiatives encompassing economic development, attracting business and providing and promoting quality visitor experiences.

Customer and corporate support

Customer support provides the community with frontline support and assistance to get answers to their inquiries, register their dogs, apply for building and resource consents or alcohol and food licences, action LIM (Land Information Memorandum) and PIM (Project Information Memorandum) requests and access many other Council-related services.

The activity is provided through various channels including phone, email and post, as well as face to face through our offices and libraries in Invercargill, Lumsden, Oban, Otatau, Riverton, Te Anau, Winton and Wyndham.

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



Representation and advocacy

Council encourages decision-making at a range of levels – centrally by Council and at local levels, through community boards, community development area subcommittees and other subcommittees.

Council also seeks input from young people in the District through the Youth Council and supports other representative groups such as the Milford Community Trust and the South Catlins Charitable Trust, Predator Free Rakiura and the Northern Southland Community Resource Centre Charitable Trust.

Council plays a strong advocacy role in representing local interests by way of submissions, deputations and lobbying to regional and central government and other relevant agencies. Council is proactive in ensuring there is appropriate representation on national working parties and organisations so that a southern and/or rural voice is heard.

Key aspects of the activity include three-yearly elections for the mayor, councillors, community boards and community development area subcommittees and six-yearly representation reviews to determine the representation structure.



Forestry

Council operates a sustainable forestry business, undertaking forestry establishment, silviculture and harvesting.

Council aims to successfully grow, harvest and market plantations of forests to provide the best possible return.

The provision of a return relates to the maintenance of an alternative income stream to offset rates. The estate is spread across four forests with a total legal area of 1,839 hectares.



District Leadership - key highlights



District support

With more online services now offered and more buy-in from customers to online engagement with Council, the customer support partners have seen a big change in customer habits.

Fewer people are lining up at office counters now to make payments or for general inquiries. Since the introduction of new software enabling building consent applications to be lodged online, and a new online booking system to meet building control staff, customer traffic in office reception areas has reduced. It is felt that the lockdown may have enhanced customer awareness of and familiarity with Council's online services.

It has been a busy year for the first full year of Council's new contact centre, with 46,288 calls answered.

A new cloud-based phone system, Purecloud, was installed in 2019/2020. It has improved functionality. A benefit was that during the Covid-19 lockdown the system enabled customer support partners and technical support partners to work safely from home, providing a seamless service to customers.

A project was started to review categories for customer requests for service (RFS). A total of 7,177 RFSes were received during the year.

Representation and advocacy

Local elections were held in October 2019 under Council's new representation structure of nine community boards with freshly drawn boundaries that cover the entirety of Southland District.

This followed the completion of Council's six-yearly Representation Review, and the resulting determinations by the Local Government Commission.



Community development

Work progressed on the establishment of community board plans which will set the visions and outcomes for each community board area.

These were being defined by the communities themselves following engagement with the former community development area subcommittees (CDAs), the newly established community boards and the communities they represent. The plans will help to feed localised work programmes into Council's Long Term Plan 2021-2031. They were in draft form at 30 June 2020.

The nine new community boards formed in 2019 set up individual Facebook pages to engage with their local communities and promote community events.

Community development and support work which had previously been carried out by the former Venture Southland became embedded in Council's district leadership role following the transferral of Venture's three community development planners to new roles as community liaison officers at Council in June 2019. Among the team's projects in 2019/2020 were implementing the SDC holiday programme with Sport Southland, establishing the Welcoming Communities programme at SDC, and working alongside communities with local initiatives.

Council was a partner in the government-led Milford Opportunities Project, which is working to maximise opportunities and manage future visitor experiences at Milford Sound and along the Milford road corridor. In 2019/2020 research was carried out in several workstreams, with engagement seeking public views on future plans for the area.

A master plan is expected to be delivered in the next financial year.

Major strategic work for Stewart Island/Rakiura was advanced with the Rakiura Futures Project.

Council's Community Initiatives Fund was split into two new community funds, which were established in 2019/2020 and became operational on 1 July 2020. The funds are now called the Community Partnership Fund and District Initiatives Fund.

Corporate Support



Communications

Council supported Emergency Management Southland's public information management role during the February floods.

Southland District Council shared a site with Environment Southland at the 2020 Southern Field Days at Waimumu in February. This enabled education and engagement about the two councils' different roles.

As Anzac Day fell during the Covid-19 lockdown when gatherings were prohibited, an Anzac tributes page was set up on Facebook so that the public could share memories.

During lockdown, Council looked for different ways to reach out

to the community using social media. A Hometown Heroes series of articles celebrated the good work done by volunteers to support their communities, and feature articles from Council's magazine First Edition, which could not be published during lockdown, were published online instead.

Creative videography was used increasingly to promote events and innovations, including online dog registration, or to tell significant community stories, such as documenting the recovery of two historic locomotives buried near Lumsden. These videos, produced in house, were well viewed.



People and capability

Council implemented a range of new initiatives, including a new health and safety system, a drug and alcohol policy, GPS tracking in vehicles, health monitoring, exposure guidelines and fatigue guidelines.

Council continued with its wellbeing initiatives including encouraging staff to use the KYND app – which monitors and assesses employee health and wellbeing – and running staff workshops with Dr Tom Mulholland.

Work progressed on critical risk prevention controls for working alone, motor vehicle accidents, contractor injury and mental health.

Significant support was provided by the people and capability team to staff through the Covid-19 lockdown alert levels four to one.

Council's organisational development project progressed in 2019/2020. An organisation-wide programme was facilitated to improve collaboration, partnerships and behaviours at individual, leadership and team levels. The funds are now called the Community Partnership Fund and District Initiatives Fund.



Finance

Council worked with individual ratepayers who experienced financial hardship during the Covid-19 lockdown, to develop solutions to enable them to pay their rates.

Council continued to promote email rates invoicing and direct debits for rates instalment payments, offering the incentive of going into the draw to win a \$300 Prezzy card sponsored by Westpac.

Work progressed on a collaborative project with Environment Southland to develop a portal which solicitors can use to make inquiries about outstanding rates on properties. This was launched in August 2020.

Strategy and policy

The Annual Plan 2020/2021 was developed and adopted, setting out Council's work programme and budgets for the year.

The Speed Limits Bylaw was reviewed and adopted, and a review and consultation on the Keeping of Animals, Poultry and Bees Bylaw was initiated.

The Combined Local Alcohol Policy with Invercargill City Council was completed.

The Board (TAB) Venue and Gambling Venue Policies were completed.

Extensive research and analysis was carried out on the effects of the Covid-19 pandemic lockdown on the Southland region. This took the form of a wellbeing scan, incorporating lessons learned from previous crises, and a review of significant forecasting assumptions.

The annual review of Council's top 10 strategic risks was carried out, coming into effect in the 2020/2021 financial year.

Information management

The Covid-19 lockdown presented the biggest challenge of the year for the information management team and provided one of the biggest highlights.

The information and technology (IT) team was tasked with ensuring that 180 Council staff were capable of working remotely from home within a very short timeframe, and then with providing technical support throughout the lockdown. The IT team did this successfully, allowing Council staff to continue to work from home with almost seamless delivery of business continuity.

Key priorities for Council are making it easier for customers to interact with Council, and making it easier for staff to be more mobile with the capability to work remotely. IT's role includes investigating and introducing new software and systems to achieve this.

Council is committed to providing quality online services, enabling greater flexibility for customers to interact electronically with Council. Dog registrations can now be completed online and during the year IT delivered the Simpli online lodgement system for customers to be able to file building consent forms online, and the GoGet platform which enables the building team to process applications. A new online system for resource consent applications is being developed.

During the year Council transitioned from an old in-house phone system to a cloud-based system, which provided greater functionality and proved beneficial while staff worked remotely.

Improving SDC's cyber-security remained a priority for the IT team.

An ongoing project for the IT team is integrating Council's multiple disparate programs and systems to enable more efficient management of processes, records and documents. As well as creating efficiencies for the organisation, this will help to improve customers' experience when interacting with Council.

Forestry

Harvesting was completed during October 2019, with 28,164 tonnes harvested out of the Waikaia Forest.

Budgeted revenue targets were exceeded for the year based on higher than forecast volume yield.

Supply agreements with locked-in prices for both export and domestic smoothed out some of the volatility in the logging market.

An inventory programme was undertaken which improves the quality of forest data held on record and influences the valuation.



Performance results



Don Byars - Waiau Aparima Ward Councillor

This activity group has a total of 19 KPIs. Of these, 14 targets were achieved and five not achieved. Of the five targets that were not achieved, reasons included a lack of confidence in decision making and a lack of satisfaction that council decision making meets local and District needs, a change in focus from leadership to community board plans and a change in triennium meant there more than the usual items in public excluded agendas.

PERFORMANCE MEASURES

Enable democratic local decision making and by, and on behalf of, communities (Representation and Advocacy)

LEVEL OF SERVICE (LOS) 25: Make decisions in an open, transparent manner

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 25.1: Percentage of residents that: (a) have confidence in Council decision-making	a) 85%	a) 73%	a) Not achieved The result is from the annual resident survey which is conducted in June. The result is 73% which is similar to the previous year when the result was 75%. A programme to inform the community about the recently amended governance structure and how to make best use of their community boards and councillors will be designed to lift those in the not so confident and not at all confident response category to a somewhat confident or very confident response category. (2018/2019: Not achieved – a) 75%)
(b) feel that Council decision-making reflects local and District needs	b) 85%	b) 44%	b) Not achieved The result is from the annual resident survey which is conducted in June. The result is 44%. Although only 44% of respondents were either satisfied or very satisfied that Council decision making reflects local and District needs, 34% of those surveyed returned a neutral response. This neutral response, those who are neither satisfied nor dissatisfied, will be targeted for improvement over the coming year. The verbatim feedback illustrates a level of community sentiment that Council is 'disassociated with grass roots', 'disconnected with the District' and that 'community boards should have been kept'. A programme to inform the community about the recently amended governance structure and how to make best use of their community boards and councillors will be designed to lift those in the neutral response rate to a satisfied response. Staff anticipate that this programme would also lift the percentage of residents that have confidence in Council decision-making. (2018/2019: Not achieved – b) 75%)
KPI 25.2: Proportion of main items held in open meetings ¹	85%	81%	Not achieved This is based on the number of public-excluded items on an agenda compared with the number of open items. There were 224 meeting items for the year. Of which 181 were held in open meetings and 43 were held in closed meetings. The result is off target because the first reporting period coincided with the first four months of the new triennium where a number of major issues were required to be considered - some of these in public excluded. Since then staff have a heightened awareness of the importance of transparency. (2018/2019: Not achieved – 83%)

¹ - This refers to the main business topics on the full Council agenda and existing four Standing Committees

PERFORMANCE MEASURES

Support collaborative partnerships with the community and key agencies/stakeholders in the district and region that add to the quality of life in Southland (Community Futures)

LEVEL OF SERVICE (LOS) 19: Proactively engage/plan with the community

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 19.1: Number of community conversations held	≥ 10	56	Achieved Council held 56 engagement meetings and events throughout the 2019/2020 year. This does not include one-on-one engagement that all our staff do on a daily basis. The last four months of the year were quiet because of the Covid-19 lockdown and ongoing controls. (2018/2019: Achieved - 14)
KPI 19.2: Number of community leadership plan processes held/completed	3	0	Not achieved This work has been replaced by the development of nine community board plans that are reflective of Council's new governance structure. All of the boards have now agreed on their vision and outcomes and these have been reported to the Community and Strategy Committee and SDC staff for use in the development of activity management plans and the Long-Term Plan. The next steps include further discussions with the boards (and their communities) about the development of objectives and/or actions with a view to finalising the plans. (2018/2019: Not achieved - 0)
KPI 20.1: Percentage of funds distributed through contestable community grants and funding schemes that comply with grant criteria	Target to be set following fund review	100%	Achieved All grants which have been approved have met the set criteria. Criteria will now change in the new financial year as we move to the new community partnership fund. (2018/2019: Achieved - 100%)
KPI 21.1: Southland regional unemployment rate	Below national average	2.5%	Achieved In March 2020 the Southland unemployment rate was 2.5% compared with the national rate of 4.2%. The methodology calculates the result based on a march to march year. This is based off the Labour market statistics snapshot MBIE figures. 2018/2019: Achieved - 3.4%)
KPI 21.2: Southland regional GDP	Increase on prior year	\$6.36B	Achieved The year ending March 2019 regional GDP figure for Southland is \$6.36B. This was an 8.75% increase on the previous year. (\$6.36B March 2019 vs \$5.83B March 2018). This is based off Statistics New Zealand figures. (2018/2019: Achieved - \$5.82B)

PERFORMANCE MEASURES

Positive, consistent customer experience so our customers only have to ask us once (customer support)

LEVEL OF SERVICE (LOS) 3: Provide a positive and consistent experience

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 3.1: Percentage of requests for service resolved within service levels	85%	84%	<p>Not achieved</p> <p>This measure is important to provide Council with the confidence staff are able to resolve requests for service within our service level the majority of the time. The total number of requests for service for the year was 7,177. Of these 6,029 were resolved within expected timeframes. Over level 4 lockdown of Covid-19, numbers of requests were reduced but of those that were received some were unable to meet timeframes.</p> <p>We continue to send reminders regarding overdue requests to activity managers for follow up. These are also reported monthly in the management report to Council.</p> <p>(2018/2019: Achieved - 87% against a target of 80%)</p>

Pro-active communication and engagement that ensures information provided by Council is easily accessible, relevant and timely (Communications and Engagement)

LEVEL OF SERVICE (LOS) 27: Engage and communicate with the community

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 27.1: Level of public attendance at engagement activities/opportunities	≥ 200 people in total attending council community conversations per annum	333	<p>Achieved</p> <p>There were fewer public engagements in terms of meetings for the last few months of the financial year because of Covid-19. However, staff have been involved with one-on-one meetings with community members and key stakeholders. (2018/2019: Achieved - 312)</p>
KPI 27.2: Percentage of residents who are satisfied with Council communications	50%	50%	<p>Achieved</p> <p>The result is from the annual resident survey which is conducted in June. The result is 50% which is a slight decrease on the 2019 result of 51%.</p> <p>Respondents were asked if they had any comments about the questions in the survey.</p> <p>The majority of the verbatim comments around communication were negative. Some of the respondents listed reasons including: that opinions don't count, communication must be better, don't communicate well, lack of consultation, not getting back to customers, building consent delays, not listened to. (2018/2019: Achieved - 51%)</p>

PERFORMANCE MEASURES			
Customer and business aligned, service orientated and leaders in providing the best services available (Corporate Support)			
LEVEL OF SERVICE (LOS) 30: Operate in a financially prudent manner (Financial Management)			
KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 30.1: Rates income complies with the limits set in the financial strategy (Affordability benchmark/rates benchmark ²) as follows: (a) rates increase over prior year (b) rates as a proportion of total revenue	a) \leq LGCI1 + 2% b) \leq 70%	a) 3.49% b) 61%	Achieved This is the actual rate increase as published in the 2019/2020 Annual Plan. (2018/2019: a) Achieved – 3.67%) Achieved The 2019/2020 Annual Plan forecast this benchmark to be at 66% at year end. The actual result is lower than forecast due to more income from other sources being received in the year such as from MBIE funding. (2018/2019: b) Achieved – 62%)
KPI 30.2: Debt complies with the limits set in the council's financial strategy (Affordability benchmark/ debt benchmark ¹) as follows: (a) external debt as a proportion of total revenue	a) \leq 100%	a) 3.16%	Achieved Council has the ability to loan up to 100% of its revenue as set out in Council's financial strategy. To date Council has not required to utilise this however, Council has a short-term borrowings of \$2.5M as at 30 June 2020, due to the timing of operating expenditure. This was repaid in full in July 2020. (2018/2019: Achieved – 2.25%)
KPI 30.3: Revenue (excluding income from development and financial contributions, revaluations and vested assets) exceeds operating expenditure (Sustainability benchmark/balanced budget benchmark ¹)	\geq 100%	101%	Achieved The 2019/2020 Annual Plan forecasts this benchmark to be at 95% at year-end due to Council not yet fully funding depreciation. The current result is due to additional revenue from MBIE funding. (2018/2019: Not Achieved – 97.47%)
KPI 30.4: Capital expenditure on the five network infrastructure services equals or exceeds depreciation on those five services (Sustainability benchmark/ balanced budget benchmark ¹)	\geq 100%	122%	Achieved Council has budgeted as part of its 2019/2020 Annual Plan to achieve 159% in this benchmark at year-end. The current actual result reflects that not all of Council's planned capital expenditure (projects) were undertaken by 30 June 2020. One contributing factor being the nationwide Covid-19 lockdown during late March to early May. (2018/2019: Achieved – 100.75%)
KPI 30.5: Borrowing costs are less than 10% of operating revenue (Sustainability benchmark/debt servicing benchmark ¹)	<10%	0.03%	Achieved Council's 2019/2020 Annual Plan, forecast that it would end the year at 0.03% due to borrowing costs associated with access to Council's loan facility and interest on short term borrowings. Please note that there are preliminary results based on interim June 2020 results. Numbers are subject to changes as a result of year-end adjustments. (2018/2019: Achieved – 0.03%)
KPI 30.6: Net cash flow from operations equals or exceeds budget (Predictability benchmark/operations control benchmark ¹)	Actual compared to budget (budget: \$20.32M)	\$24.7M	Achieved The actual result reflects the cashflow to 30 June 2020. These results are preliminary however as the year-end adjustments are still being finalised. (2018/2019: Achieved – \$23.1M with a target of \$21.14M)
KPI 30.7: Net debt is less than or equal to forecast net debt in the local authority's long term plan (Predictability benchmark/debt control benchmark ¹)	Actual compared to budget (budget: \$7.8M)	\$2.5M	Achieved Council had no external debt for the duration of the year, other than a short-term borrowing of \$2.5M at 30 June 2020. This overdraft was repaid in full in July 2020. (2018/2019: Not Achieved - \$1.7M with a target of \$0)
1 - These measures relate to the Local Government (Financial Reporting and Prudence) Regulations 2014 2 - LGCI is the Local Government Cost Index			

FUNDING IMPACT STATEMENT – DISTRICT LEADERSHIP

Funding impact statement – Budget variations

Subsidies and grants for operating purposes were higher than budgeted due to government grants received for Milford and Stewart Island/Rakiura Opportunities Projects.

Fees and charges income was also higher than budgeted as a result of Land Information Memorandums ("LIMs") being processed by Council's knowledge department, when it was budgeted for within building control.

Internal charges and overheads recovered/applied were lower than budgeted due to lower overheads and interest on reserves. Other receipts were more than budget due to increased forestry harvesting income.

Payments to staff and suppliers were primarily over budget due to unbudgeted consultants costs associated with the Milford and Stewart Island/Rakiura Opportunities Projects.

Applications of operating funding are over budget due to an unbudgeted contribution to the Manapouri carpark project, funded from grants for capital expenditure.

Capital expenditure to replace existing assets was lower than budget due to progress on the core system review in the current year as well as a deferral of some vehicle replacements. Accordingly funding sources (loans and reserves) were lower than budgeted.

¹ includes all other operating funding from sources not identified in the table.

² interest on internal loans are included in internal charges and overheads applied. Actual interest on internal loans for 2019/2020 was \$141,000 (2019: \$141,000).

2018/2019 Budget (LTP) (\$000)	2019/2020 Budget (LTP) (\$000)		2018/2019 Actual (\$000)	2019/2020 Actual (\$000)	2019/2020 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING					
11,817	12,319	General rates, uniform annual general charges, rates penalties	11,848	12,544	12,541
812	837	Targeted rates	808	831	832
84	84	Subsidies and grants for operating purposes	266	1,369	84
29	30	Fees and charges	49	101	12
15,078	16,082	Internal charges and overheads recovered	14,779	15,858	16,516
3,243	3,432	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	4,990	4,063	3,437
31,063	32,785	Total operating funding	32,741	34,767	33,422
APPLICATIONS OF OPERATING FUNDING					
15,744	16,361	Payments to staff and suppliers	16,149	17,957	17,037
22	154	Finance costs ²	22	23	22
12,010	12,801	Internal charges and overheads applied ²	12,497	13,295	13,950
2,329	2,468	Other operating funding applications	2,124	2,043	1,814
30,105	31,784	Total applications of operating funding	30,792	33,318	32,823
959	1,000	Surplus (deficit) of operating funding	1,950	1,449	599
SOURCES OF CAPITAL FUNDING					
-	-	Subsidies and grants for capital expenditure	7	240	-
-	-	Development and financial contributions	9	9	-
732	(30)	Increase (decrease) in debt	39	(93)	617
88	61	Gross proceeds from sale of assets	189	35	61
-	-	Lump sum contributions	-	-	-
820	32	Total sources of capital funding	244	191	678
APPLICATIONS OF CAPITAL FUNDING					
		Capital expenditure			
-	-	to meet additional demand	-	-	-
104	26	to improve the level of service	298	185	126
1,495	751	to replace existing assets	370	768	1,494
(120)	(45)	Increase (decrease) in reserves	1,131	308	(642)
300	300	Increase (decrease) in investments	394	378	300
1,779	1,032	Total applications of capital funding	2,194	1,639	1,277
(959)	(1,000)	Surplus (deficit) of capital funding	(1,950)	(1,449)	(599)
-	-	Funding balance	-	-	-



Emergency Management

Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle.

Its secondary outcome is resilient communities that leave a legacy for tomorrow.

What we do

Emergency management focuses on communities being prepared, responding to and recovering from emergencies when they happen.

Emergency Management Southland (EMS), working for a joint committee of the four Southland councils, co-ordinates Council's civil defence emergency management work across the 4Rs (reduction, readiness, response and recovery).

It involves creating community and agency response plans, developing communication networks, carrying out planning, and education so people can better understand the risks and training to increase the community's readiness to respond.

Southland District Council supports EMS by making staff available to participate in training exercises so that they are ready to contribute to the response during emergencies.

Why we do it

EMS puts plans in place to ensure people are safe and connected in an emergency and helps build community resilience by preparing, responding and recovering effectively from emergency events.

Co-ordinated planning and increasing community awareness also reduce the potential for damage in emergencies, and a speedy response mitigates the effects of damage where possible.

Identified effects on community wellbeing



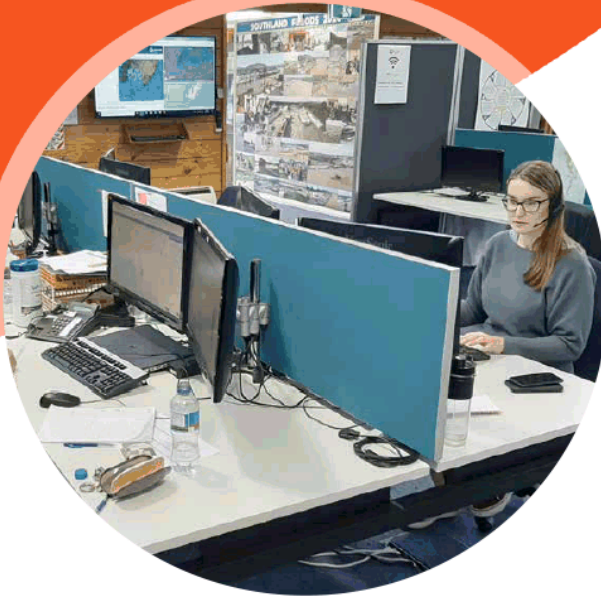
The activity group has identified effects on the economic wellbeing by providing for a coordinated response to civil defence emergencies and planning to reduce economic impacts on the communities affected by emergencies.

The effect on social wellbeing includes that communication networks are in place and education to assist in the response and readiness which has an effect on the social wellbeing of communities.

The activity provides help preparing for any emergencies to minimise the impact on the community's natural environment. Actions taken to respond to emergencies could also potentially affect the environment, although these are mitigated wherever possible. The activity considers any unique cultural needs of our communities when developing community response plans

Potential negative effects include a lack of co-ordination, adequate resourcing or communication could compromise an effective emergency response.

Emergency Management – key highlights



2020 has been the biggest year for response since Emergency Management Southland was established in 2010, with back-to-back responses to extreme flooding and the global Covid-19 pandemic.

Together, the two responses required an enormous commitment by EMS staff, with some staff working seven-day weeks for more than three months.

The success of these responses was due to the ongoing engagement of the EMS team, in particular:

- working with communities across Southland to form community response groups and develop community response plans
- providing CIMS4 training for working during an emergency
- developing business continuity plans with the local councils.

The floods in February were possibly the biggest natural disaster experienced in Southland, requiring a massive co-ordinated response which emphasised the value of strong emergency planning work carried out by EMS staff in Southland communities in recent years.

Following the state of emergency declared in Fiordland on 3 February, 300 stranded trampers were evacuated by helicopter from huts on Fiordland walking tracks. A further 195 tourists were rescued from the Milford road, which was extensively damaged. The community rallied to provide shelter, food and support for evacuees.

As floodwaters moved down the Maitava River the state of emergency was extended to the wider Southland region, with Civil Defence leading the response. Evacuations were ordered in parts of Gore, Maitava and Wyndham and again communities rallied to support those displaced from their homes. At one point there were 26 community hubs looking after people, working with EMS.

EMS was then tasked with co-ordinating the District-wide welfare response to the Covid-19 pandemic, which escalated to alert level 4 lockdown on 25 March. EMS supported organisations that provided food to their communities, including local food banks, social organisations, church groups and marae. With physical distancing required much of the work during this period was done remotely.

EMS continues to lead AF8 (Alpine Fault magnitude 8), a national collaboration between Civil Defence and science to prepare for the next rupture of the Alpine Fault.

Unfortunately EMS's second roadshow was cancelled because of Covid-19 but AF8 achieved the following milestones in the 2019/2020 year:

- EMPA (Emergency Media and Public Affairs) award for excellence in resilience and readiness
- a tourism forum held in Te Anau
- a SAFER (South Island Alpine Fault Earthquake Response) planning forum held in Nelson
- a South Island response exercise for an Alpine Fault rupture
- a new digital engagement project in conjunction with the Earthquake Commission and East Coast Lab.

During the Covid-19 response, EMS's response included the following:

573 calls received
315 food
108 financial
54 animal welfare
49 accommodation
44 medicine
28 psychosocial
41 other



Performance results



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

PERFORMANCE MEASURES

Safer, strong communities understanding and managing their hazards

LEVEL OF SERVICE (LOS) 26: Build community resilience to emergency events

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 26.1: Number of Southland communities covered by a Community Response Plan	Increase on prior year	10 more plans than previous year	Achieved The number of communities that have this plan in this year is 10, which takes the total of 23 completed. These communities are Gore-Croydon Lodge, Mossburn, Athol, Ohai/Nightcaps, Coastal Tokanui, Invercargill-Lindisfarne, Invercargill-College of Education, Otautau, Wallacetown, Manapouri. The target is to produce eight community plans per year over the first three years of the LTPA programme of community response planning is being undertaken throughout Southland. This planning will increase the capacity and capability of each community during an emergency response and empower communities to support themselves, their family/whanau and their wider community. While this planning is community led and owned – based on the needs and wants identified by each community – the delivery of the programme is planned and co-ordinated by Emergency Management Southland. (2018/2019: Achieved - 13)
KPI 26.2: Percentage of surveyed households that have an emergency plan (written or verbal)	58%	67%	Achieved The survey conducted by Emergency Management Southland had 419 respondents which was a good response. For the question have you made a plan or had a family discussion about what to do in an emergency 67% of the survey participants had undertaken one or both planning options. (2018/2019: Achieved – 60%)

Funding impact statement – Budget variations

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

¹ includes all other operating funding from sources not identified in the table.

² interest on internal loans are included in internal charges and overheads applied. Actual interest on internal loans for 2019/2020 was \$NIL (2019: \$NIL).

FUNDING IMPACT STATEMENT – EMERGENCY MANAGEMENT

2018/2019 Budget (LTP) (\$000)	2019/2020 Budget (LTP) (\$000)		2018/2019 Actual (\$000)	2019/2020 Actual (\$000)	2019/2020 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING					
422	450	General rates, uniform annual general charges, rates penalties	423	463	463
-	-	Targeted rates	-	-	-
-	-	Subsidies and grants for operating purposes	-	-	-
-	-	Fees and charges	-	-	-
3	3	Internal charges and overheads recovered	3	4	3
13	15	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	1	-	16
439	468	Total operating funding	428	467	482
APPLICATIONS OF OPERATING FUNDING					
-	-	Payments to staff and suppliers	-	-	-
-	-	Finance costs ²	-	-	-
143	150	Internal charges and overheads applied ²	128	145	164
296	318	Other operating funding applications	296	315	318
439	468	Total applications of operating funding	424	461	482
-	-	Surplus (deficit) of operating funding	4	7	-
SOURCES OF CAPITAL FUNDING					
-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	Development and financial contributions	-	-	-
-	-	Increase (decrease) in debt	-	-	-
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
-	-	Total sources of capital funding	-	-	-
APPLICATIONS OF CAPITAL FUNDING					
		Capital expenditure			
-	-	to meet additional demand	-	-	-
-	-	to improve the level of service	-	-	-
-	-	to replace existing assets	-	-	-
-	-	Increase (decrease) in reserves	4	7	-
-	-	Increase (decrease) in investments	-	-	-
-	-	Total applications of capital funding	4	7	-
-	-	Surplus (deficit) of capital funding	(4)	(7)	-
-	-	Funding balance	-	-	-



Karyn Owen - Waiau Aparima Ward Councillor

Regulatory Services

Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle.

Its secondary outcome is resilient communities that leave a legacy for tomorrow.

What we do

Regulatory Services is a group of teams who ensure that various Council activities meet their regulatory (government-legislated) requirements.

Council activities include:

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

Regulatory Services oversees consenting, monitoring, and enforcement functions across a wide range of regulations, focusing on protecting public health, maintaining safe environments and amenities, and processing consents.

Why we do it

Regulatory Services plays an important part in ensuring that Southland's built and natural environment is safe for residents and for visitors.

Regulatory services is focused on ensuring that:

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

Identified effects on community wellbeing



The activity group protects the environment and contributes to the cultural, social and economic wellbeing of our communities.

The building control and resource management activities exist to mitigate and manage risks from development, construction, weathertight home issues and earthquakes. They help to ensure that building or land developments meet rules and legislation so people have safe housing.

Environmental Health and Animal Control protect the public and the environment. Sustainable growth and economic development are encouraged which impacts on social and economic wellbeing and the Resource Management Act ensures that cultural wellbeing is considered.

Development and construction, if not well managed, can have negative effects on the environment and social well-being, as well as the safety of individuals.

Development in the wrong areas or the wrong types of development can place strain on infrastructure and reduce people's ability to access services and enjoy the opportunities the District offers.

Poor development and construction of individual buildings can reduce the attractiveness of the District and the 'sense of place' that people identify with, and can also have a direct impact on safety.



Animal control

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

Building control

Building control exists to ensure that all buildings in the District are safe and healthy

The activity involves processing and granting building consents, inspecting and monitoring building work, issuing Code Compliance Certificates (CCCs), issuing Certificates of Public Use (CPUs), processing Land and Project Information Memoranda, providing advice on building-related matters and enforcing numerous other provisions under the Building Act 2004.

The activity is also responsible for amusement device inspections under the Machinery Act. Council operates a shared services agreement with Gore, Clutha and Central Otago district councils, which enables staff to fill in where specialist staff are not available in-house or are absent on leave.



Environmental health

Environmental health is concerned with all aspects of the natural and built environment that may affect human health.

Key activities include alcohol and food licensing, as well as public health services including the regulation of noise, nuisances, freedom camping and hazardous substances.

Resource management

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

Regulatory Services - key highlights

Animal control and environmental health

A key focus has been setting up and training new technical support staff in the team. They provide technical and administrative assistance to customers.

Software was introduced that enables new dog registrations to be completed online, and so now all dog registrations, including changes, can be completed online.

For the first time this year dog registration forms were emailed to dog owners, to those who have email addresses. The remainder were posted as normal.

Following an awareness campaign 8000 dog registrations had been completed by the end of June.

The team worked from home during the Covid-19 lockdown. Day-to-day work continued, such as requests for service or licence processing. The team made the most of the time by attending to backlogged work, and completing unfinished or parked projects that will make the service more effective.

The team hosted the second inter-agency meeting for animal control/welfare agencies in November. A key outcome was the creation of a roles document clarifying how general public enquiries should be directed for the varying types of animal welfare issues.

Council bought a software product from Datacom, which permits food verifications to be conducted on an electronic device. Benefits include efficiency, consistency among Council's verifiers and also with other councils, increased quality, and the ability to upload verifications automatically to the Ministry of Primary Industries (MPI) portal.

MPI was required to complete a review of territorial authority food verification functions and decided that councils will retain their exclusivity. Not only does this give some certainty to future planning of the service, but also there is reduced pressure to obtain accreditation of Council's verification services.

Council continued to participate in two shared patrol services with the Department of Conservation in Te Anau and the Catlins. The venture was successful, with high levels of compliance achieved, and no need for prosecutions.



Building control

The building control team launched its online electronic processing platform in 2019/2020.

This enables customers to file building consent applications through the Simpli portal on Council's website, and for the building team to process and manage these applications through GoGet software. This creates greater efficiencies for both customers and building control staff, and provides transparency for customers who are able to view the status of their applications online. Engagement was carried out with industry focus groups during the rollout of the new software, with much valuable feedback received.

In the days before New Zealand moved towards alert level 4 the building team scanned more than 19,000 pages of building consent paperwork so that they could continue processing work remotely from home during the Covid-19 lockdown. An increased volume of applications was lodged and as physical building inspections resumed at alert level 3 business safety plans had to be stringently vetted, adding to the workload.

In June 2019 there were 86 building consent applications lodged. In June 2020 there were 118.

During 2019/2020 Council retained its unconditional status as a building control authority (BCA) with an unchanged low risk assessment, following its two-yearly audit by the International Accreditation New Zealand (IANZ). IANZ accreditation is legally required for any organisation to be able to continue its building control function.

A major project in 2019/2020 was clearing a backlog of code compliance certificate (CCC) refusal letters. The work required a huge commitment of staff resources and time, to enable and support the community to rectify any issues with documentation of their building projects.

A review of Council's functions by the Ministry of Business and Innovation (MBIE) identified a shortfall in community safety activities, specifically around on-site audits for Building Warrants of Fitness and pool/spa pool audits. This work requires specialised skills and has been typically difficult to resource. As a result, Council has committed resources to provide training for its building control staff to enable increased safety inspections and compliance work, and we are reporting on our progress quarterly to MBIE.

The building team continued its work to identify priority earthquake-prone buildings throughout the District.

Resource management

There was continued uncertainty around central government regulation and the development of national policy.

This included changes to the Resource Management Act (RMA) when a full review of the RMA and associated environmental laws was announced in November 2018. A number of national policy statements were released for consultation, including urban development capacity, highly productive land and indigenous biodiversity, national hazards and climate change resilience.

Council has decided to bring forward its review of the landscape section of the District Plan and work on developing this has begun.

Council provided a submission on the Proposed National Policy Statement for Indigenous Biodiversity in March 2020.

The team assisted with the response to the flooding in February 2020.

The team worked from home throughout the Covid-19 lockdown so consents continued to be processed. Consent numbers remain similar to last year.

A number of breaches of the District Plan required enforcement orders to be given out.

Performance results



Darren Frazer - Oreti Ward Councillor

This activity has nine KPIs and 11 targets. Six of the targets were achieved, four not achieved and one was not measured. Of the four targets that were not achieved, reasons included a higher volume of consents, more technical consents that took longer to process and a lack of resource.

PERFORMANCE MEASURES

A safe built environment (Building Control)

LEVEL OF SERVICE (LOS) 13: A safe built environment for the community to use

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 13.1: Average time ¹ to process applications for: (a) Building consents (b) LIM (c) PIM	a) ≤ 18 working days b) ≤ 9 working days c) ≤ 9 working days	a) 15.66 b) 7.65 c) 13.91	a) Achieved While the team have met the 'average' processing timeframe KPI across the year, compliance to legislative requirements have not been regularly met. This is due to a capacity issue in the team which is being addressed. (b) Achieved LIM applications have consistently been processed within legislated timeframe (10 days) and well within this KPI throughout the year. LIMs are a priority document for Council as they enable customers to purchase property with confidence. c) Not achieved PIM applications have exceeded the KPI average of nine days consistently through the year. This is due to the legislated requirement to process being 20 days and the team having insufficient capacity to meet the nine day KPI target. (2018/2019: Achieved a) 15, b) Achieved – 6, c) Not achieved – 13)
KPI 13.2: Maintain accreditation ² as a Building Consent Authority	Retain accreditation	Accreditation retained	Achieved The BCA have maintained full accreditation throughout the year. The next accreditation assessment is scheduled for Feb/March 2021. Council received its re accreditation certificate from IANZ at the start of June 2019 (2018/2019: Achieved – Accreditation received)
1 - The Building Act/Code interpretation of "working days" is expected to change during the period which will affect performance reporting 2 - BCA accreditation auditors have determined substantive compliance for meeting legislative timeframes to be in the 95% to 100% range			

Ensure the development of the District and use of its resources is carried out in a sustainable manner, compatible with community values while not compromising environmental bottom lines (Resource Management)

LEVEL OF SERVICE (LOS) 9: Efficient and cost effective processing of resource consent applications

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 9.1: Median time to process non-notified consent applications	≤ 18 working days	19.25 working days	Not achieved The consent volume was higher than anticipated during the second half of 2019 which added to the work going through the department. Additional Covid-19 impacts and internal processing delays from other departments have also hampered our capability to get decisions issued within KPI levels. (2018/2019: Not Achieved – 19)
KPI 9.2: Median charge per non-notified resource consent application	≤ \$1,000	\$1,026	Not achieved This is the total median cost of processing resource consents for the financial year which is not achieving the KPI of being under \$1,000. This KPI seeks to maintain an affordable resource consent service. Higher costs than anticipated have arisen due to an increase in more technical consents and also outsourcing consent processing due to incoming volume and capacity within the team. (2018/2019: Achieved - \$834)

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LEVEL OF SERVICE (LOS) 10: Maintain an up-to-date and responsive regulatory policy environment

KPI 10.1: Report ¹ two-yearly on the District Plan effectiveness	Not measured	Not measured	Not measured There is no report required this financial year. The District Plan effectiveness report will next be reported in 2020/2021. (2018/2019: Achieved – Report adopted)
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1. Reports on the effectiveness of the District Plan are prepared every 2 years with information gathered in the intervening year

Encourage responsible animal ownership and protect the public from harm (Animal Control)**LEVEL OF SERVICE (LOS) 11: Effective and appropriate control of animals that minimises potential for public harm**

KPI 11.1: Number of serious injuries to the public from dog attacks	0	0	Achieved There have been no reports of a serious dog attack on a person this year. (2018/2019: Achieved - 0)
KPI 11.2: Percentage of non-working dogs subject to the responsible owner category	86%	90%	Achieved Microchipping of non-working dogs is an important factor with the responsible owner discount. Chipping is encouraged by Council's free chipping, incentivising chipping via this discount and education/follow-up. There are two criteria for receiving this discount: - the dog is microchipped as required by the Dog Control Act 1996 - there has been no written warning, barking abatement notice, seizure or infringement under the Dog Control Act 1996 within the last two years relating to any dog owned by the person applying for the registration. Chipping is encouraged by Council's free chipping, and by this discount and education/follow-up. The actual numbers are about 5,700 dogs out of 6,300 (applies to non-working dogs only). (2018/2019: Achieved - 90% against a target of 85%)

Enhance the health, safety and well-being of the community, through the effective implementation of a range of public health related legislation (Environmental Health)**LEVEL OF SERVICE (LOS) 12: Effective and appropriate control of activities that minimise the potential for public harm**

KPI 12.1: Number of incidents ¹ of foodborne illness believed ² to be caused by food sold at a Council-verified business	0	0	Achieved There were no incidents of foodborne illness caused by food sold at a Council verified business. (2018/2019: Achieved – 0)
KPI 12.2: Number of alcohol licensees that fail a controlled purchase operation ³	≤10%	22%	Not achieved Police conducted a CPO operation in December 2019 in the District. The result was that two out of the nine off licences sampled sold to a minor or 22%. CPOs are conducted in partnership between the police, Council, and Public Health South. (2018/2019: Not measured - 0)

1 - "Incident" means illness arising from a common food source that has made one or more people ill, and includes an outbreak (more than 2 people ill).

2 - "Believed" means that there is strong evidence suggesting the cause is the business concerned. The term 'suspected' would be used when there is weak evidence linking a food business to the incident.

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

Funding impact statement – Budget variations

Fees and charges are significantly lower due to the recognition of outstanding building consents at 30 June 2020 as a liability rather than income.

Payments to staff and suppliers are higher than budget due to increased consultancy charges in the building control department.

The work required to retain accreditation by Council as a Building Consent Authority was in excess of what the existing team could manage, and therefore additional staff and contractors costs were required to be engaged to maintain accreditation with IANZ.

¹ includes all other operating funding from sources not identified in the table.

² interest on internal loans are included in internal charges and overheads applied. Actual interest on internal loans for 2019/2020 was \$3,000 (2019: \$1,000).

FUNDING IMPACT STATEMENT – REGULATORY SERVICES

2018/2019 Budget (LTP) (\$'000)	2019/2020 Budget (LTP) (\$'000)		2018/2019 Actual (\$'000)	2019/2020 Actual (\$'000)	2019/2020 Budget (AP) (\$'000)
SOURCES OF OPERATING FUNDING					
1,617	1,650	General rates, uniform annual general charges, rates penalties	1,622	1,696	1,692
-	-	Targeted rates	-	-	-
15	15	Subsidies and grants for operating purposes	13	6	15
2,209	2,226	Fees and charges	2,258	1,323	2,192
298	358	Internal charges and overheads recovered	308	317	275
68	69	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	79	73	48
4,207	4,319	Total operating funding	4,281	3,416	4,222
APPLICATIONS OF OPERATING FUNDING					
2,977	3,011	Payments to staff and suppliers	2,788	3,383	2,836
-	-	Finance costs ²	-	-	-
1,223	1,285	Internal charges and overheads applied ²	1,232	1,448	1,479
2	2	Other operating funding applications	2	10	2
4,202	4,298	Total applications of operating funding	4,021	4,841	4,317
5	21	Surplus (deficit) of operating funding	259	(1,425)	(95)
SOURCES OF CAPITAL FUNDING					
-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	Development and financial contributions	-	-	-
(13)	(14)	Increase (decrease) in debt	43	(13)	(14)
10	31	Gross proceeds from sale of assets	33	13	31
-	-	Lump sum contributions	-	-	-
(3)	17	Total sources of capital funding	76	-	17
APPLICATIONS OF CAPITAL FUNDING					
		Capital expenditure			
-	-	to meet additional demand	-	-	-
-	-	to improve the level of service	5	19	-
35	133	to replace existing assets	143	37	133
(33)	(95)	Increase (decrease) in reserves	187	(636)	(211)
-	-	Increase (decrease) in investments	-	(846)	-
2	38	Total applications of capital funding	335	(1,425)	(78)
(5)	(21)	Surplus (deficit) of capital funding	(259)	1,425	95
-	-	Funding balance	-	-	-



Roading and Footpaths

Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle.

Its secondary outcome is resilient communities that leave a legacy for tomorrow.

What we do

The Southland roading network is the second largest of any territorial authority in the country.

The network consists of a total of 4961 km of roads, 852 bridges, 2306 metres of footpaths, 238 stock underpasses and 2686 streetlights. There are also eight state highways in the District (1, 6, 94, 95, 96, 97, 98 and 99), which are managed by Waka Kotahi NZ Transport Agency and are not part of Council's network.

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

Funding for the management and maintenance of the roading and footpaths network is provided from rates, loans and user charges, together with financial assistance received from central government through Waka Kotahi NZ Transport Agency. The roading network maintenance is operated under an "alliance" model, a form of collaborative partnership contract between Council and contractors. Council also utilises engineering professional services to help develop and deliver its renewal and capital programmes.

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

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

Why we do it

The roading network is crucial infrastructure for the District.

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

Identified effects on community wellbeing



Southland has the second largest roading network in the country.

The key identified effect of this network on community wellbeing is providing the means to connect people, goods and services throughout the district and supporting people's ability to live, work, visit and travel safely. It helps business and industry to transport their goods and services which has an effect on the economic wellbeing of the community.

The effect of the activity on social wellbeing includes providing the crucial infrastructure so users can access this to connect of users and move around the district safely. It provides a cycleway and footpaths to encourage walking and biking as part of a healthy lifestyle. The provision of streetlighting aids the safety of the community by discouraging crime in urban areas. Road safety education is carried out to minimise the negative effects of the activity. While roading and footpaths plays an integral part in Southland District, there are inherently some significant negative effects on the community's wellbeing associated with it.

Council has processes in place to reduce the likelihood of their occurrence. An example of a significant negative effect is fatalities. The possibility of these occurring is reduced through maintenance, renewals and road safety strategies.

Other negative effects that could arise from the roading activity are economic effects such as travel delays as a result of road construction or upgrade works. Negative environmental effects could also occur, such as excessive noise, dust, contamination of waterways by stormwater discharge from road surfaces and environmental degradation from road construction or upgrade works. Council tries to mitigate these negative effects as much as possible.



Roading and Footpaths – key highlights

2020 was a challenging year for the roading activity.

The February floods stretched resources and caused extensive damage requiring urgent repairs to roads across the District where major landslips and washouts had occurred. Some of this work was delayed because of the Covid-19 lockdown. Then some roads that had been reinstated after the February floods were damaged again during flooding in July.

Lower Hollyford Road was one of the roads extensively damaged in February's floods. Work is continuing to decide the best long-term options for that road.

The Covid-19 lockdown meant Council was unable to carry out the final week of its reseal programme, but 93% of the targeted reseals programme for the year was still achieved. This \$5.5 million programmed roading works included 1 million square metres – about 150 kilometres – of reseals on District roads.

The roading team achieved its road rehabilitation programme targets for 2019/2020, with a total of 5.8km of road rehabilitations completed at six sites. The cost of this work was around \$2.8 million.

A project to divert part of Ringaringa Road at Oban, on Stewart Island/Rakiura, was also substantially completed during 2019/2020. A portion of the existing road had significant erosion issues so an alternative gravel road was constructed linking Ringaringa Road to Deep Bay Road. The at-risk section of Ringaringa Road will be closed during 2020/2021.

Public consultation on changes to Council's Speed Limits Bylaw was carried out in 2019/2020 and following public submissions and Council hearings, the new bylaw was adopted in July 2020 and was to come into effect on 12 August 2020.



Bridges

Of the 852 bridges in Southland District, 171 need to be replaced or closed in the next 12 years and a further 22 in the eight years after that.

Based on Southland District Council's current allocated funding there is a significant shortfall in money available to replace all these bridges within the next 12 years.

Key highlights include:

- The accelerated bridge replacement programme began. This allows for the replacement of up to an additional 19 bridges spread over two contracts throughout the District.
By year's end six of the 19 design-build bridges had been completed. Council approved unbudgeted expenditure of \$3 million for this programme, of which \$1.47 million is Council's share and \$1.53 million is being funded by Waka Kotahi NZ Transport Agency. The unbudgeted expenditure amount will be funded through an internal loan over 20 years.
- The Mararoa bridge was replaced.
- The new Pyramid bridge was completed and officially opened. This was a joint project between Southland District Council, Gore District Council and Waka Kotahi NZ Transport Agency.
- Council also approved the contract for \$0.3 million to replace the Lake Monowai Road canal bridge.



John Douglas Mararoa Waimea Ward Councillor

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Around the Mountains Cycle Trail

Funding was approved in April 2019 from the Ministry of Business, Innovation and Employment (MBIE) to install 28 interpretation panels capturing the unique history of the local areas, along with bike stands and water tanks to enhance the shelters.

Installation was completed in December 2019. The total cost of this project was \$61,523 with 50% of this being funded by MBIE.

In May 2019 SDC employed a dedicated trail manager, instead of an external provider. With the recruitment of the trail manager, Council has been able to set a new strategic direction, with a strong vision of taking the Around the Mountains Cycle Trail from good to great. Community engagement, branding and marketing have been key priorities.

Key successes from the past year have included:

- maintaining Great Ride status and continuing to be recognised as one of New Zealand's 22 Great Rides
- roll-out of an updated brand, look and feel
- development of a new website and Facebook page
- ownership of the URL www.aroundthemountains.co.nz
- trademarking the brand and logo
- development of an Official Partnership Programme with 36 local businesses
- development of a trail brochure and tear-off map
- installation of interpretation panels, bike stands and water tanks.

Performance results



George Harpur - Waiau Aparima Ward Councillor

This activity has six KPIs and six targets. The activity achieved two of the targets, three were not achieved and one was not measured. Of the three targets that were not achieved, reasons included that the Covid-19 lockdown lead to the sealing season being cut short, a lack of education around timeframes and an increase in the number of fatalities and serious injury crashes due to factors including alcohol.

PERFORMANCE MEASURES			
A safe and integrated corridor that enables people, goods and services to move throughout Southland and makes it easy to live, work, play and visit here			
LEVEL OF SERVICE (LOS) 16: Roads are fit for purpose and provide for comfortable and efficient travel			
KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 16.1: Average quality of ride on sealed local roads (MM 2: road condition)	Smooth Travel Exposure ¹ ≥ 97%	-	Not measured The survey will not be undertaken until February 2021 (Carried out every two years). High-speed data collected by WDM for Council sealed roads has been uploaded into Road Assessment Maintenance and Management (RAMM) database. Note that Stewart Island/Rakiura roads were not included due to the logistical challenges and for cost effectiveness reasons. (2018/2019: Achieved - 99%)
KPI 16.2: Percentage of sealed local road network resurfaced (MM 3: renewal programme)	7.3% (equates to ≥ 970,000 m ² per annum)	6.92%	Not achieved Target of 7.3% was not achieved due to the sealing season being cut short due to the Covid-19 lockdown. If this hadn't happened we were on target to achieve 7.45%. The sites that weren't sealed due to this impact have been carried forward into next year's sealing programme. (2018/2019: Achieved - 7.47%)
KPI 16.3: Percentage of customer service requests responded to within required timeframes ² (MM 5: response to service requests)	≥ 90%	83%	Not achieved 83% of roading requests responded to within timeframes - shy of the minimum target of 90%. In the early part of the year some education was given around the timeframes which has led to an improvement overall. (2018/2019: Not achieved - 80%)
KPI 16.4: Percentage of gravel road tests where road roughness ³ meets acceptable standards	≥ 85%	88%	Achieved The survey was carried out in December 2019 with the overall result of 88% good and satisfactory - exceeding minimum target of 85%. Note that Stewart Island/Rakiura roads were not included due to the logistical challenges and for cost effectiveness reasons. (2018/2019: Achieved - 88.1%)
LEVEL OF SERVICE (LOS) 17: A safe roading network			
KPI 17.1: Annual change in the number of fatalities and serious injury crashes MM 1: road safety)	≤ 13	20	Not achieved There were a total of 20 serious or fatal injury crashes in Southland District year in 2019/2020. The main theme of these crashes is alcohol. We have not achieved a reduction in the number of serious and fatal injury crashes (the annual change in number has increased by four crashes compared to last year). More crashes may get uploaded into the CAS database for 2019/2020 year at a later date by police due to data time lags. (2018/2019: Not achieved - 16)
LEVEL OF SERVICE (LOS) 18: Footpaths are safe, well designed and well maintained			
KPI 18.1: Percentage of footpaths in reasonable or better condition ⁴ (MM 4: footpath condition)	≥ 70%	96.3%	Achieved Footpath survey result was much higher than previous years which is good considering a large investment of renewals have occurred last year. However, even with this great result there are still approximately \$1.5M worth of footpaths outstanding for renewal in near future. (2018/2019: Achieved - 81.5%)
<p>1 - Smooth travel exposure is an Index that determines the proportion of travel on sealed roads which are smoother than a defined threshold.</p> <p>2 - Timeframes for responding to requests related to roads and footpaths vary from 24 hours to up to 60 days depending on the urgency and risk associated with the request. Overall around 80% of the Council's requests for service have a target timeframe of 10 days or less. The Roads and Footpaths AMP includes more detail about the individual request types and timeframes.</p> <p>3 - Road roughness is measured by RoadRoid testing.</p> <p>4 - Footpaths are assessed and given a condition rating that uses a visual rating scale of 1-5 where 1 is the highest (3 is reasonable). The percentage is calculated according to the length of the network that meets or exceeds the average of all condition ratings.</p>			

Funding impact statement – Budget variations

Subsidies and grants for operating purposes are higher than expected due to the emergency work undertaken since the flooding in February, the costs incurred were funded at the standard 51% by Waka Kotahi NZ Transport Agency. Accordingly, payments to staff and suppliers were also higher than budget due to costs associated with emergency repairs as a result of the February flooding.

Other funding applications are lower than expected due to the Council's share of Pyramid bridge replacement costs being significantly less than expected. This was due to a combination of a higher subsidy rate received from Waka Kotahi NZ Transport Agency than originally expected along with the replacement costs being lower.

Subsidies and grants for capital expenditure are higher than expected with Waka Kotahi NZ Transport Agency approving funding for the replacement of additional bridges throughout the District. The reduced debt required during the year is a reflection of the reduced cost of Pyramid bridge offset by the Council portion of the additional bridges and emergency works being funded by loans.

The decrease in capital expenditure for level of service reflects a number of items not completed during the year. There are additional footpaths in both Riverton and Stewart Island that have not been started during the year along with the funding for minor improvements has been spent during the year replacing existing bridges rather than increasing the level of service.

The increase in replacement of existing assets is predominately the additional bridges approved by Council and Waka Kotahi NZ Transport Agency during the year. The decrease in reserves is the result of depreciation funding being used to fund asset replacements.

¹ includes all other operating funding from sources not identified in the table.

² interest on internal loans are included in internal charges and overheads applied. Actual interest on internal loans for 2019/2020 was \$358,000 (2019: \$372,000).

FUNDING IMPACT STATEMENT – ROADING AND FOOTPATHS

2018/2019 Budget (LTP) (\$000)	2019/2020 Budget (LTP) (\$000)		2018/2019 Actual (\$000)	2019/2020 Actual (\$000)	2019/2020 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING					
285	293	General rates, uniform annual general charges, rates penalties	283	275	277
14,076	14,373	Targeted rates	14,117	14,206	14,250
5,870	5,870	Subsidies and grants for operating purposes	8,009	6,656	5,870
12	12	Fees and charges	10	20	20
337	482	Internal charges and overheads recovered	451	500	519
918	924	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	885	935	945
21,499	21,955	Total operating funding	23,754	22,591	21,881
APPLICATIONS OF OPERATING FUNDING					
12,631	12,595	Payments to staff and suppliers	12,696	13,918	12,876
-	-	Finance costs ²	-	-	-
1,493	1,552	Internal charges and overheads applied ²	970	1,124	1,149
52	305	Other operating funding applications	104	526	1,825
14,177	14,452	Total applications of operating funding	13,770	15,568	15,850
7,322	7,503	Surplus (deficit) of operating funding	9,985	7,023	6,031
SOURCES OF CAPITAL FUNDING					
7,350	7,163	Subsidies and grants for capital expenditure	8,405	7,420	7,237
-	26	Development and financial contributions	12	-	26
4,731	(136)	Increase (decrease) in debt	(319)	426	1,459
10	20	Gross proceeds from sale of assets	23	-	20
-	-	Lump sum contributions	-	-	-
12,090	7,073	Total sources of capital funding	8,122	7,846	8,742
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
95	51	to meet additional demand	302	19	51
2,519	2,399	to improve the level of service	2,664	1,024	2,595
12,329	12,042	to replace existing assets	15,071	14,076	12,299
4,469	84	Increase (decrease) in reserves	69	(256)	(172)
-	-	Increase (decrease) in investments	1	8	-
19,413	14,576	Total applications of capital funding	18,107	14,869	14,774
(7,322)	(7,503)	Surplus (deficit) of capital funding	(9,985)	(7,023)	(6,031)
-	-	Funding balance	-	-	-

Solid Waste



Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle.

Its secondary outcome is resilient communities that leave a legacy for tomorrow.

What we do

Council provides a kerbside collection service on alternate weeks for rubbish and recyclables to be picked up from all townships within the District, as well as voluntary collection to properties on collection routes in rural areas.

Stewart Island/Rakiura is serviced by a weekly kerbside refuse bag, recycling and food scrap collection.

There are seven waste transfer stations for disposal of rubbish, greenwaste, hazardous waste and collection of recyclables; 11 recycling centres and two greenwaste-only sites throughout the District.

Regional waste is transported to the regional landfill operated by AB Lime at Kings Bend, near Winton, for disposal.

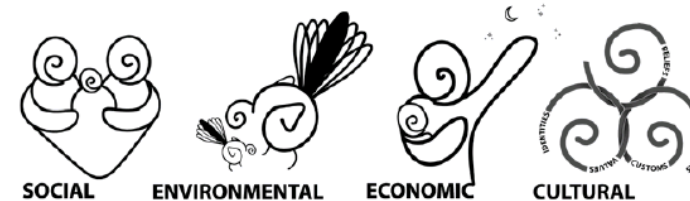
The solid waste activity also provides for ongoing waste minimisation education throughout the region through WasteNet Southland, a joint committee of Southland District Council, Invercargill City Council and Gore District Council.

Why we do it

The activity provides controlled, convenient and reliable waste disposal options which help to make it easy for people to dispose of their waste and contributes to making the District a clean and desirable place to live.

The activity also helps to reduce the impact waste disposal has on the environment by diverting waste from landfill and ensuring that any waste sent to landfill is disposed of and managed appropriately so that people living here now and in the future can grow and prosper without compromising the District's natural environment.

Identified effects on community wellbeing



The activity has an impact on protecting people's health and provides controlled, convenient and reliable waste disposal options which help to make it easy for people to dispose of their waste and contributes to making the District a clean and desirable place to live.

The activity also helps to reduce the impact waste disposal has on the environment by diverting waste from landfill and ensuring that any waste sent to landfill is disposed of and managed appropriately.

The waste the District produces is in itself a negative effect on the environment. The activity is aimed at dealing with these negative effects in ways that cause the least possible long term-harm. Negative effects from landfills can include leachate and production of gases. Council manages closed landfills with the aim of reducing or mitigating these effects where possible.

Council is taking steps to reduce the amount of waste disposed of at landfills in accordance with the Regional Waste Management and Minimisation Plan. Pests and rodents could potentially become a problem but there are pest control methods in place to manage this. The potential impacts of this activity are mitigated through efficient management and cleaning of transfer sites.

Solid Waste – key highlights



Council will continue to work through WasteNet to provide core services and try various methods to reduce the amount of rubbish going to landfill.

WasteNet Southland has begun reviewing and updating the Southland Waste Management and Minimisation Plan.

It was confirmed that the contract for kerbside collection and transfer station operation was extended for a further eight years and will now run through to July 2027. The incumbent contractor Bond Contracts will continue to deliver the service.

Arrangements were finalised with Invercargill City Council (ICC) for the continuation of providing recycling services to the District following expiry of the previous contract. This means that Council will continue to provide recycling services while we look for a longer term solution. The initial contract is for 18 months.

Council submitted on Environment Southland's proposed Southland Water and Land Plan. The proposed plan's purpose is to seek to address activities that are known to have a significant effect on water quality, such as land use intensification, urban discharges, wintering, and stock access to waterways.

The appeals process is continuing and the findings may have an impact on parts of Council's solid waste activity, most notably through a small number of historic closed landfill sites. Consents may be required at these sites if they are assessed as having a medium to high risk of affecting water sources.

The three strikes policy helps address contamination in kerbside recycling. Under the policy, WasteNet officers collect the bin and if the contents are deemed bad enough, the bin will not be emptied. If three instances of contamination occur at a specific address, the service will be suspended. Bin inspections continue and a number of repeat offenders have had the service withdrawn.



On 27 November the government announced a wide-reaching review of the Waste Disposal Levy.

The levy introduced through the Waste Minimisation Act 2008 places a charge of \$10 per tonne for all waste disposed at municipal landfill sites.

The review proposed to both increase the levy (phased over three years) from the current \$10 per tonne to a proposed \$50-\$60 per tonne, which brings it more into line with similar levy schemes overseas. It is also proposed that the scheme will be extended to include all landfill types (currently it only applies to those receiving household waste). It is estimated that the proposals would result in an increase of levy revenue of around \$220 million by 2023.

The consultation document outlines four potential options for transitioning from current arrangements to future arrangements by 2023.

The WasteNet-prepared submission was submitted to the Ministry for the Environment (MfE) on 31 January. Further decisions are anticipated in 2020.

During the Covid-19 lockdown:

- rubbish collection services continued as usual
- transfer stations were closed under alert level four and reopened with restrictions under alert level three
- recycling services resumed under alert level three, then level two
- greenwaste sites reopened under alert level two.

Performance results



This activity has six KPIs and six targets.

Four targets were achieved and two not achieved. Of the two targets that were not achieved, the main reason was that due to the covid-19 lockdown the recyclables had to be sent to landfill.



PERFORMANCE MEASURES

Protect public health and reduce environmental impacts through waste collection, disposal, reduction, reuse and recycling

LEVEL OF SERVICE (LOS) 14: Provide convenient and reliable rubbish and recycling services

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 14.1: Percentage of resident satisfaction with the services provided (refuse and recycling):			
(a) wheelie bins (rubbish and recycling)	a) 90%	a) 91%	Achieved - This is measured annually through the residents' survey. (2018/2019: Achieved – 90%)
(b) transfer station locations	b) 80%	b) 89%	Achieved - This is measured annually through the residents' survey. (2018/2019: Achieved – 91%)
(c) transfer station hours	c) 80%	c) 81%	Achieved - This is measured annually through the Residents' Survey. (2018/2019: Achieved – 85%)
(d) recycle locations	d) 80%	d) 87%	Achieved - This is measured annually through the Residents' Survey. (2018/2019: Achieved – 89%)

LEVEL OF SERVICE (LOS) 15: Minimise the amount of waste going to landfill

KPI 15.1: Amount of waste:			Not achieved
(a) diverted from landfill (tonnes) as a percentage of total waste ¹	a) 40%	a) 29%	Due to the Covid-19 lockdown recyclables were sent to landfill from 25 March 2020 to 11 May 2020, which contributed to the annual target not being met. Council and WasteNet will continue to carry out further educational initiatives to encourage people to recycle appropriately. (2018/2019: Not achieved – 35.3%)
(b) maximum per property disposed of to landfill	b) 650 kg per property	b) 651 kg	Not achieved The annual result was .0651 (651 kg) per property. During the Covid-19 lockdown the recyclables were sent to landfill from 25 March 2020. The Covid-19 response had the recycling facility closed for the month of April 2020. (2018/2019: Achieved – 588 kg)

1 - Total waste diverted by weight includes material from drop-off centres, (yellow) recycling wheelie bins, greenwaste sites and scrap metal. Weight calculations are estimated based on the number of collection containers processed multiplied by an average weight for different material types

Funding impact statement – Budget variations

Fees and charges income is higher than budget as a result of increased revenue from transfer stations.

Payments to staff and suppliers are over budget as a result of additional costs incurred for recycling and disposal to landfill.

Capital expenditure in this activity relates to replacement/ additional wheelie bins acquired during the year.

¹ includes all other operating funding from sources not identified in the table.

² interest on internal loans are included in internal charges and overheads applied. Actual interest on internal loans for 2019/2020 was \$162,000 (2019: \$178,000).

FUNDING IMPACT STATEMENT – SOLID WASTE

2018/2019 Budget (LTP) (\$000)	2019/2020 Budget (LTP) (\$000)		2018/2019 Actual (\$000)	2019/2020 Actual (\$000)	2019/2020 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING					
-	-	General rates, uniform annual general charges, rates penalties	-	-	-
4,426	4,522	Targeted rates	4,432	4,690	4,683
88	88	Subsidies and grants for operating purposes	120	79	88
192	196	Fees and charges	305	320	196
255	261	Internal charges and overheads recovered	252	259	263
12	13	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	46	40	13
4,973	5,079	Total operating funding	5,155	5,387	5,243
APPLICATIONS OF OPERATING FUNDING					
3,403	3,476	Payments to staff and suppliers	3,676	3,932	3,478
-	-	Finance costs ²	-	-	-
1,191	1,211	Internal charges and overheads applied ²	1,175	1,233	1,255
-	-	Other operating funding applications	1	1	-
4,594	4,687	Total applications of operating funding	4,851	5,166	4,733
379	393	Surplus (deficit) of operating funding	304	222	510
SOURCES OF CAPITAL FUNDING					
-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	Development and financial contributions	-	-	-
(292)	(347)	Increase (decrease) in debt	(351)	(174)	(346)
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
(292)	(347)	Total sources of capital funding	(351)	(174)	(346)
APPLICATIONS OF CAPITAL FUNDING					
		Capital expenditure			
-	-	to meet additional demand	-	-	-
-	-	to improve the level of service	50	52	-
58	-	to replace existing assets	16	-	-
28	46	Increase (decrease) in reserves	(112)	(4)	164
-	(0)	Increase (decrease) in investments	-	-	-
87	46	Total applications of capital funding	(47)	48	164
(379)	(393)	Surplus (deficit) of capital funding	(304)	(222)	(510)
-	-	Funding balance	-	-	-



Stormwater



Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle.

Its secondary outcome is resilient communities that leave a legacy for tomorrow.

What we do

Council provides stormwater infrastructure in 25 townships that deal with rainfall and dispose of surface water through a mix of piped reticulation, open ditches, drains and soakholes.

The infrastructure is designed to cater for an average 10-year flood event (ie, the scale of a flood that is predicted to occur once a decade).

Why we do it

Stormwater systems safeguard people and properties from flooding via the collection and redirection of rainwater.

These systems ensure rainfall is quickly and efficiently removed, and reduce risks to public health and safety.

The collection, treatment and disposal of stormwater also helps to control the level of pollutants being discharged to waterways and groundwater.

Identified effects on community wellbeing



The activity systems safeguard people, properties and businesses from flooding.

This protects their economic and social wellbeing and reduces risks to public health and safety. The collection, treatment and disposal of stormwater also helps to control the level of pollutants being discharged to waterways and groundwater which protects the environment and meets cultural wellbeing needs.

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

Stormwater – key highlights

Central government is reviewing the regulation and supply arrangements for three waters (wastewater, stormwater and drinking water) activities throughout New Zealand.

Currently these activities are managed by local authorities, including Southland District Council. The regulatory components of this work are well progressed, with the decision made in December 2019 to form a new independent water service regulator (Taumata Arowai) to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

In July 2020, the government announced a funding package of \$761 million to provide immediate post-Covid-19 stimulus to local authorities to maintain and improve three waters infrastructure, and to support reform of local government water services delivery arrangements. This is subject to councils agreeing to look at potential ways of working together more collaboratively to deliver services.

In September 2019 the government released its Essential Freshwater package for consultation. The proposals included three proposed management documents – a replacement National Policy Statement for Freshwater (NPS), proposed National Environmental Standards for Freshwater (NES) and the draft Regulations for Stock Exclusion from Waterways. Council was awaiting details of these standards to understand implications across all three waters activities.

Appeals to the Proposed Southland Water and Land Plan got under way in the Environment Court. Southland District Council, Invercargill City Council and Gore District Council – which presented a joint submission in 2017 – have appealed a number of policies and rules that are likely to have significant implications across all three waters activities.

The upgrade of stormwater pipes in Winton was completed.





Performance results

This activity has five KPIs with 10 targets. Eight targets were achieved, two were not achieved. Of the two targets that were not achieved, reasons included a major flooding event in February and additional costs incurred through monitoring and reporting requirements and costs associated with the Winton stormwater upgrade.

PERFORMANCE MEASURES

Reliable stormwater collection, treatment and disposal that protects people and property from flooding and minimises the impact of any discharges on the environment

LEVEL OF SERVICE (LOS) 7: Provide a reliable stormwater system

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 7.1: Overflows resulting from the stormwater system that result in flooding of a habitable floor: (a) total number per year (b) number per 1000 properties connected (MM1: system and adequacy)	a) ≤ 5 b) ≤ 1	a) 0 b) 0	Achieved There were no internal flooding events that affected habitable floors and as such the result is reported as achieved. The total number of flooding events over the period were 102. (2018/2019: Achieved – a) 0) Achieved There were no internal flooding events that affected habitable floors and as such the result is reported as achieved. (2018/2019: Achieved – b) 0)
KPI 7.2: Median response time between the time of notification and the time when service personnel reach the site when habitable floors are affected by flooding resulting from faults in the stormwater system (MM3: response to stormwater issues)	≤ 2 hours	0	Achieved The mandatory measure methodology defines flooding events as those that affect “habitable floors”. There was no flooding of habitable floors for the year and as such the result is reported as achieved. The median response time to the total number of flooding events was 28.35 hours. (2018/2019: Achieved – 0)
KPI 7.3: Complaints about the stormwater system (a) number per 1000 properties connected (MM4: Customer satisfaction) (b) total number per year	a) ≤ 15 per 1000 properties b) ≤ 60	a) 15 per 1000 properties b) 102	Achieved There were 102 total calls logged against the 6,872 connections. This is 14.84 per 1000 properties for the period July 2019 to June 2020 (2018/2019: Achieved – 9) Not achieved There were 102 complaints for the year. There was a large number of requests during the wet summer period and the major weather event in early February. (2018/2019: Not achieved – 62)

LEVEL OF SERVICE (LOS) 8: Deliver to the required environmental standard

KPI 8.1: Compliance with the resource consents for stormwater system discharges, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received in relation to those resource consents. (MM2: Management of environmental impacts)	a) 0 b) 0 c) 0 d) 0	a) 0 b) 0 c) 0 d) 0	Achieved No abatement notices issued. (2018/2019: Achieved - 0) Achieved No infringements issued. (2018/2019: Achieved - 0) Achieved No enforcement orders issued. (2018/2019: Achieved - 0) Achieved No convictions. (2018/2019: Achieved - 0)
KPI 8.2: Average annual cost per property connected ¹ (incl GST)	\$98	\$124	Not achieved Additional costs incurred through monitoring and reporting requirements and costs associated with the Winton stormwater upgrade. (2018/2019: Not achieved - \$110)

1 – Cost per stormwater connection is the total budgeted expenditure divided by total number of rating units. For years 2-10 the number of rating units have been estimated using the annual change forecasted the LTP rating unit assumption.

Funding impact statement – Budget variations

Payments to staff and suppliers were under budget as a result of less maintenance being required during the year than expected.

Capital expenditure to replace existing assets is under budget due to the Winton stormwater replacement project being completed under budget. There has been an increase in debt as there has been more loans drawn down. There has also been an increase in reserves as there has been surpluses in the activity.

¹ includes all other operating funding from sources not identified in the table.

² interest on internal loans are included in internal charges and overheads applied. Actual interest on internal loans for 2019/2020 was \$30,000 (2019: \$11,000).

FUNDING IMPACT STATEMENT – STORMWATER

2018/2019 Budget (LTP) (\$'000)	2019/2020 Budget (LTP) (\$'000)		2018/2019 Actual (\$'000)	2019/2020 Actual (\$'000)	2019/2020 Budget (AP) (\$'000)
SOURCES OF OPERATING FUNDING					
-	-	General rates, uniform annual general charges, rates penalties	-	-	-
339	469	Targeted rates	335	446	448
-	-	Subsidies and grants for operating purposes	-	-	-
-	-	Fees and charges	1	1	-
58	60	Internal charges and overheads recovered	52	46	60
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	-	8	-
397	529	Total operating funding	388	502	508
APPLICATIONS OF OPERATING FUNDING					
164	246	Payments to staff and suppliers	109	163	250
-	-	Finance costs ²	-	-	-
111	147	Internal charges and overheads applied ²	109	130	138
-	-	Other operating funding applications	-	-	-
276	394	Total applications of operating funding	218	293	388
121	136	Surplus (deficit) of operating funding	170	209	120
SOURCES OF CAPITAL FUNDING					
-	-	Subsidies and grants for capital expenditure	135	20	-
-	-	Development and financial contributions	-	-	-
732	963	Increase (decrease) in debt	398	647	433
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
732	963	Total sources of capital funding	532	667	433
APPLICATIONS OF CAPITAL FUNDING					
		Capital expenditure			
-	-	to meet additional demand	-	-	-
35	428	to improve the level of service	6	35	23
1,000	877	to replace existing assets	745	677	810
(181)	(206)	Increase (decrease) in reserves	(49)	164	(280)
-	-	Increase (decrease) in investments	-	-	-
854	1,099	Total applications of capital funding	703	876	552
(121)	(136)	Surplus (deficit) of capital funding	(170)	(209)	(120)
-	-	Funding balance	-	-	-

Wastewater



Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle.

Its secondary outcome is resilient communities that leave a legacy for tomorrow.

What we do

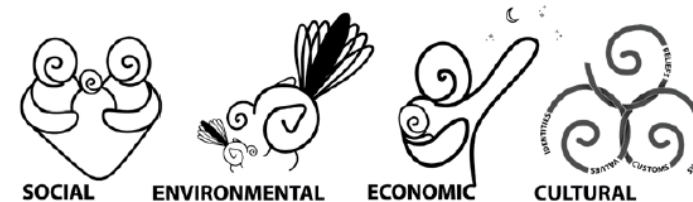
Council's wastewater activity provides and manages wastewater collection, treatment and disposal facilities for properties connected to one of Council's 19 wastewater schemes.

Why we do it

The activity allows for the convenient treatment and disposal of wastewater, which helps to protect public health from the spread of disease, protects residents' quality of life by keeping communities clean, and reduces the effects of wastewater discharges into the environment.

It also helps to enable economic growth by providing core infrastructure for industry and businesses.

Identified effects on community wellbeing



The activity provides critical long-term infrastructure to communities to protect public health and the reduces the effects of wastewater discharges into the environment including waterways.

It considers cultural practices including the importance of clean water. It also helps to enable economic growth by providing core infrastructure for industry and businesses.

If not dealt with appropriately, wastewater can have significant negative effects on public health and the environment. Council's work is aimed at dealing with these negative effects in ways that cause the least possible harm.

Wastewater is treated to make it safe for disposal. With these major infrastructure assets, the negative effects from service failure are far more serious than the effects from service provision. Council manages its assets to avoid service failures by carrying out a programme of regular monitoring and maintenance, and by prioritising critical work.

Wastewater – key highlights



Changes in regulations applying to three waters services will mean changes to the way Council carries out its operations in this activity. What these changes are have yet to be determined.

In September 2019 the government released its Essential Freshwater package for consultation. The proposals included three proposed management documents – a replacement National Policy Statement for Freshwater (NPS), proposed National Environmental Standards for Freshwater (NES) and the draft Regulations for Stock Exclusion from Waterways.

The Ministry for the Environment (MfE) continued work to support improvements to regulatory arrangements for three waters infrastructure. This includes progressing the development of a proposed new National Environmental Standard for wastewater discharges.

Central government is reviewing the regulation and supply arrangements for three waters across New Zealand. The regulatory components of this work are well progressed, with the decision made in December 2019 to form a new independent water regulator, called Taumata Arowai.

The local authorities in Otago and Southland were granted government funding support for a joint investigation across the two regions to consider the benefits that might come from a range of different service delivery collaboration models.

Appeals to the Proposed Southland Water and Land Plan got under way in the Environment Court. Southland District Council, Invercargill City Council and Gore District Council – which presented a joint submission in 2017 – have appealed a number of policies and rules that are likely to have significant implications across all three waters activities. Interim stage one decisions around the appeals were released in December 2019. Further decisions are expected next year. Environment Southland recognised and specified the importance of key infrastructure in the proposed plan. This means the proposed plan aligns with the national policy statement and regional policy statement.

Council lodged an appeal around one of the rules in the proposed plan related to making wastewater discharges to water a non-complying activity. This is likely to have significant impacts on Council as a number of its discharges are to water. The appeal was yet to be heard.

Overall, about \$27 million will be spent on the Te Anau wastewater project. There were delays to timeframes due to the Covid-19 lockdown, especially relating to the pipeline construction, but contracts for the last two major pieces of work have been awarded.

These are for the design/build of the treatment plant at Te Anau and the design and installation of the sub-surface drip field at Kepler. The successful contractors are Downer (Te Anau) and Fulton Hogan (Kepler) respectively. An application was lodged for an extension for three years to the current Upukerora bridge consent, which is due to expire in December 2020.



Performance results

This activity has five KPIs with six targets. The activity achieved all six targets.

PERFORMANCE MEASURES

We want to provide reliable wastewater collection and treatment that protects public health and the environment

LEVEL OF SERVICE (LOS) 1: Provide reliable wastewater collection and treatment that protects public health

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 1.1: Number of dry weather overflows per 1000 wastewater connections ¹ (MM1: system and adequacy)	≤1	Less than 1	Achieved The result was 0.21 which is 0 when expressed as a whole number per 1000 connections. (2018/2019: Achieved – 0.32)
KPI 1.2: Median response and resolution times ² for sewage overflows resulting from blockages or other faults with the sewerage system: (a) between the time of notification and the time when service personnel reach the site; and (b) between the time of notification and resolution of the blockage or other fault (MM3: fault response times)	a) ≤ 1 hour b) ≤ 6 hours	a) 18 minutes b) 2 hours and 20 minutes	a) Achieved The result is .30 of an hour or 18 minutes from the date the incident is logged to the time of attendance. (2018/2019: a) Achieved – 47 mins) b) Achieved The median resolution time is 5.33 or 5 hrs and 20 minutes from date of incident logged to resolution. Severe wet weather conditions have impacted on resolution times. (2018/2019: Not Achieved – 28hr 44min)
KPI 1.3: Total number of sewerage system complaints about: (a) odour (b) faults (c) blockages (d) the way Council responds to any of these issues (MM4: customer satisfaction)	≤8 per 1,000 connections	7	Achieved There were 64 complaints across 9431.75 connections which equates to 6.79 per 1000 properties which is 7 when expressed as a whole number. (2018/2019: Achieved – 7 per 1000 connections)

LEVEL OF SERVICE (LOS) 2: Deliver to the required Environmental standard

KPI 2.1: Compliance with resource consents for wastewater discharges, measured by the total number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received in relation to the resource consents (MM 2: discharge compliance)	0	0	Achieved a-d) No compliance breaches (2018/2019: Achieved a-d – 0)
KPI 2.2: Annual cost per wastewater connection (incl GST) ³	\$592	\$577	Achieved Costs for the year are under target primarily as a result of delays in capital works as a result of Covid-19 lockdown and less than expected expenditure on Te Anau wastewater upgrade. (2018/2019: Achieved - \$559)

1 - "Dry Weather" is defined as a period of 72 hours prior to an event of no catchment rainfall.

2 - In accordance with operations and maintenance contract timeframes.

3 - Cost per wastewater connection is the total budgeted expenditure divided by total number of rating units. For years 2-10 the number of rating units have been estimated using the annual change forecasted the LTP rating unit assumption.

Funding impact statement – Budget variations

The payments to staff and suppliers is higher than budgeted due to increased consultants, electricity as well as unplanned maintenance required.

Subsidies and grants for capital expenditure is over budget due to an additional \$1 million of grant funding from the Ministry of Business, Innovation and Employment for the Te Anau wastewater project. This portion of the grant was budgeted to be received in 2020/2021.

Capital expenditure is under budget for the year due to the Te Anau wastewater project not being as far progressed as anticipated, as well as a number of other projects being delayed as a result of Covid-19.

Accordingly funding sources (loans and reserves) were lower than budgeted.

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

² interest on internal loans are included in internal charges and overheads applied. Actual interest on internal loans for 2019/2020 was \$220,000 (2019: \$169,000).

FUNDING IMPACT STATEMENT – WASTEWATER

2018/2019 Budget (LTP) (\$000)	2019/2020 Budget (LTP) (\$000)		2018/2019 Actual (\$000)	2019/2020 Actual (\$000)	2019/2020 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING					
-	-	General rates, uniform annual general charges, rates penalties	-	-	-
4,059	4,151	Targeted rates	4,116	4,153	4,133
-	-	Subsidies and grants for operating purposes	-	-	-
-	-	Fees and charges	14	16	-
141	135	Internal charges and overheads recovered	140	127	135
58	32	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	29	39	32
4,258	4,318	Total operating funding	4,299	4,335	4,300
APPLICATIONS OF OPERATING FUNDING					
2,311	1,819	Payments to staff and suppliers	4,335	2,248	1,856
-	-	Finance costs ²	-	-	-
533	751	Internal charges and overheads applied ²	522	579	569
-	-	Other operating funding applications	-	-	-
2,843	2,570	Total applications of operating funding	4,857	2,827	2,425
1,414	1,748	Surplus (deficit) of operating funding	(558)	1,507	1,875
SOURCES OF CAPITAL FUNDING					
-	-	Subsidies and grants for capital expenditure	-	4,000	3,000
-	343	Development and financial contributions	64	343	343
4,552	8,206	Increase (decrease) in debt	1,042	1,584	9,676
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
4,552	8,548	Total sources of capital funding	1,106	5,926	13,018
APPLICATIONS OF CAPITAL FUNDING					
		Capital expenditure			
1,963	3,753	to meet additional demand	805	2,827	4,937
3,865	6,347	to improve the level of service	202	4,890	8,592
507	62	to replace existing assets	(135)	291	1,031
(368)	134	Increase (decrease) in reserves	(349)	(575)	333
-	-	Increase (decrease) in investments	25	-	-
5,967	10,296	Total applications of capital funding	548	7,434	14,893
(1,414)	(1,748)	Surplus (deficit) of capital funding	558	(1,507)	(1,875)
-	-	Funding balance	-	-	-

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Water Supply



Community outcomes

The primary outcome of this activity group is proud, connected communities that have an attractive and affordable lifestyle.

Its secondary outcome is resilient communities that leave a legacy for tomorrow.

What we do

The water supply activity provides drinkable water to 12 supplies including 10 townships and two rural water supplies, as well as water for stock use for nine rural water supplies.

The activity involves managing water sources, treatment, storage and distribution. The township supplies are generally on-demand at the tap.

The rural drinking and stock water schemes are trickle-feed supplies to private storage tanks.

Why we do it

The provision of drinkable water is a fundamental requirement of life and supports healthy living.

Water is also necessary to provide critical public services and enable economic growth. Industries, businesses, hospitals and schools all require water to operate. It also provides for firefighting capacity in most urban reticulated areas to improve public safety.

Identified effects on community wellbeing



The provision of safe drinking water is fundamental to all aspects of community wellbeing.

The activity supplies water that is used by businesses, farms and industry to operate within the community. This impacts on the economic wellbeing. The activity provides good quality, safe drinking water that supports healthy living for social wellbeing.

The treatment of drinking water and maintenance of pipes and pumps is crucial to ensure that water supplies are managed appropriately and do not pose risks to public health through lack of treatment or supply failures, which could also have a negative impact on commercial/industrial users.

Managing water use in a sustainable way helps to minimise adverse impacts on the environment, discourages water wastage and ensures water is directed to the best purposes. The activity ensures compliance with consent conditions so that the water is safe to use and managed sustainably. Water management practices can sometimes vary from Maori cultural practices and their beliefs such as the mixing of water from different catchments. These beliefs are considered when undertaking the activity.



Water Supply – key highlights

Changes in regulations applying to three waters services will mean changes to the way Council carries out its operations in this activity. What these changes are have yet to be determined.

In September 2019 the government released their Essential Freshwater package for consultation. The proposals released included three proposed management documents – a replacement National Policy Statement for Freshwater (NPS), proposed National Environmental Standards for Freshwater (NES) and draft Regulations for Stock Exclusion from Waterways.

The Ministry for the Environment is continuing its work to support improvements to regulatory arrangements for Three Waters infrastructure. This includes progressing the development of a proposed new National Environmental Standard for wastewater discharges.

Central government is reviewing the regulation and supply arrangements for three waters across New Zealand. The regulatory components of this work are well progressed with the decision made in December 2019, to form a new independent water regulator – called Taumata Arowai.

The local authorities across Otago and Southland have been granted government funding support for a joint investigation across the two regions to consider the benefits that might come from a range of different service delivery collaboration models.

Appeals to the proposed Southland Water and Land Plan have got under way in the Environment Court. Southland District Council, Invercargill City Council and Gore District Council, which presented a joint submission in 2017, have appealed a number of policies and rules that are likely to have significant implications across all three waters activities.



Performance results



This activity has six KPIs and 10 targets. The activity achieved five targets and five targets were not achieved. Of the five targets not achieved reasons included a drinking water issue in Riverton that was subsequently resolved, sampling exceeded the number of days allowable between samples on one occasion, there was a faulty valve and the awaiting the construction of a new plant, the cost per connection measured incurred additional costs during the year for maintenance across the District and the average consumption of water per person per day whilst still having some water loss has work in place to improve this.

PERFORMANCE MEASURES

We want to provide reliable water supplies that are safe to drink and have adequate supply for use

LEVEL OF SERVICE (LOS) 4: Provide a reliable and adequate supply of water

KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
KPI 4.1: Median response and resolution times for drinking water supply faults or unplanned interruptions: (a) to attend urgent call-outs ¹ (b) to resolve urgent call-outs ¹ (c) to attend non-urgent call outs ¹ (d) to resolve non-urgent call-outs ¹ (MM3: fault response times)	a) ≤ 1 hour b) ≤ 6 hours c) ≤ 4 hours d) ≤ 24 hours	a) 15 minutes b) 4 hours, 52 minutes c) 1 hour, 1 minute d) 20 hours, 29 minutes	Achieved The result is 0.25 hrs or 15 minutes from date and time the incident is logged to the date and time attended. (2018/2019: Achieved –9 mins) Achieved The result is 4.87 hrs (4 hrs and 52 minutes) from date the incident is logged to resolution. (2018/2019: Achieved –5hrs, 59 mins) Achieved The result is 1.02 hrs (1 hr and 1 minute) from date and time logged to date and time attended. (2018/2019: Achieved –50 mins) Achieved The result is 20.48 hrs (20 hrs and 29 minutes) from date and time logged to date and time resolved. (2018/2019: Not Achieved –26hrs, 5min)
KPI 4.2: Total number of drinking water complaints regarding: (a) clarity (b) taste (c) odour (d) pressure or flow (e) continuity of supply, and (f) the way Council responds to any of these issues (MM4: customer satisfaction)	≤10 per 1,000 connections	16	Not Achieved The result is 16.28 per 1,000 connections. The majority of these occurred as a result of issues in Riverton, which have since been resolved. (2018/2019: Not Achieved –13)
<p>1 - Attendance means from the time that the Council receives notification to the time that service personnel reach the site. Resolution means from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption. "Urgent" is considered complete loss of drinking-water to an urban drinking water supply. "Non-urgent" includes all other fault/interruptions to an urban drinking water supply</p> <p>2 - The water loss calculation is the weighted averaged percentage loss reduction per urban drinking water supply</p> <p>3 - Cost per water connection is the total budgeted expenditure divided by total number of rating units. For years 2-10 the number of rating units have been estimated using the annual change forecasted the LTP rating unit assumption. Please note that this includes both expenditure and connections for urban water schemes and rural water.</p>			

Funding impact statement – Budget variations

Payments to staff and suppliers are higher than budgeted due to additional monitoring and maintenance costs during the year.

Capital expenditure is under budget for the year with the Te Anau water main renewal, Otautau Main Street water main renewal and the additional UV disinfection project in Riverton being delayed as a result of Covid-19. Accordingly funding sources (loans and reserves) were lower than budgeted.

¹ includes all other operating funding from sources not identified in the table.

² interest on internal loans are included in internal charges and overheads applied. Actual interest on internal loans for 2019/2020 was \$352,000 (2019: \$301,000).

FUNDING IMPACT STATEMENT – WATER SUPPLY

2018/2019 Budget (LTP) (\$000)	2019/2020 Budget (LTP) (\$000)		2018/2019 Actual (\$000)	2019/2020 Actual (\$000)	2019/2020 Budget (AP) (\$000)
SOURCES OF OPERATING FUNDING					
-	-	General rates, uniform annual general charges, rates penalties	-	2	-
3,829	3,931	Targeted rates	3,832	3,786	3,836
-	-	Subsidies and grants for operating purposes	-	-	-
-	-	Fees and charges	5	13	-
46	47	Internal charges and overheads recovered	46	37	47
1	1	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	1	1	1
3,876	3,978	Total operating funding	3,884	3,839	3,883
APPLICATIONS OF OPERATING FUNDING					
2,245	2,297	Payments to staff and suppliers	2,367	2,745	2,390
-	-	Finance costs ²	-	-	-
665	722	Internal charges and overheads applied ²	608	666	664
-	-	Other operating funding applications	(2)	-	-
2,910	3,019	Total applications of operating funding	2,974	3,410	3,054
966	960	Surplus (deficit) of operating funding	910	428	829
SOURCES OF CAPITAL FUNDING					
-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	Development and financial contributions	7	-	-
1,084	1,714	Increase (decrease) in debt	1,081	1,086	2,515
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
1,084	1,714	Total sources of capital funding	1,088	1,086	2,515
APPLICATIONS OF CAPITAL FUNDING					
		Capital expenditure			
-	-	to meet additional demand	11	-	-
1,433	2,145	to improve the level of service	561	423	1,369
322	408	to replace existing assets	1,463	1,101	1,836
295	148	Increase (decrease) in reserves	(37)	(11)	140
-	-	Increase (decrease) in investments	-	-	-
2,050	2,701	Total applications of capital funding	1,999	1,514	3,344
(966)	(960)	Surplus (deficit) of capital funding	(910)	(428)	(829)
-	-	Funding balance	-	-	-

Council-controlled organisations

Milford Community Trust



Southland District Council, Environment Southland and the Department of Conservation jointly established the trust in 2007 to provide leadership and governance for the Milford community.

It allows the Milford community to determine its priorities and provides an avenue for local consultation and engagement, as well as public meetings. Milford covers the developed area of land and adjacent coastal marine area at the end of State Highway 94 at the head of Milford Sound.

The Milford community covers residents of Milford, the holders of concessions from the Crown operating at Milford and iwi. The activities of the trust contribute towards the achievement of the community outcome, proud, connected communities. The trust has adopted a statement of intent that outlines the strategic goals, specific focus areas and activities proposed for 2019-2022.

Ownership and control of the organisation

The trust was formed as a council-controlled organisation (CCO).

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

Significant policies

The trust reviewed and approved its Suspected Fraud Policy and also updated its Financial Delegations Policy in 2019/2020.

Council itself does not have any significant policies in relation to the ownership and control of the organisation except for the trust deed, which sets out the way the business of the trust is to be conducted. Southland District Council has not developed policies specific to the operation and governance of the Milford Community Trust.

Nature and scope of activities

This extract is from the statement of intent and is subject to change after consultation with stakeholders.

Milford Community Trust's vision is the long-term sustainability of Milford Sound/Piopiotahi with a community focus. Outputs from the Milford Community Trust activity primarily contribute to the achievement of supporting our communities. We want Southland's communities to be desirable places to grow up, work, run a business, live, raise a family, retire and enjoy a safe and satisfying life.

Vision: Long-term sustainability of Milford Sound /Piopiotahi, with a community focus

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



Planned activities/services 2019/2020

The February 2020 floods, which had a serious impact on Fiordland, followed by the Covid-19 lockdown, curtailed progress on the Milford Community Trust's main projects for the year.

The trust has been assisting the Milford Community Association with the ongoing development of the Cleddau Village recreation area to accommodate the community centre. The project had progressed to the point of being about to put out a design-and-build request for process when the February floods occurred, followed by the Covid-19 lockdown. As a result, the trust board has put the recreation centre development project on hold for 12 months.

The Trust had allocated funding in its 2020 statement of intent to provide funding for an increase in the level of medical service provision in the village but because of uncertainty over tourism activities following Covid-19 this is unlikely to happen at this time.

The trust advocates and assists other organisations for strategic improvements in community planning in Milford Sound.

It advocates the continuation of maintaining beautification and for roading issues within the village and Deepwater Basin, and advocates with other organisations for public toilets and shelter at the airport.

PERFORMANCE MEASURES

LEVEL OF SERVICE	KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED
Maintain a structure that facilitates local decision-making.	Number of Milford Community Trust meetings held annually.	4	4	Achieved Four meetings were held in 2019/2020 in September, December, February and June. (2018/2019 : Achieved - 4)
Keep the Milford Sound/ Piopiotahi community informed about Trust plans and outcomes.	Number of public forums held in Milford each year:	1	0	Not achieved Due to trustee commitments then the flood event and Covid-19 no forum was held in Milford during 2019/2020. (2018/2019 : Achieved - 1)

Financial Summary (excl GST)

	Actual 2019/2020	Budget 2019/2020
Income		
Concessionaires income	112,938	150,583
Interest	9,994	-
Trustee Fees Forgiven	3,000	-
Total Income	125,931	150,583
Operational Costs:		
Management/administration ¹	25,856	34,495
Operations and maintenance	-	-
Projects and Grants:		
Medical clinic	-	15,000
Total Expenses	25,856	49,495
Operational Surplus/(Deficit)	100,075	101,088
Capital projects		
Recreation centre	-	500,000
Net assets	463,586	403,843
<p>¹ Management/administration costs include chairperson's fees, Trustees' fees, mileage allowances, insurance, accommodation costs and general meeting costs.</p> <p>The fourth-quarter concessionaires invoicing was not completed as the trust resolved on the 19 June 2020 to forgo this revenue, to provide relief for the concessionaires due to the impact on tourism from the February floods and Covid-19.</p> <p>Operations and maintenance expenditure includes consent fees. There was no actual spend in 2019/2020 as Department of Conservation and Environment Southland are still finalising their approach.</p> <p>Medical clinic support discussions/contracts were not finalised by 30 June 2020, hence no costs incurred.</p> <p>The trust had included a capital project to construct the recreation centre in 2019/2020. The trust has budgeted \$500,000 to go towards the project (using reserves held and a term loan), this project has been put on hold for 12 months.</p>		

Sources of funding

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

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

The value of the annual concession to be charged will continue to be reviewed each year. For 2019/2020, the total forecast amount sought from concessionaires was \$0.15 million excluding GST. Any surplus funds will be held by the trust in its bank account for future project funding.

Milford Community Trust representatives

Designation	Name	Term expires
Independent chair	Vacant	
Mararoa/Waimea ward councillor, ex-officio appointment	Ebel Kremer	October 2019
Interim chair	Ebel Kremer	December 2020
Milford Community Association elected representative	Brad Johnston	30 June 2020
Milford community appointee	Tim Holland	30 June 2020
Milford community appointee	Jason Steele	30 June 2022
Milford community appointee	Vacant	
Milford community appointee	Roscoe Gaudin	30 June 2023

Further details about the trust's activities and budgets can be found in its Statement of Intent 2019/2022.

Southland Museum and Art Gallery Trust (SMAG)



Christine Menzies - Oreti Ward Councillor

The Southland Museum and Art Gallery Trust's mission is to “**preserve and tell the story of Southland** – the experience of people and places over time – and inspire Southlanders to explore and understand the world around them.

The Southland Museum and Art Gallery Trust contributes towards the achievement of the community outcome of “supporting our communities”. The current museum facility was closed indefinitely on 13 April 2018 for health and safety reasons. The trust is now working through options for the redevelopment of the facility and working with Invercargill City Council on the delivery of an interim museum experience based in the Invercargill central business district.

The trust board has 10 members and four ex officio members who represent the contributing authorities. The board also has the authority to appoint additional members whose skills and experiences benefit the trust and its functions.

ORGANISATION	INVERCARGILL CITY COUNCIL	GORE DISTRICT COUNCIL	SOUTHLAND DISTRICT COUNCIL	TANGATA WHENUA	TRUSTEE APPOINTMENTS	FRIENDS OF THE MUSEUM	EX OFFICIO
Representatives	Cr Toni Biddle (chair) Cr Darren Ludlow Cr Rebecca Amundsen	Cr Bret Highsted	* Cr Gavin Macpherson * Cr Neil Paterson ** Mayor Gary Tong ** Cr Christine Menzies	Evelyn Cook	Gwen Neave Roger Eagles	Christine Henderson	Manager: David Luoni Cameron McIntosh – ICC group manager - strategy and engagement Secretary – T Amarasingha Financial controller – Jaimee Botting
* Replaced as Southland District Council representatives by ** after October 2019 local government elections							

Significant policies and objectives

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

Nature and scope of activities

The Southland Museum and Art Gallery is in Queens Park. The original museum on the site was built in 1942. Various single-storey extensions were added between 1960 and 1980.

The pyramid was constructed in 1990 over all existing buildings to give an approximate floor area of 4,500 square metres, including the observatory.

There are more than 71,000 items held in the collections, some of which are important in terms of regional, national and international significance. In the Long Term Plan as part of an intended development plan there were several projects scheduled in the 2018/2019 year. However, closure of the facility has meant that these have not occurred.

The scope and nature of the activities that the Southland Museum and Art Gallery Trust intended to provide was to focus the museum as a regional facility in the community and to provide a variety of experiences to the people of Southland that they would not otherwise have access to.

The trust is focused on ensuring appropriate guardianship of these post closure of the current facility and while future options are worked through.

Key highlights

- Cataloguing and rehousing of the collection continues. Total number of records processed at 30 June 2020: 8,288 records at stage 1: full documentation 12,834 records pertaining to items that are ready for relocation 803 records at stage 3: photography
- A newly developed analytical tool indicates this represents around 18,200 individual items/components.
- Work continues on processing the archive collection and large 3D objects.
- Work continues on preparing the collection material required for He Waka Tuia.
- 234 specimens have been processed to stage 1: full documentation in relation to the museum's Marine Mammal Permit, representing about one third of the total material held that falls under the Marine Mammal Protection Act 1978.
- The museum's annual report to the Department of Conservation was submitted on 29 June 2020, including an inventory of all of the material processed to date.
- The fitout for the interim museum and gallery space has now been completed. Some remedial work is still to be completed on three small items before Certificate of Code Compliance can be issued.
- Other public services continue as usual via email and telephone – research, photography, art exhibitions and genealogy.

OUTPUTS PLANNED

STRATEGIES TO ACHIEVE OUTPUTS	2019/2020 TARGET	2019/2020 RESULT
The collections: Caring for, developing, and researching collections		
<i>The collection is developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage</i>		
Collection management policies are reviewed as required. Number reviewed annually	One review annually	Policies are continuously being developed and reviewed
New acquisitions are considered according to the Collection Management Policy. Compliance achieved annually.	100% of objects acquired are considered	100% of objects acquired are considered
New acquisitions are entered into Vernon CMS (collection management system). Achieved annually.	Reduce the current backlog from 2,150 items	Opening backlog reduced by 633 items (30%). New acquisitions received not entered yet: 1,113 items. Backlog at 30 June 2020: 2,600 items
Existing CMS records are to be reviewed and updated as funds are available. Achieved annually.	Stage one: 6,000 items (Stage 1 of current the collection Relocation plan involves entering or updating core data for objects in Vernon CMS so they can be identified and tracked for relocation.)	Stage one: 1,843 records completed in 2019/2020 (8,288 total records completed to date, representing around 17,000 items) Unable to carry out this task for the duration of Covid-19 lockdown.
Collections items to have digital images made as funds are available. Achieved annually.	Stage three: 0 items (The Board has resolved not to make digital copies of images so as to advance the relocation of the collection.)	Stage three: 208 items completed in 2019/2020 (803 total records complete)
Collections are maintained in optimal conditions for their long term preservation		
Storage space is kept at humidity of 50%±5%, percentage of time in range	Minimise variance	15% of the time
Storage space is monitored for infestation by pests and moulds. No. of reports annually.	Minimum pests, moulds and pollutants found	Minimum sightings
A procedure to minimise deterioration by light is followed.	Followed	Achieved (followed)
A procedure to avoid loss or damage to objects in the collection or on loan is followed.	Followed	Achieved (followed)
The community: Be the facilitator, connector, activator, conductor and co-creator working with community		
Maintain strong relationships with iwi over issues relating to the collections, exhibitions and tuatara management		
Iwi Liaison Komiti meet regularly. Meeting achieved annually.	Four meetings	Four meetings
Promotion of a museum presence		
Develop and implement a marketing strategy for a museum presence.	Develop by December 2019 and implement by June 2020	Communication and Branding Plan completed July 2019 and implementation commenced May 2020
Provide outreach to other museums and related organisations in the region and community.	No target	Actual hours were not recorded during the 2019/2020 year. The trust board has been working in partnership with the Invercargill Public Art Gallery to establish a temporary museum and art presence within the city. Staff have also worked with other museums and organisations regarding exhibitions, loans, and advice (Te Hikoi, Rakiura, Bluff Maritime Museum)
The experience: Interactive and social connections. A whole brain learning – sparking memories of lifetime connections with the past and the future, connecting with the mauri of our taonga, celebrating our land, people and culture.		

Establish a temporary museum presence within the city.		
Open a temporary museum presence within the city.	Complete by December 2019	Not achieved. Opening date now expected September 2020 due to delays awaiting building consents, fitting out the gallery and Covid-19 lockdown.
Deliver short-term exhibitions within the museum presence.	Regular short-term exhibitions.	Nil as museum presence is not open.
The development: Planning, consulting and establishing a future direction.		
Establish a clear strategic direction for the SMAGTB and the future of the museum (including collection and building on the current site)		
Establish concept design plans for a future museum on the current site.	Complete by June 2020	N/A*
Establish funding plans for a future museum on the current site.	Complete by June 2020	N/A*
Promote plans for a future museum on the current site.	Complete by June 2020	N/A*
Begin developing plans for the museum collection, including storage and public accessibility.	Complete by June 2020	N/A*
*With the museum building ownership now clarified to belong to Invercargill City Council and the boards future governance structure to be finalised, the boards focus has turned to packaging the collection for relocation when the time comes.		

Financial Summary (excl GST)	Actual 2019/2020
REVENUE	
Grants and donations revenue	1,181,617
Interest revenue	6,439
Revenue from providing services	977,449
TOTAL REVENUE	2,165,505
EXPENSES	
Cost of providing services	2,146,698
Depreciation of property, plant and equipment	2,534
Impairment loss	84,050
Audit fees	8,188
TOTAL EXPENSES	2,241,470
Total Surplus / (Deficit)	(75,965)
Net Assets	1,245,779

Sources of funding

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

Southland Regional Development Agency Limited (trading As Great South)



With a vision of “**even better lives through sustainable development**”, Great South’s long-term goals are to diversify the Southland economy, create exciting jobs, grow innovative businesses, and grow the population.

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

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

Defined as a council-controlled organisation by Section 6 of the Local Government Act 2002, Great South is and has a clear mandate to leverage opportunities in the areas of economic and business development, tourism, and events.

The board of up to seven independent directors is responsible for the strategic direction of Great South and chief executive Graham Budd is responsible for the day-to-day operations.

Great South's class A shareholders are Southland District Council, Invercargill City Council, Gore District Council and Environment Southland; its class B shareholders are Invercargill Licensing Trust, Maitara Licensing Trust, Southland Chamber of Commerce and Southern Institute of Technology; and Community Trust South is a non-shareholder member.

Sources of funding

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

Financial Summary (excl GST)	Actual 2019/2020
REVENUE	
Council funding	2,660,000
Revenue from providing services	1,669,118
TOTAL REVENUE	4,329,118
EXPENSES	
Employee related costs	771,930
Directors fees	101,740
Other costs	3,528,967
Audit fees	-
TOTAL EXPENSES	4,402,637
Total Surplus / (Deficit)	(73,519)
Net Assets	1,398,183

Key highlights

Establishment of the Southland Regional Development Agency

The Southland Regional Development Agency celebrated its first official day of trading on 1 July 2019. Trading as Great South, the council-controlled organisation has a clear mandate to leverage opportunities in the areas of economic and business development, tourism, and events. Building on the work previously carried out by Venture Southland, Great South incorporates Southland's Regional Tourism Organisation (RTO), central government's Regional Business Partner (RBP) Network, and delivers a range of initiatives and government-funded contracts that pave the way for regional growth.

Launch of the Southland Murihiku Destination Strategy

Providing a blueprint for increasing visitation and tourism revenue, the Southland Murihiku Strategy was launched in 2019. The strategy has identified over 60 actions that relate to one or more of the five components of destination management: product development, infrastructure, governance, sustainability and marketing and promotion. Great South is working alongside key stakeholders to implement the opportunities identified. The strategy provides the strong foundation needed to grow the visitor economy in alignment with social, cultural, infrastructural, and environmental considerations – all of which are pivotal to the region's future success.

Provincial Growth Fund support for Southland Youth Futures

In November 2019, Great South's career exploration programme, Southland Youth Futures, received \$1.55 million from the Provincial Growth Fund to support the programme's expansion. The funding is for a three-year period and provides the resource to build upon the programme's strong foundation and enable stronger connections to be made with youth, educational institutions, local employers, and sector representatives. This will result in greater outcomes for Southland's future labour market.

Covid-19 business response

Recognising the importance of understanding the regional economic impact and addressing the concerns of local businesses, Great South established a Covid-19 business response during New Zealand operating at alert levels 3 and 4. This focused on connecting local businesses with the support, resources and networks needed to navigate the uncertainty and involved engaging with over 1,300 businesses and administering over \$290,000 of Covid-19 advisory funding. As a result of the Covid-19 pandemic, Great South has also identified four short-term goals which will provide direction to the organisation's activities over the coming year. These are to retain jobs and a skilled workforce, facilitate economic restart and rebuild, champion significant projects and identify opportunities for diversification.

OUTPUTS PLANNED			
STRATEGIES TO ACHIEVE OUTPUTS	OUTCOME	2019-2022 TARGET	2019/2020 RESULT
Diversify our economy			
Develop satellite ground station services	Contracts for earth observation and satellite ground station services will encourage investment from outside of the region and assist with land-use decision-making	Increase ground station revenue	Great South secured additional contracts for ground station services during the reporting period which resulted in increased ground station revenue. This involved providing southern hemisphere ground segment support to space agencies and satellite operators from around the world
Extend the primary sector	New initiatives that encourage land use activity and reduce the environmental impact of farming will help to successfully extend Southland's primary sector	Establish governance groups for specific projects	Great South supported the establishment of the Thriving Southland governance group, a community-led group with a vision to create a prosperous Southland by driving change and environmental improvements across the agriculture sector
Support the aquaculture industry	Development of Southland's aquaculture industry will create a competitive advantage of international scale for the Southland region	Assist with attracting investment opportunities	Great South worked alongside key stakeholders of the aquaculture industry to advocate for increased investment, including supporting provincial growth fund applications.
Promote regional talent pathways	The attraction, development and retention of regional talent will fill skills shortages and strengthen local business	Increase regional talent pathways	Great South hosted migrant-focused workshops and coordinated school talks and workplace visits for Southland youth during the reporting period. This helped to highlight the pathways to employment for youth and those new to Southland.
Enable digital connectivity	Development of Southland's connection services will help to increase regional connectivity and support rural businesses	Advocate for improved digital enablement	Great South responded to community and business requests for increased digital connectivity by monitoring the deployment of the Rural Broadband Programme, mobile black spot sites and fibre across the Southland region.
Grow innovative business			
Manage business development programmes	Supporting businesses to expand, innovate and succeed will encourage the ease of doing business across Southland and enhance the region's reputation as business friendly	Increase number of businesses actively engaged with	To build business capability and success across the region, Great South engaged with over 300 businesses. This involved connecting them with the resources and networks needed to respond to challenges and grow efficiently.
Develop Southland's workforce			
Manage the development of career pathway programmes	Delivering national contract programmes focused on Southland youth and skilled migrants is vital for growing Southland's future labour market	Maintain participation in Southland Youth Futures career exploration activities	Southland Youth Futures received Provincial Growth Funding in November 2019 to support the programme's expansion. This has enabled the programme to expand its focus, deliver further career exploration activities and assist Southland youth in gaining the skills and training needed to secure meaningful employment in Southland
		Increase number of job-seeking migrants engaged with	For the reporting period, Great South engaged with over 180 job-seeking migrants, helping 78 to find direct employment in Southland. This involved hosting workshops and meeting with job-seeking migrants to provide relevant information about Southland workplaces and recruiting practices.

Attract visitors to Southland			
Champion the Southland Murihiku Destination Strategy	Positioning Southland as a preferred tourism destination through the development of new commissionable products, accommodation offerings and events will attract visitors to Southland and support the region's economic growth	Increase number of commercial tourism products. Increase number of destination events in Southland.	During the reporting period, Great South supported the development of 19 expansions/or enhancements of commercial products across the region. This was achieved through Great South giving confidence to tourism businesses to go to market by connecting them with direct product development and business support services.
Manage Regional Tourism Organisation services	Partnering with media, trade and industry representatives to promote the Southland region will help increase Southland's exposure to national and international markets	Increase visitor nights Increase tourism expenditure. Increase website traffic and usage.	To measure visitor nights across the region, Great South previously relied on the Government's Commercial Accommodation Monitor. Unfortunately, this tool was disestablished during the reporting period and as a result Great South has access to data only up until September 2019. For this period, guest nights in commercial accommodation was confirmed as 1,205,345. Tourism expenditure for the Southland region for the reporting period was \$581m. This significant decrease from the previous year is attributed to the border closures and the COVID-19 pandemic. SouthlandNZ (southlandnz.com) is the regional web platform which has been designed to promote the Southland region as a great place to visit, live and work. Innovative campaigns and promotional activity delivered during the reporting period contributed to increased website traffic and usage.
Attract events and conferences to Southland	Hosting events and conferences in Southland will add vibrancy to the region through increased visitation and economic benefit	Increase destination events. Increase number of conferences held in Southland.	the region was home to 15 destination events, including the Waimumu Field Days and the Burt Munro Challenge. Great South also delivered the family-favourite event, the ILT Kidzone Festival, which was attended by over 10,000 people 11 conferences were held across Southland up until January 2020, when unfortunately due to COVID-19 many events had to be postponed or cancelled.



Grow the population			
Support the delivery of events across the Southland region	Events add diversity to the Southland region and contribute to the overall wellbeing of the region's residents	Increase number of groups supported with event delivery.	To support the development of a regional events calendar, Great South connects event organisers with the resources, advice and promotional tools needed to encourage success. For the reporting period this involved Great South connecting with over 80 event organisers.
Co-ordinating the Welcoming Communities programme	Developing a welcoming community for newcomers will build capability of the host and newcomer communities and support the region's social and economic development	Southland accreditation of the Welcoming Communities Standard	On behalf of the four territorial councils, Great South coordinated Immigration New Zealand's Welcoming Communities programme and led the region to gain accreditation as an 'Established Welcoming Community'
Support the development of housing in Southland through work with the Southland Housing Forum	Increased investment in Southland housing will help to meet current and future housing needs and is essential for supporting population growth and creating better lives for Southlanders	Increase investment for housing across Southland	To support the development of housing across the region during the reporting period, Great South provided data, insights, and advocacy support to the Southland Housing Action Forum to encourage additional investment

Financial information



Margie Ruddenklau - Oreti Ward Councillor

This section presents the financial statements for the 2019/2020 year, comparing actuals to budget.

These include statements of comprehensive income, changes in equity, financial position and cashflows. Following the statements are notes explaining these in more detail.

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

2020

31,400
PEOPLE

\$1.6B
ASSETS

\$80.5M
INCOME

\$0.2M
DEFICIT



20,524
RATING UNITS

\$48.1M
RATES COLLECTED

\$80.7M
EXPENDITURE



www.southlanddc.govt.nz

Accounting policies

Reporting entity

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

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

The financial statements of SDC are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 18 November 2020.

Basis of preparation

The financial statements have been prepared on the going concern basis, and apart from the adoption of new accounting standards (refer “Changes in accounting policies” section) the accounting policies have been applied consistently to all periods presented in these financial statements, except for the adoption of PBE IPSAS 36 *Investments in associates and joint ventures* and PBE IPSAS 37 *Joint arrangements*.

Covid-19 had no material impact on the financial statements for the year ended 30 June 2020 and therefore, consistent with the prior year, the going concern basis for the preparation for the financial statements remains appropriate. Refer to note 35 for further details of the impact of Covid-19 on Council.

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LGFRP): Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

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

Measurement base

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

Functional and presentation currency

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

Basis of consolidation

Council financial statements represent the results of Council’s nine significant activity groups (detailed on pages 58-155), including the Stewart Island Electrical Supply Authority (SIESA), as well as Council’s share of its joint ventures and associates (including Venture Southland, WasteNet, Southland Regional Heritage committee, Emergency Management Southland, and Great South). SIESA is a business unit of Council, which generates and reticulates electricity to most of Stewart Island residents and industry.

Financial Information

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

Control is achieved when Council is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. Specifically, Council controls another entity if and only if Council has:

- Power over the other entity,
- Exposure, or rights, to variable benefits from its involvement with the other entity, or
- The ability to use its power over the other entity to affect the nature and amount of the benefits from its involvement with the other entity.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when Council has less than a majority of the voting or similar rights of another entity, Council considers all relevant facts and circumstances in assessing whether it has power over another entity.

Consolidation of a controlled entity begins when Council obtains control over the controlled entity and ceases when Council loses control of the entity. Assets, liabilities, revenue and expenses of a controlled entity acquired or disposed of during the year are included in the financial statements from the date Council gains control until the date Council ceases to control the controlled entity.

Surplus or deficit and each component of other comprehensive of revenue and expense are attributed to the owners of the controlling entity and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of controlled entities to bring their accounting policies into line with Council's accounting policies. All intra-economic entity assets and liabilities, net assets/equity, revenue, expenses and cash flows relating to

transactions between entities of the economic entity are eliminated in full on consolidation.

A change in the ownership interest of a controlled entity that does not result in a loss of control, is accounted for as an equity transaction.

If Council loses control over a controlled entity, it derecognises the assets (including goodwill) and liabilities, any non-controlling interests and other components of net assets/equity, while resulting gain or loss is recognised in surplus or deficit. Any investment retained in the former controlled entity is recognised at fair value.

Change in accounting policies

SDC applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on 1 July 2019, as described below.

PBE Standards on interests in other entities

Council applied PBE IPSAS 34-38 retrospectively (unless otherwise stated), with the date of initial application of 1 July 2019 and adjusting the comparative information for the period beginning 1 July 2018 where required. The nature and impact of adoption of each standard is as follows.

PBE IPSAS 34 Separate financial statements

PBE IPSAS 34 *Separate financial statements* supersedes PBE IPSAS 6 *Consolidated and separate financial statements*. The standard sets out the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The requirements of PBE IPSAS 34 are substantially the same as the previous requirements for separate financial statements contained in PBE IPSAS 6. The adoption of the standard does not have any impact on Council's financial statements.

PBE IPSAS 35 Consolidated financial statements

PBE IPSAS 35 *Consolidated financial statements* supersedes PBE IPSAS 6 *Consolidated and separate financial statements*. The standard introduces a new definition of control that requires both power and exposure to variable benefits.

Upon adoption of PBE IPSAS 35, Council determined whether it controls any entities. SDC has determined that it controls Milford Community Trust (similar to the PBE IPSAS 6). Therefore, adoption of the standard does not have any material impact on Council's financial statements (consolidation commenced for the year ended 30 June 2019).

PBE IPSAS 35 also provides an exception from consolidation for investment entities. This exception also applies to the parent of an investment entity that is not itself an investment entity. Council and its controlled entities are not investment entities.

PBE IPSAS 36 Investments in associates and joint ventures

PBE IPSAS 36 *Investments in associates and joint ventures* supersedes PBE IPSAS 7 *Investments in associates*. The new standard requires the use of the equity method in accounting for all interests in associates and joint ventures and eliminates the option of using proportionate consolidation for jointly controlled entities.

Upon adoption, Council determined that the investment in WasteNet meets the definition of a "joint arrangement", specifically a "joint operation".

Council recognises its interest in the joint operation by recognising its interest in the assets and liabilities of the joint operation. Council also recognises the expenses that it incurs and its share of the revenue that it earns from the joint operation.

The effect of the adoption is as follows:

- Council's 31% share of income, expenditure, assets and liabilities of WasteNet have been proportionately consolidated at 30 June 2020 (refer note 25). At 30 June 2019, the value of Council's share of net assets (\$185,000) was not considered material and therefore has not been restated.

PBE IPSAS 37 Joint arrangements

PBE IPSAS 37 *Joint arrangements* replaces PBE IPSAS 8 *Interests in joint ventures*. PBE IPSAS 37 introduces a new classification of joint arrangements: (i) joint operations; and (ii) joint ventures based on whether the investor has rights to assets and obligations for the liabilities or rights to the net assets of the arrangement. The standard sets out the accounting requirements for each type of arrangement and removes the option of using proportionate consolidation for jointly controlled entities. Instead joint arrangements that meet the definition of joint venture under PBE IPSAS 37 must be accounted for using equity method.

Upon adoption Council determined that the investments in the following entities meets the definition of "associate" and should be accounted for using the equity method (refer note 26):

- Venture Southland (previously proportionately consolidated to 30 June 2019)
- Southland Regional Heritage Committee (previously equity accounted from 1 July 2018)
- Emergency Management Southland (previously equity accounted from 1 July 2018)
- Great South (previously equity accounted from 1 July 2018)

Upon adoption Council determined that the investment in WasteNet meets the definition of a "joint arrangement", specifically a "joint operation" (refer ***PBE IPSAS 36 Investments in associates and joint ventures*** section above).

Financial Information

During the current year, Council changed its accounting policy to account for joint ventures retrospectively in accordance with the transitional provisions of PBE IPSAS 37. Adoption of the standard does not have any material impact on Council's financial statements, as Council has equity accounted for all entities, other than Venture Southland, from the year ended 30 June 2019.

The effect of the adoption is as follows:

- Council's 42% share of Venture Southland's net assets has been equity accounted at 30 June 2020 (refer note 26). At 30 June 2019, the value of Council's share of net assets (\$576,000) was not considered material and therefore has not been restated (note 25).

PBE IPSAS 38 Disclosure of interests in other entities

PBE IPSAS 38 *Disclosure of interests in other entities* sets out the requirements for disclosures relating to an entity's interests in controlled entities, joint arrangements, associates and structured entities. The requirements in PBE IPSAS 38 are more expansive than the previously existing disclosure requirements for controlled entities, for example, where another entity is controlled with less than a majority of voting rights. While Council has a controlled entity with material non-controlling interests, there are no unconsolidated structured entities.

Specific accounting policies

a) Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are:

The following policies for rates have been applied:

- general rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year

to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue

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

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

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

Interest is recognised using the effective interest method.

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

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

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

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

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

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

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

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

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

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

b) Borrowing costs

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

c) Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of SDC's decision.

d) Foreign currency transactions

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

e) Leases

Operating leases

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

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

f) Equity

Equity is the community's interest in SDC as measured by total assets less total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that

Council makes of its accumulated surpluses. The components of equity are:

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

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

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

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

g) **Cash and cash equivalents**

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

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

h) **Inventories**

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost or current replacement cost.

The write down from cost to current replacement cost is recognised in the Statement of Comprehensive Revenue and Expense.

i) **Financial assets**

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

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

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

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

The four categories of financial assets are:

- *financial assets at fair value through surplus or deficit*

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

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

- *loans and receivables*

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

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

- *held to maturity investments*

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

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

- *financial assets at fair value through other comprehensive revenue and expense*

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date.

This category encompasses:

- investments that Council intends to hold long term but which may be realised before maturity; and
- shareholdings that Council holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

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

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

j) Impairment of financial assets

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

Financial Information

k) Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

l) Property, Plant and Equipment

Property, plant and equipment consist of:

- *infrastructure assets*

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

- *operational assets*

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

- *restricted assets*

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

- *recognition*

Property, plant and equipment is shown at cost for all asset categories other than infrastructure and heritage assets, which are at valuation; less accumulated depreciation and impairment losses.

- *additions*

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

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

- *disposals*

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

- *subsequent costs*

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

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

- *depreciation*

Depreciation is provided on a straight-line (SL) or on a diminishing value (DV) basis. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Estimated economic life		Depreciation	
Asset category	(years)	Percent	Method
<i>Operational assets</i>			
Improvements	4-25	4.00% - 21.00%	SL or DV
Buildings	10-100	1.00% - 10.00%	SL or DV
Light vehicles	4-8	12.00% - 21.60%	SL or DV
Heavy vehicles	4-8	12.00% - 21.60%	DV
Other plant	2-25	4.00% - 60.00%	SL or DV
Furniture and fittings	3-13	8.00% - 30.00%	SL
Asset category	(years)	Percent	Method
Office equipment	7-8	13.50% - 14.00%	SL
Computer equipment	2-7	13.50% - 40.00%	SL
Other equipment	3-14	7.00% - 30.00%	SL or DV
Library books	10	10.00%	SL

Estimated economic life		Depreciation	
Asset category	(years)	Percent	Method
<i>Infrastructural Assets</i>			
Electrical generation plant	1-100	1.00% - 100.00%	SL or DV
Sealed roads	5-80	1.25% - 20.00%	SL
Unsealed roads	4-5	20.00% - 25.00%	SL
Bridges	70-120	0.83% - 1.43%	SL
Footpaths	30-60	1.67% - 3.33%	SL
Streetlighting	20-40	2.50% - 5.00%	SL
Cycle trail	10-99	1.01% - 10.00%	SL
Sewerage schemes	5-100	1.00% - 20.00%	SL
Stormwater schemes	80-100	1.00% - 1.25%	SL
Water supply schemes	5-100	1.00% - 20.00%	SL
Marine assets	5-50	2.00% - 20.00%	SL
Transfer stations	10	10.00%	SL
Landfill sites	10-40	2.50% - 10.00%	SL

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

Revaluations

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

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

Land and buildings

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

Endowment lands are vested in Council for specific purposes for the benefit of various communities. These vestings have been made under various pieces of legislation which restrict both the use of any revenue and any possible dispositions.

Other infrastructural assets

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

Financial Information

Plant and vehicles (including electrical generation plant) items are shown at historical cost less provision for depreciation.

Library books

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

Heritage assets

The only assets to be included under this category are art works owned by the Council, which have been recorded at fair value in accordance with NZ IAS 16.

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

Other assets

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

Accounting for revaluations

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

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

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

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

m) Work in progress

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

n) Intangible assets

- *software acquisition and development*

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

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

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

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

- *amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the

asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Estimated economic life		Depreciation	
Asset category	(years)	Percent	Method
Computer software	2-10	10.00% - 50.00%	SL

- *Emissions Trading Scheme*

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

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

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

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

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

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

Emissions Trading Units are revalued annually at 30 June.

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

o) Forestry assets

Forestry assets are revalued independently annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cashflows discounted at a current market determined pre-tax rate.

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

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

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

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

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

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

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

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

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

- *value in use for non-cash generating assets*

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

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

- *value in use for cash generating assets*

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

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

q) **Employee benefits**

Short term benefits

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

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

Long term benefits

- *long service leave and retirement leave*

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

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

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

- *presentation of employee entitlements*

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

r) **Trade and other payables**

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

s) **Provisions**

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

Provisions are not recognised for future operating losses.

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

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

Financial guarantee contracts

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

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

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

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

Landfill post-closure costs

SDC, as an operator, has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at their landfill

sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

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

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

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

t) Internal borrowings

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

u) Investments in associates and joint ventures

An associate is an entity over which SDC has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

SDC's investment in its associates and joint ventures is accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, an investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise post-acquisition changes in Council's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

SDC's share of an associate's or joint venture's surplus or deficit is recognised in the statement of financial performance. Any change in the associate or joint venture's other comprehensive revenue and expense is presented as part of Council's other comprehensive revenue and expense. The cumulative movements are adjusted against the carrying amount of the investment. In addition, when there has been a change recognised directly in the net assets/equity of the associate or joint venture, Council recognises its share of any changes, when applicable, in the statement of changes in net assets/equity. Unrealised gains and losses resulting from transactions between Council and the associate or joint venture are eliminated to the extent of Council's interest in the associate or joint venture.

The aggregate of the SDC's share of surplus or deficit of associates or joint ventures is shown on the face of the statement of financial performance. This is the surplus attributable to equity holders of the associate or joint venture and therefore is surplus after tax and non-controlling interests in the controlled entities of the associates and joint ventures.

The financial statements of the associate or joint venture are prepared for the same reporting period as Council. When necessary, adjustments are made to bring the accounting policies in line with those of Council. After application of the equity method, Council determines whether it is

necessary to recognise an impairment loss on Council's investment in its associate or joint venture.

Council determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case Council calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of surplus of an associate and joint venture" in the statement of financial performance.

Goodwill included in the carrying amount of the investment in associate is not tested for impairment separately; rather the entire carrying amount of the investment is tested as a single asset. When Council's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture, Council measures and recognises any remaining investment at its fair value, and accounts for the remaining investments in accordance with PBE IPSAS 29. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in surplus or deficit.

v) Critical accounting estimates and assumptions

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

material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

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

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

- estimating any obsolescence or surplus capacity of an asset;
- estimating the replacement cost of the asset. The replace cost is derived from recent construction contracts; and
- estimating any obsolescence or surplus capacity of an asset.
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then SDC could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense.

To minimise this risk SDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

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

Experienced independent valuers perform Council's infrastructural asset revaluations.

w) Critical judgements in applying SDC's accounting policies

Management has exercised the following critical judgements in applying SDC's accounting policies for the period ended 30 June 2020:

Classification of property

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

x) Statement of cashflows

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

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

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

y) Rounding

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

z) Budget figures

The budget figures are those approved by SDC in its 2019/2020 Annual Plan. The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and are consistent

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with the accounting policies adopted by SDC for the preparation of financial statements.

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

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

- *PBE FRS 48 Service Performance Reporting*
- *PBE IPSAS 40 PBE Combinations*
- *PBE IFRS 9 Financial Instruments*
- *PBE IFRS 17 Insurance Contracts*
- *PBE IPSAS 41 Financial Instruments*

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Southland District Council: Statement of comprehensive revenue and expense for the year ended 30 June 2020

	Note	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	COUNCIL 2019/2020 Budget (AP) (\$000)	GROUP 2019/2020 Actual (\$000)
Income						
Rates revenue	1	46,578	46,578	48,112	48,411	48,112
Other revenue	2	12,692	12,829	10,131	8,372	10,244
Interest and dividends		573	580	313	68	326
Waka Kotahi NZ Transport Agency		16,011	16,011	14,028	13,129	14,028
Grants and subsidies		1,688	1,688	6,139	4,171	6,139
Other gains/(losses)	3	(1,554)	(1,554)	494	(1,447)	494
Vested assets		1,012	1,012	684	-	684
Development and financial contributions		92	92	587	368	587
	4	77,092	77,235	80,488	73,073	80,614
Expenditure						
Employee benefit expenses	5	13,997	13,997	14,426	13,388	14,426
Depreciation and amortisation	9	23,173	23,174	23,888	23,183	23,890
Finance costs		22	22	23	22	23
Other Council expenditure	6	41,319	41,424	42,397	39,834	42,421
		78,510	78,616	80,734	76,427	80,760
Share of associate's surplus/(deficit)		314	314	55	-	55
SURPLUS/(DEFICIT) BEFORE TAX		(1,104)	(1,006)	(191)	(3,353)	(91)
Income tax benefit	8	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAX		(1,104)	(1,006)	(191)	(3,353)	(91)
Financial assets at fair value through other revenue and expense	10	298	298	910	-	910
Gain/(Loss) on property, plant and equipment revaluations	10	49,655	49,655	15,528	30,544	15,528
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		48,849	48,887	16,247	27,191	16,347

Explanations of major variances against budget can be found in Note: 36.

The accompanying notes form part of these financial statements

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Southland District Council: Statement of changes in equity for the year ended 30 June 2020

	Note	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	COUNCIL 2019/2020 Budget (AP) (\$000)	GROUP 2019/2020 Actual (\$000)
Balance at 1 July		1,537,706	1,538,032	1,586,556	1,561,495	1,586,919
Total comprehensive revenue and expense for the year		48,849	48,887	16,247	27,191	16,347
Balance at 30 June		1,586,556	1,586,919	1,602,802	1,588,686	1,603,266

Explanations of major variances against budget can be found in Note: 36.

The accompanying notes form part of these financial statements.

Southland District Council: Statement of financial position as at 30 June 2020

	Note	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	COUNCIL 2019/2020 Budget (AP) (\$000)	GROUP 2019/2020 Actual (\$000)
Equity						
Retained earnings	10	719,223	719,260	719,766	716,633	719,866
Asset revaluation reserves	10	822,120	822,120	837,648	830,003	837,648
Fair value reserves	10	2,666	2,666	3,577	2,369	3,577
Other equity	10	-	326	-	-	364
Other reserves	11	42,546	42,546	41,812	39,681	41,812
TOTAL EQUITY		1,586,556	1,586,919	1,602,802	1,588,686	1,603,266
Current assets						
Cash and cash equivalents	12	15,724	15,767	11,798	(3,173)	12,065
Trade and other receivables	13	9,864	9,868	11,126	4,633	11,129
Inventories	14	134	134	127	85	127
Other financial assets	15	1,508	1,783	2,018	314	2,178
Property, plant and equipment (held for sale)	16	196	196	-	-	-
		27,426	27,748	25,068	1,860	25,499
Non-current assets						
Property, plant and equipment	16	1,557,472	1,557,522	1,577,366	1,582,338	1,577,415
Intangible assets	17	2,565	2,565	3,618	2,521	3,618
Forestry assets	18	11,900	11,900	12,260	10,342	12,260
Investment in associates	26	314	314	945	-	945
Other financial assets	15	303	303	2	607	2
		1,572,555	1,572,605	1,594,191	1,595,808	1,594,240
TOTAL ASSETS		1,599,981	1,600,353	1,619,260	1,597,668	1,619,739
Current liabilities						
Trade and other payables	19	7,038	7,046	7,079	4,481	7,095
Deferred revenue	20	499	499	2,664	-	2,664
Contract retentions and deposits		452	452	450	571	450
Employee benefit liabilities	21	1,583	1,583	1,984	1,675	1,984
Development and financial contributions	22	2,113	2,113	1,746	2,189	1,746
Provisions	24	14	14	14	14	14
Borrowings	23	1,700	1,700	2,500	-	2,500
		13,399	13,408	16,437	8,931	16,452
Non-current liabilities						
Employee benefit liabilities	21	18	18	19	49	19

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Provisions	24	8	8	2	2	2
Borrowings	23	-	-	-	-	-
		26	26	21	51	21
TOTAL LIABILITIES		13,426	13,434	16,457	8,982	16,473
NET ASSETS		1,586,556	1,586,919	1,602,802	1,588,686	1,603,266

Explanations of major variances against budget can be found in Note: 36.

The accompanying notes form part of these financial statements

Southland District Council: Statement of cashflows for the year ended 30 June 2020

	Note	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	COUNCIL 2019/2020 Budget (AP) (\$000)	GROUP 2019/2020 Actual (\$000)
Cash flows from operating activities						
Receipts from rates revenue		46,433	46,433	47,967	48,411	47,967
Receipts from Waka Kotahi NZ Transport Agency		15,692	15,692	15,002	13,129	15,002
Interest and dividends		572	578	334	68	343
Contribution from developers		38	38	220	-	220
Receipts from other revenue		12,616	12,752	15,833	12,669	15,946
Payment to suppliers and employees		(51,779)	(51,883)	(56,182)	(53,012)	(56,201)
Interest paid		(22)	(22)	(23)	(22)	(23)
GST (net)		(405)	(420)	433	-	440
Net cash inflow/(outflow) from operating activities		23,144	23,168	23,585	21,244	23,695
Cash flows from investing activities						
Receipts from sale of property, plant and equipment		362	362	(645)	123	(645)
Receipts from sale of investments		6,007	6,297	809	-	809
Purchase of property, plant and equipment		(26,134)	(26,134)	(26,726)	(37,134)	(26,451)
Acquisition of investments		-	(275)	(1,596)	-	(2,006)
Purchase of intangible assets		(240)	(240)	(154)	(557)	(154)
Net cash inflow/(outflow) from investing activities		(20,004)	(19,990)	(28,312)	(37,569)	(28,447)
Cash flows from financing activities						
Proceeds from borrowings		1,700	1,700	2,500	-	2,500
Repayment of borrowings		-	-	(1,700)	-	(1,700)
Net cash inflow/(outflow) from financing activities		1,700	1,700	800	-	800
Net increase/(decrease) in cash and cash equivalents		4,839	4,878	(3,927)	(16,324)	(3,952)
Cash and cash equivalents at the beginning of the year		10,885	10,887	15,725	13,152	15,768
Cash and cash equivalents at the end of the year	12	15,724	15,765	11,798	(3,173)	11,816

The accompanying notes form part of these financial statements

Southland District Council: Funding impact statement for the year ended 30 June 2020 (whole of Council)

COUNCIL 2018/2019 Budget (AP)* (\$000)		COUNCIL 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	COUNCIL 2019/2020 Budget (AP) (\$000)
	Sources of operating funding			
16,623	General rates, uniform annual general charges, rates penalties	16,661	17,585	17,571
30,157	Targeted rates	30,256	30,786	30,840
6,118	Subsidies and grants for operating purposes	8,484	8,186	6,103
3,729	Fees and charges	4,010	3,149	3,734
140	Interest and dividends from investments	559	328	68
4,935	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	6,272	5,679	5,187
61,703	Total operating funding	66,241	65,712	63,503
	Applications of operating funding			
46,124	Finance costs ²	49,097	51,680	48,132
22	Internal charges and overheads applied ²	22	23	22
3,959	Other operating funding applications	3,886	4,252	5,252
50,105	Total applications of operating funding	53,004	55,954	53,407
11,598	Surplus (deficit) of operating funding	13,237	9,758	10,096
	Sources of capital funding			
7,658	Subsidies and grants for capital purposes	8,833	11,680	10,806
64	Development and financial contributions	92	587	368
-	Increase (decrease) in debt	(6,619)	-	-
168	Gross proceeds from sale of assets	327	130	123
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
7,890	Total sources of capital funding	2,633	12,397	11,297
	Applications of capital funding			
	Capital expenditure			
2,121	- to meet additional demand	1,118	2,845	4,988
8,356	- to improve the level of service	4,552	6,957	12,967
18,297	- to replace existing assets	18,308	17,949	19,736
2,710	Increase (decrease) in reserves	663	(734)	(1,130)
(11,996)	Increase (decrease) in investments	(8,771)	(4,862)	(15,168)
19,488	Total applications of capital funding	15,870	22,155	21,393
(11,598)	Surplus (deficit) of capital funding	(13,237)	(9,758)	(10,096)
-	Funding balance	-	-	-
	¹ includes all other operating funding from sources not identified above. ² interest on internal loans are included in internal charges and overheads applied. Actual interest on internal loans for 2019/2020 was \$1,429,000 (2019: \$1,326,000). * In the above statement, although it AP (Annual Plan) which is a specific heading requirement under the legislation, the budget figures actually reflect the 2018/2019 Long Term Plan budget figures as it is the first year of the Long Term Plan.			

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Southland District Council: Reconciliation of surplus/(deficit) of operating funding to net surplus/(deficit) before tax

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)	COUNCIL/GROUP 2019/2020 Budget (AP) (\$000)
Surplus/(deficit) of operating funding from funding impact statement	13,237	9,758	10,096
Depreciation	(23,173)	(23,888)	(23,183)
Subsidies and grants for capital purposes	8,833	11,680	10,806
Development and financial contributions	92	587	368
Gain on sale	(26)	64	123
Vested assets	1,012	684	-
Forestry revaluation	(1,528)	360	(1,570)
Emission trading units	-	119	-
Landfill contingency	6	6	6
Internal capital costs	28	4	-
Share of associates	314	55	-
Share of WasteNet (31%)	-	379	-
Share of Venture Southland (42%)	101	-	-
Net surplus/(deficit) before tax in Statement of Revenue and Expense	(1,104)	(192)	(3,353)

Southland District Council: Notes to the financial statements for the year ended 30 June 2020

1. Rates revenue

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
General rates	35,974	37,272
Targeted rates attributable to activities		
Water	3,545	3,544
Wastewater	4,061	4,135
Refuse	2,595	2,788
Septic tank cleaning	3	3
Rates penalties	400	370
Total revenue from rates	46,578	48,112

Rates revenue is shown net of rates remissions. SDC's rates remission policy, as set out in the 10 Year Plan, allows Council to consider the remission of rates in a number of circumstances. These include land voluntarily protected for natural, historical or cultural conservation purposes, properties that can be, but are not connected to, water and wastewater schemes, Sports Associations who have liquor licences, and licensed halls owned by general clubs, societies or associations. Remissions will also be considered where extreme financial hardship can be shown or natural calamities occur. Rates remissions during the year totalled \$402,033 (2019: \$372,604), rates on non-rateable land are included in these figures.

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

Rating base information

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

	COUNCIL/GROUP 1 July 2018 Actual (\$000)	COUNCIL/GROUP 1 July 2019 Actual (\$000)
Number of rating units within Southland District	20,687	20,524
Total rateable capital value within Southland District	20,241,754	21,116,687
Total rateable land value within Southland District	14,223,602	14,582,256

2. Other revenue

	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
Regulatory income	1,820	1,820	991	991
Other income (including Council's share of Venture Southland/WasteNet)	3,899	3,899	2,762	2,762
Provision of services	496	496	476	476
Rental and hire income	655	655	669	669
User charges	1,968	2,105	1,946	2,059
Sales revenue	3,536	3,536	3,015	3,015
Fines and infringements	39	39	29	29
Targeted water rates	278	278	243	243
Total other revenue	12,692	12,829	10,131	10,244

Operating leases as a lessor

Council owns land including recreation reserves, roadline reserves etc and these are leased under operating leases. The lease terms range from one to 60 years. Community housing leases are excluded from this note as they are periodic leases and cancellable. The future aggregate minimum lease payments to be collected under operating leases are as follows:

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Operating leases (as a lessor)		
Revenue on operating leases as lessor	122	135
Not later than one year	335	325
Later than one year and not later than five years	484	389
Later than five years	277	217
	1,096	931

3. Other gains/(losses)

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Gain/(loss) on changes in fair value of forestry assets	(1,528)	360
Gain/(loss) on disposal of property, plant and equipment	(26)	134
Total gains/(losses)	(1,554)	494

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4. Exchange/non-exchange revenue

	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
Exchange revenue	9,305	9,305	7,352	7,352
Non-exchange revenue	67,786	67,930	73,136	73,262
Total revenue	77,092	77,235	80,488	80,614

5. Employee benefit expense

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Salaries and wages	13,515	13,897
Defined contribution plan employer contributions	501	528
Increase/(decrease) in employee entitlements	(19)	1
Total employee benefit expense	13,997	14,426

Employer contributions to defined contribution plans include contributions to KiwiSaver.

6. Other Council expenditure

	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
Audit fee - Southland District Council Annual Report	118	118	120	120
Audit fee - Southland District Council prior year Annual Report additional charges	-	-	6	6
Audit fee - Venture Southland Group Annual Report	19	19	-	-
Other assurance services from Audit NZ	23	27	32	36
Grants	3,560	3,647	3,470	3,470
Contractors	22,279	22,279	24,420	24,420
Insurance	431	434	572	575
Consultants and legal fees	2,530	2,530	3,447	3,448
Operating lease costs	248	248	260	260
Donations	19	19	20	20
Impairment of receivables	(7)	(7)	17	17
Write-off of Te Anau wastewater costs	2,218	2,218	-	-
Other	9,881	9,892	10,030	10,046
Total other expenses	41,319	41,424	42,397	42,421

7. Remuneration – Mayor, councillors and chief executive

Chief executive

The SDC chief executive appointed under Section 42 of the Local Government Act 2002 received a salary of \$356,269 (2019: \$337,789), plus a discretionary performance bonus of \$Nil (2019: \$NIL).

For the year ended 30 June 2020, the total annual cost, including fringe benefit tax, to SDC of the remuneration package being received by the chief executive is calculated at \$360,267 (2019: \$341,596).

Elected representatives	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Mayor: Tong, Gary*^ (including FBT and private use of motor vehicle)	126	137
Baird, Stuart (including FBT) (did not seek re-election in October 2019)	27	11
Byars, Donald (elected October 2019)	-	20
Dillon, Brian* (including FBT) (not returned in October 2019)	32	14
Douglas, John^	27	30
Duffy, Paul*^ (including FBT)	37	38
Ford, Bruce (including FBT)	27	30
Frazer, Darren*	27	30
Harpur, George^	27	30
Keast, Julie*	32	36
Kremer, Ebel	32	40
Macpherson, Gavin *^ (including FBT) (did not seek re-election in October 2019)	32	14
Menzies, Christine* (elected October 2019)	-	20
Owen, Karyn (elected October 2019)	-	20
Paterson, Neil (including FBT) (not returned in October 2019)	27	10
Perham, Nicholas (including FBT) (not returned in October 2019)	27	10
Ruddenklau, Margaret* (elected October 2019)	-	20
Scott, Rob (elected October 2019)	-	20
Annual cost	481	530

Remuneration for councillors who are members of Council's Regulatory and Consents Committee* may be shown as higher than for other councillors. This additional remuneration is related to the number of hours these councillors spend in hearings and meetings for resource consent applications. These additional costs are recovered from resource consent applicants via a separate resource consent hearing charge. The per hour fee is set by the Remuneration Authority at \$100 per hour for chairpersons (2019: \$100) and \$80 per hour for members (2019: \$80).

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Remuneration for councillors who are members of the District Licensing Committee^ may be shown as higher than for other councillors. This additional remuneration is related to the number of hours these councillors spend in hearings and meetings for licensing applications. These additional costs are recovered from licensing applications. The per hour fee is set in accordance with section 195 of the Sale and Supply of Alcohol Act 2012 at \$78 per hour for chairpersons (2019: \$78) and \$51 per hour for members (2019: \$51).

Travel and other reimbursements are excluded from the above totals.

The Local Government Members (Temporary Reduction – Covid-9) Determination 2020 reduces local government elected members whose remuneration is over \$100,000 per annum. This determination applies from 9 July 2020 and expires on 6 January 2021. For Council, the mayor is the only elected member impacted by this reduction.

Total annual remuneration band for employees as at 30 June:	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
< \$60,000	74	71
\$60,000 - \$79,999	43	46
\$80,000 - \$99,999	21	30
\$100,000 - \$119,999	20	17
\$120,000 - \$139,999	8	13
\$140,000 - \$360,000	9	10
Total employees	175	187

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 135 (2019: 125) full-time employees, with the remaining 52 (2019: 50) staff representing 33 (2019: 34) full-time equivalent employees. As at 30 June 2020 there were eleven vacant positions (2019: eleven). A full-time employee is determined on the basis of a 40-hour working week.

8. Taxation

SDC and Milford Community Trust are exempt from income tax.

9. Depreciation and amortisation expense by group of activity

	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
Community services	1,066	1,066	1,064	1,064
District leadership	417	417	548	548
Regulatory services	66	66	81	81
Roads and footpaths	17,570	17,570	18,089	18,089
Solid waste management	115	115	119	119
Stormwater	440	440	448	448
Wastewater	1,950	1,950	1,976	1,976
Water supply	1,525	1,525	1,562	1,562
Total directly attributable depreciation and amortisation by group of activity	23,150	23,150	23,888	23,888
Depreciation and amortisation not directly related to group activities	23	24	-	2
Total depreciation and amortisation expense	23,173	23,174	23,888	23,890

10. Changes in equity and reserves

Retained earnings	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
As at 1 July	720,990	720,990	719,223	719,223
Transfer from other reserves (note 11)	(663)	(663)	734	734
Transfer from reserves	-	-	-	-
Transfer to fair value through statement of comprehensive revenue and expense reserve	-	-	-	-
Operating surplus for the year	(1,104)	(1,066)	(191)	(91)
As at 30 June	719,223	719,260	719,766	719,866

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Asset revaluation reserves	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
As at 1 July	772,465	822,120
Revaluation surplus/(deficit)	49,655	15,528
As at 30 June	822,120	837,648
Asset revaluation reserves consist of:		
Infrastructural assets		
Wastewater system	46,168	47,450
Water system	27,533	30,117
Stormwater system	15,593	15,912
Roading network	732,820	744,163
Artwork	6	6
Total	822,120	837,648

Fair value through statement of comprehensive revenue and expense reserve	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
As at 1 July	2,368	2,666
Net revaluation gains/(losses)	298	910
Transfer to retained earnings	-	-
Reclassification to surplus/(deficit) on disposal	-	-
As at 30 June	2,666	3,577

Fair value through statement of comprehensive revenue and expense reserve consist of:	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Share revaluation reserve	384	382
Emission trading unit revaluation reserve	2,282	3,195
Total	2,666	3,577

Other equity consists of:	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Milford Community Trust	326	364
Total	326	364

11. Other reserves

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
As at 1 July	41,883	42,546
Transfers from/(to) retained earnings	663	(734)
As at 30 June	42,546	41,812

Reserves consist of:	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
General reserves	39,184	38,391
Allocation committees	3,362	3,421
Total	42,546	41,812

See note 37 for detailed schedule of Council's reserves.

12. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
Cash at bank and in hand	(536)	(493)	3,798	3,815
Short term deposits and other investments maturing within three months	16,260	16,260	8,000	8,250
Total cash and cash equivalents	15,724	15,767	11,798	12,065

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

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

Council holds unspent funds, included in cash at bank and investments, of \$3.5 million (2019: \$3.6 million) that are subject to restrictions. These unspent funds relate to trusts and bequests received, waste minimisation reserve and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

Financial Information

13. Trade and other receivables

	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
Rates receivables	2,183	2,183	2,351	2,351
General receivables	1,738	1,738	4,688	4,688
Other receivables	5,118	5,122	3,586	3,589
Prepayments	852	852	533	533
	9,892	9,896	11,158	11,161
Less provision for doubtful debts	(28)	(28)	(32)	(32)
Net trade and other receivables	9,864	9,868	11,126	11,129
Total receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	8,543	8,547	9,987	9,990
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,321	1,321	1,139	1,139
	9,864	9,868	11,126	11,129

Fair value

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

Impairment

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

Aged trade and other receivables	COUNCIL 2019 Gross (\$000)	COUNCIL 2019 Impairment (\$000)	COUNCIL 2019 Net (\$000)	COUNCIL 2020 Gross (\$000)	COUNCIL 2020 Impairment (\$000)	COUNCIL 2020 Net (\$000)	GROUP 2020 Gross (\$000)	GROUP 2020 Impairment (\$000)	GROUP 2020 Net (\$000)
Not past due	8,144	-	8,144	8,894		8,894	8,897		8,897
Past due 1-60 days	264	-	264	631		631	631		631
Past due 60-120 days	35	-	35	43		43	43		43
Past due > 120 days	1,448	(28)	1,420	1,590	(32)	1,558	1,590	(32)	1,558
Total	9,892	(28)	9,864	11,158	(32)	11,126	11,161	(32)	11,129

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

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

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Individual impairment	28	32
Collective impairment	-	-
Total Provision for impairment	28	32

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

An analysis of these individually impaired debtors is as follows:

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Past due 1-60 days	-	-
Past due 60-120 days	-	-
Past due > 120 days	28	32
Total individual impairment	28	32

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

14. Inventories

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Roading	85	85
Other	49	42
	134	127

The carrying amount of inventories held for consumption that are measured at current replacement cost as at 30 June 2020 amounted to \$126,512 (2019: \$134,056). The write-down of inventory during the year was \$2,890 (2019: \$98). There have been no reversals of write-downs \$Nil (2019: \$Nil). The carrying amount of inventories pledged as security for liabilities is \$Nil (2019: \$Nil).

Financial Information

15. Other financial assets

Current portion	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
Short term deposits with maturities 1 - 3 months from 30 June	-	150	1,020	1,020
Short term deposits with maturities 4 - 12 months from 30 June	1,020	1,145	550	710
Short term loans	75	75	37	37
Unlisted shares in Civic Assurance	22	22	13	13
Unlisted shares in Milford Sound Tourism	392	392	398	398
Total current portion	1,508	1,783	2,018	2,178

Non-current portion	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
External loans with maturities greater than one year	3	3	2	2
Investments with maturities greater than one year	300	300	-	-
Total non-current portion	303	303	2	2
Total other financial assets	1,811	2,086	2,020	2,180

Security

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

Fair value**Term deposits**

The carrying amount of term deposits approximates their fair value.

Short-term loans

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

Unlisted shares

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

Impairment

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

Maturity analysis and effective interest rates

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

	COUNCIL/GROUP 2019 Short term deposits (\$000)	COUNCIL/GROUP 2019 Other term deposits (\$000)	COUNCIL/GROUP 2019 Stocks and bonds (\$000)	COUNCIL/GROUP 2019 Total (\$000)	COUNCIL/GROUP 2020 Short term deposits (\$000)	COUNCIL/GROUP 2020 Other term deposits (\$000)	COUNCIL/GROUP 2020 Stocks and bonds (\$000)	COUNCIL/GROUP 2020 Total (\$000)
Short term deposits with maturities three months or less from 30 June* weighted average effective interest rate	15,400 2.43%	-	-	15,400 2.43%	9,020 1.16%	-	-	9,020 1.16%
Short term deposits with maturities of four - 12 months from 30 June weighted average effective interest rate	1,020 3.29%	-	-	1,020 3.29%	550 2.30%	-	-	550 2.30%
	16,420	-	-	16,420	9,570			9,570

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

Financial Information

16. Property, plant and equipment

2019/2020 Actual	Cost Reval- uation 1 Jul 2019 (\$000)	Current Year Addit- ions (\$000)	Trans- fers (\$000)	Vested Assets (\$000)	Current Year Dispos- als (\$000)	Reval- uation (\$000)	Cost/Reval- uation 30 Jun 2020 (\$000)	Accumul- ated Depreci- ation and Impairment Charges 1 Jul 2019 (\$000)	Current Year Depreci- ation (\$000)	Current Year Dispos- als (\$000)	Reval- uation/ Write-Off* (\$000)	Accumul- ated Depreci- ation and Impairment Charges 30 Jun 2020 (\$000)	Carrying Amount 30 Jun 2020 (\$000)	Carrying Amount 1 Jul 2019 (\$000)
Operational assets														
Art	76	-	-	-	-	-	76	-	-	-	-	-	76	76
Buildings	15,897	10	513	-	-	-	16,421	(7,449)	(407)	-	-	(7,856)	8,564	8,448
EDP hardware	1,284	705	-	-	-	-	1,989	(1,150)	(249)	-	-	(1,398)	591	134
Furniture and fittings	778	58	-	-	-	-	835	(543)	(59)	-	-	(602)	234	235
Improvements	7,284	426	112	-	-	-	7,822	(5,189)	(342)	-	-	(5,531)	2,291	2,094
Land	10,529	357	-	187	(134)	-	10,939	-	-	-	-	-	10,938	10,529
Library	1,839	149	-	-	(119)	-	1,869	(895)	(174)	119	-	(950)	919	944
Motor vehicles	2,081	196	-	-	(176)	-	2,101	(768)	(301)	147	-	(921)	1,180	1,314
Office equipment	195	3	-	-	-	-	199	(178)	(4)	-	-	(182)	17	17
Other equipment	304	7	-	-	(4)	-	307	(260)	(11)	-	-	(271)	36	44
Other plant	4,991	75	8	-	(65)	-	5,009	(3,747)	(158)	37	-	(3,869)	1,140	1,243
Landfill sites	115	-	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	457	-	-	-	-	-	457	(457)	-	-	-	(457)	-	-
Work in progress	766	365	(671)	-	-	-	461	-	-	-	-	-	461	766
Work in progress – Intangibles (note 17)	-	-	37	-	-	-	-	-	-	-	-	-	-	-
	46,597	2,351	-	187	(499)	-	48,599	(20,752)	(1,705)	303	-	(22,153)	26,446	25,845
Infrastructural assets at valuation														
Bridges	146,343	2,611	-	-	-	(2,942)	146,012	(2,708)	(2,712)	-	2,708	(2,712)	143,301	143,635
Footpaths	18,478	317	8	102	-	(244)	18,660	(608)	(619)	-	608	(619)	18,041	17,869
Wastewater other	63,513	374	51	-	-	214	64,153	(1,125)	(1,155)	-	1,125	(1,155)	62,998	62,388
Wastewater plant	14,922	-	401	-	-	(901)	14,422	(844)	(841)	-	844	(841)	13,581	14,078
Water other assets	41,963	(28)	102	-	-	1,295	43,333	(962)	(997)	-	962	(997)	42,336	41,001
Water plant	12,512	5	68	-	-	(235)	12,350	(562)	(564)	-	562	(564)	11,785	11,950

Stormwater system	18,506	26	6	-	-	(121)	18,416	(440)	(448)	-	440	(448)	17,968	18,066
Unsealed roads	433,149	2,259	-	-	-	858	436,266	(3,254)	(3,257)	-	3,254	(3,257)	433,008	429,895
Cycle trail	6,609	60	-	-	-	(7)	6,662	(116)	(118)	-	116	(118)	6,545	6,493
Sealed roads	788,123	9,567	-	395	-	(4,077)	794,009	(10,624)	(11,083)	-	10,624	(11,083)	782,926	777,499
Street lighting	2,749	32	-	-	-	264	3,045	(180)	(196)	-	180	(196)	2,849	2,569
Work in progress	5,647	10,085	(635)	-	-	-	15,098	-	-	-	-	-	15,098	5,647
	1,552,515	25,308	-	497	-	(5,895)	1,572,425	(21,423)	(21,990)	-	21,423	(21,990)	1,550,435	1,531,092
Other assets at cost														
Marine	951	-	-	-	-	-	951	(470)	(21)	-	-	(491)	460	481
Runways	5,059	-	-	-	-	-	5,059	(5,001)	(40)	-	-	(5,040)	19	59
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	6,010	-	-	-	-	-	6,010	(5,471)	(61)	-	-	(5,531)	479	540
Total SDC	1,605,122	27,659	-	684	(499)	(5,895)	1,627,034	(47,645)	(23,756)	303	21,423	(49,674)	1,577,360	1,557,477

2019/2020 Actual	Cost Revaluation 1 Jul 2019 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/Revaluation 30 Jun 2020 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2019 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/Write-Off* (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2020 (\$000)	Carrying Amount 30 Jun 2020 (\$000)	Carrying Amount 1 Jul 2019 (\$000)
Venture Southland														
Furniture and fittings	95	-	-	-	(95)	-	-	(71)	-	71	-	-	-	25
Office equipment	30	-	-	-	(30)	-	-	(27)	-	27	-	-	-	2
Other equipment	68	-	-	-	(68)	-	-	(26)	-	26	-	-	-	42
Set up cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Venture Southland Trust vehicles	71	-	-	-	(71)	-	-	(11)	-	1	-	-	-	60
Building	82	-	-	-	(82)	-	-	(20)	-	20	-	-	-	63
Charitable trust	11	-	-	-	(11)	-	-	(7)	-	7	-	-	-	4
Total Venture Southland	358	-	-	-	(358)	-	-	(162)	-	162	-	-	-	196
Milford Community Trust														
Building	54	-	-	-	-	-	54	(4)	(2)	-	-	5	49	50

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Total Milford Community Trust	54	-	-	-	-	-	54	(4)	(2)	-	-	5	49	50
TOTAL GROUP	1,605,534	27,659	-	684	(857)	(5,895)	1,627,088	(47,811)	(23,758)	465	21,423	(49,679)	1,577,408	1,557,723

2018/2019 Actual	Cost Revaluation 1 Jul 2018 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/Revaluation 30 Jun 2019 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2018 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/Write-Off* (\$000)	Accumulated Depreciation And Impairment Charges 30 Jun 2019 (\$000)	Carrying Amount 30 Jun 2019 (\$000)	Carrying Amount 1 Jul 2018 (\$000)
Operational assets														
Art	69	7	-	-	-	-	76	-	-	-	-	-	76	69
Buildings	15,772	211	10	-	(96)	-	15,897	(7,099)	(397)	47	-	(7,449)	8,448	8,673
EDP hardware	1,179	118	-	-	(13)	-	1,284	(1,084)	(79)	13	-	(1,150)	134	95
Furniture and fittings	749	47	-	-	(18)	-	778	(501)	(55)	13	-	(543)	235	247
Improvements	6,548	169	160	412	(5)	-	7,284	(4,845)	(348)	4	-	(5,189)	2,094	1,703
Land	10,561	18	-	58	(108)	-	10,529	-	-	-	-	-	10,529	10,561
Library	1,900	145	-	-	(208)	-	1,839	(925)	(176)	206	-	(895)	944	975
Motor vehicles	2,120	609	-	-	(648)	-	2,081	(959)	(284)	484	-	(760)	1,321	1,161
Office equipment	183	13	-	-	(1)	-	195	(177)	(2)	1	-	(178)	17	6
Other equipment	284	22	-	-	(2)	-	304	(262)	(9)	1	-	(271)	33	22
Other plant	4,911	94	-	-	(15)	-	4,991	(3,594)	(167)	14	-	(3,747)	1,243	1,318
Landfill sites	115	-	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	457	-	-	-	-	-	457	(456)	(1)	-	-	(457)	-	1
Work in progress	240	704	(170)	-	-	-	774	-	-	-	-	-	774	240
	45,090	2,156	-	470	(1,114)	-	46,603	(20,020)	(1,519)	784	-	(20,754)	25,849	25,071
Infrastructural assets at valuation														
Bridges	144,650	741	-	-	-	951	146,343	(2,633)	(2,708)	-	2,633	(2,708)	143,635	142,018
Footpaths	18,312	474	-	169	-	(477)	18,478	(585)	(608)	-	585	(608)	17,869	17,727
Wastewater other	63,863	232	196	-	-	(760)	63,531	(1,112)	(1,125)	-	1,112	(1,125)	62,406	62,751
Wastewater plant	15,095	-	53	-	-	(245)	14,904	(821)	(844)	-	821	(844)	14,060	14,275
Water other assets	41,887	532	1,180	-	-	(1,635)	41,963	(948)	(962)	-	948	(962)	41,001	40,939
Water plant	12,575	170	-	-	-	(233)	12,512	(543)	(562)	-	543	(562)	11,950	12,032
Stormwater system	18,702	-	-	-	-	(196)	18,506	(435)	(440)	-	435	(440)	18,066	18,267
Unsealed roads	418,386	4,342	-	-	-	10,420	433,149	(3,136)	(3,254)	-	3,136	(3,254)	429,895	415,251
Cycle trail	7,804	39	271	-	-	(1,505)	6,609	(146)	(116)	-	146	(116)	6,493	7,658
Sealed roads	752,298	12,231	-	372	-	23,223	788,124	(10,075)	(10,624)	-	10,075	(10,624)	777,499	742,222

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Street lighting	3,192	44	-	-	-	(487)	2,749	(165)	(180)	-	165	(180)	2,569	3,027
Work in progress	4,633	4,949	(1,700)	-	-	-	7,882	-	-	-	(2,243)*	(2,243)	5,639	4,633
	1,501,399	23,754	-	541	-	29,056	1,554,750	(20,599)	(21,423)	-	18,356	(23,666)	1,531,083	1,480,800
Other assets at cost														
Marine	875	76	-	-	-	-	951	(450)	(20)	-	-	(470)	481	426
Runways	5,059	-	-	-	-	-	5,059	(4,959)	(41)	-	-	(5,001)	59	100
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5,934	76	-	-	-	-	6,010	(5,409)	(61)	-	-	(5,471)	540	525
Total SDC	1,552,421	25,986	-	1,011	(1,114)	29,056	1,607,363	(46,028)	(23,003)	784	18,356	(49,891)	1,557,472	1,506,396

2018/2019 Actual	Cost Revaluation 1 Jul 2018 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/Revaluation 30 Jun 2019 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2018 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/Write-Off* (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2016 (\$000)	Carrying Amount 30 Jun 2019 (\$000)	Carrying Amount 1 Jul 2018 (\$000)
Venture Southland														
Furniture and fittings	92	7	-	-	(4)	-	95	(68)	(6)	3	-	(71)	25	24
Office equipment	33	1	-	-	(4)	-	30	(25)	(5)	3	-	(27)	2	7
Other equipment	62	8	-	-	(2)	-	68	(23)	(5)	3	-	(26)	42	39
Set up cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Venture Southland Trust vehicles	22	50	-	-	-	-	71	(7)	(5)	-	-	(11)	60	15
Building	51	31	-	-	-	-	82	(18)	(1)	-	-	(20)	63	33
Charitable trust	11	-	-	-	-	-	11	(5)	(1)	-	-	(7)	4	6
Total Venture Southland	270	97	-	-	(9)	-	358	(147)	(23)	8	-	(162)	196	124
Milford Community Trust														
Building	54	-	-	-	-	-	54	(2)	(2)	-	-	(4)	50	52

Total Milford Community Trust	54	-	-	-	-	-	54	(2)	(2)	-	-	(4)	50	52
TOTAL GROUP	1,552,745	26,083	-	1,011	(1,123)	29,056	1,607,775	(46,177)	(23,028)	792	18,356	(50,057)	1,557,718	1,506,572

Urban portions of the State Highway network

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

Leased assets

The net value of plant and equipment held under finance lease is \$Nil (2019: \$Nil).

Insurance of assets

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

	COUNCIL 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Total value of all assets that are covered by insurance contracts (carrying amount at 30 June)	52,235	52,130
Maximum amount to which these assets are insured	200,021	205,425
Total value of all assets that are covered by financial risk sharing arrangements	129,269	140,525
Maximum amount available to Council under those arrangements	140,000	140,000
Total value of all assets that are self-insured (roads, footpaths, bridges)	1,375,391	1,384,092
Value of any fund maintained by Council for that purpose	1,409	1,443

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

Infrastructural assets

Appropriately qualified personnel from WSP Opus have completed a revaluation of District roading, footpaths and bridge asset networks as at 30 June 2020. This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2020.

Financial Information

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

Appropriately qualified personnel from Waugh Infrastructure Management Limited have completed a revaluation as at 30 June 2020 of the water supply, sewerage scheme and stormwater assets.

This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2020.

Revaluations of roading, water, sewerage and stormwater assets are carried out annually.

All assets were valued using depreciated replacement cost (DRC), being gross replacement cost less accumulated depreciation to date, based on the current age profile compared to useful life. The original unit replacement costs were developed based on a review of previous Council contracts, with a comparison to industry unit rates and adjusted on annual basis where required using appropriate indices.

Heritage assets

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

Artworks are revalued every three - five years. These have been valued by an independent valuer, Mr R Thomson of International Art Centre, Auckland, as at 30 June 2018 and recorded at fair value.

War memorials, viaducts and railway memorabilia are typically vested to Council and thus are recorded at no consideration in the fixed asset schedule.

Given the nature of these assets, Council is unable to determine their fair value as there is no active market for such assets.

17. Intangible assets

Computer software	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Opening cost at 1 July	111	205
Additions	240	146
Disposals	(58)	(12)
Closing cost at 30 June	293	340
Amortisation and impairment	(88)	(121)
Net book value at 30 June	205	219

Trademarks/patents	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Opening cost at 1 July	-	-
Additions	-	8
Disposals	-	-
Closing cost at 30 June	-	-
Amortisation and impairment	-	-
Net Book Value at 30 June	-	8

Emission trading units	COUNCIL/GROUP 2018/2019 Units	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Units	COUNCIL/GROUP 2019/2020 Actual (\$000)
Opening balance at 1 July	101,940	2,161	101,940	2,360
Additions	-	-	3,692	119
Disposals / Surrendered	-	-	-	-
Change in market value 30 June		199	-	912
Closing balance at 30 June	101,940	2,360	105,632	3,391
Accumulated amortisation and impairment		-		-
Net book value at 30 June		2,360		3,391
Total intangible assets		2,565		3,618

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

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

Council accounts for NZUs allocated at a market value of \$32.10 per unit (2019: \$23.15).

Emission Trading Units 2020	COUNCIL Pre-1990 Forest	COUNCIL Post-1989 Forest	COUNCIL Total
Productive area (hectares)	1,384	116.8	1,500.8
NZUs opening balance 1 July	82,914	19,026	101,940
NZUs allocated/transferred during the year	-	3,692	3,692

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NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	22,718	105,632

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

Post-1990 Forests

3,692 units (2019: No units) were received during the year on 116.8 hectares of post-1989 land. Future allocation of NZUs relating to post-1989 forests will depend on the amount of carbon sequestered by those forests. The units have been valued at the balance sheet date based on the estimated market value of \$32.10 per unit. Tax is payable on the receipt or sale of the post-1989 units. Liabilities for emissions relating to post-1990 forest land are capped at the amount of NZUs previously allocated. Accordingly, NZUs are gained as forests grow and are surrendered as forests are harvested or removed in any other way. At balance date no liability for surrender of post-1989 NZUs has been accrued, because the forests are intact.

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

Impairment**Emission Trading Units**

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

18. Forestry assets

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Balance at 1 July	13,428	11,900
Increase due to purchases	-	-
Gains/(losses) arising from changes attributed to physical changes	1,230	1,250
Gains/(losses) arising from changes attributed to price changes	(1,448)	800

Decreases due to harvest	(1,310)	(1,690)
Balance at 30 June	11,900	12,260

SDC owns 1,839 hectares of forest in five areas: Dipton, Gowan Hill, Ohai (2 sites), and Waikaia, which are managed as one forest. The tree crop covers 1,391 hectares (2019: 1,382 hectares). The predominant species grown in these four blocks is Radiata pine followed by Douglas fir. The age of the tree crop ranges from one year to 33 years. In the year ending 30 June 2020, Council sold 52 hectares of timber for \$3 million (2019: 44.8 hectares of timber for \$3.52 million).

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

Council instructed Woodlands Pacific Consulting Limited (Woodlands Pacific), to independently value its forestry assets as at 30 June 2020. Woodlands Pacific is a firm of forestry consultants and valuation experts with extensive experience valuing forests nationally and internationally. The valuation was undertaken in a manner consistent with Public Benefit Entity International Public Sector Accounting Standard 27. The objective of the PBE IPSAS 27 Standard is estimating “fair value” for financial reporting purposes.

Valuation conventions

A pre-tax discount rate of 7.5% (2019: 7.5%) has been used in discounting the present value of expected future cash flows;

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

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

Woodlands Pacific assumes inflation will affect costs and prices equally;

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

Financial risk management strategies

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

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

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19. Trade and other payables

	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
<i>Payables and deferred revenue under exchange transactions</i>				
Trade payables and accrued expenses	5,756	5,764	5,593	5,604
Total	5,756	5,764	5,593	5,604
<i>Payables and deferred revenue under non-exchange transactions</i>				
Income taxes payable	249	249	180	180
Other taxes payable (ie GST and FBT)	28	28	31	36
Grants payable	131	131	277	277
Other	874	874	997	997
Total	1,282	1,282	1,486	1,490
Total trade and other payables	7,038	7,046	7,079	7,095

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

20. Deferred revenue

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Grants (subject to conditions not yet met)	288	1,586
Dog registrations in advance	211	232
Outstanding building consents	-	846
Total deferred revenue	499	2,664

Grants

2020 grants include:

- \$174,000 from Ministry of Business, Innovation and Employment (“MoBIE”) towards maintaining Around the Mountains Cycle Trail.
- \$919,000 from MoBIE towards the Milford opportunities project.
- \$485,000 from MoBIE towards Stewart Island/Rakiura wind power investigation project.
- \$5,000 from Great South for the Isla Bank ware memorial restoration.

- \$3,000 from Great South for the Menzies memorial archway restoration project.

2019 grants include:

- A grant from MoBIE of \$240,000 towards establishment of a carpark at Waiau Street, Manapouri.
- A grant from Venture Southland towards Around the Mountains Cycle Trail interpretation panels.

Outstanding building consents

Council receives income from ratepayers to undertake inspections in relation to issuing of building consents. Each building consent typically requires multiple inspections which occur over an extended period, sometimes longer than 12 months. Historically, Council has recognised this income as revenue upon receipt as Council systems have not been able to be relied upon to estimate deferred revenue.

During 2019/2020, Council has undertaken a significant amount of work on outstanding building consents and have estimated the value of outstanding building consents that should be recognised as deferred revenue at 30 June 2020 (\$845,521). This change in accounting estimate has been reflected in the 2019/2020 financial results.

21. Employee benefit liabilities

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Current		
Holiday pay accrual	1,274	1,536
Long service leave	5	5
Wages accrual	304	443
	1,583	1,984
Non-current		
Retirement gratuity	18	19
Long service leave (potential)	-	-
	18	19
Total employment entitlements	1,601	2,003

Key assumptions in measuring retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability. A discount rate of 7.0% (2019: 7.0%) and an inflation rate of 3.0% (2019: 3.0%) were used.

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22. Development and financial contributions

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Roading contributions	414	414
Wastewater contributions	907	565
Water contributions	432	432
Reserves contributions	359	335
Total development and financial contributions	2,113	1,746

23. Borrowings

Current portion	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Short term loan – Westpac	1,700	2,500
Total current portion	1,700	2,500

Council's external borrowings is a Multi Option Credit Line which is secured by a security stock certificate in favour of Westpac NZ Limited and Westpac Banking Corporation under a Debenture Trust Deed between Southland District Council and Corporate Trust Limited (trading as Foundation Corporate Trust). Interest is incurred at 1.45% per annum at 30 June 2020 (2019: 2.70%).

Internal loans

Internal loans total \$35.4 million (2019: \$31.3 million). These loans are not represented in the statement of financial position.

Council's internal loans are designed to help local communities within Southland District to develop or improve new or existing facilities and undertake other major projects. Loans are for a maximum period of 30 years depending on the nature of the project being funded. The interest rate applied to these loans was 4.65 percent (2019: 4.65 percent). A summary of these internal loans by group activity follows:

Internal loans

	COUNCIL/GROUP Balance 2019 (\$000)	COUNCIL/GROUP New Advances (\$000)	COUNCIL/GROUP Total Repayments (\$000)	COUNCIL/GROUP Interest Paid (\$000)	COUNCIL/GROUP Balance 2020 (\$000)
Community services	3,635	770	(415)	164	3,990
District leadership	2,508	315	(191)	141	2,631
Regulatory services	68	-	(13)	3	55
Roads and footpaths	7,740	617	(186)	358	8,171
Solid waste	152	168	(19)	162	301
Stormwater	650	672	(25)	30	1,296
Wastewater	8,213	1,866	(599)	220	9,479
Water supply	8,351	1,310	(246)	352	9,415
	31,316	5,717	(1,695)	1,429	35,338

24. Provisions

Provisions are represented by:	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Opening balance - landfill aftercare provision	28	22
Unused amounts reversed during the year	(6)	(6)
Closing balance - landfill aftercare provision	22	16
Other provisions	-	-
	22	16
Current	14	14
Non-current	8	2
Closing balance	22	16

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

Closure responsibilities:

- final cover application and vegetation
- incremental drainage control features

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- completing facilities for leachate collection and monitoring
- completing facilities for water quality monitoring.

Post closure responsibilities:

- treatment and monitoring of leachate
- ground water and surface monitoring
- implementation of remedial measures such as cover and control systems
- ongoing site drainage and final cover and vegetation.

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

25. Investment in joint ventures**Venture Southland**

Council has a 42 percent (2019: 42 percent) participating interest in Venture Southland, a joint committee of Council. The principal activity of Venture Southland is to promote a co-ordinated approach to economic development in Southland.

For the year ended 30 June 2019, Council's interest in the joint venture is disclosed in the financial statements under the classifications shown below.

However, as at 30 June 2020, Council's interest in Venture Southland was accounted for as an associate under the new accounting standard PBE IPSAS 36 *Investments in associates and joint ventures*, refer to note 26 below for details of Council's interest.

Council's interest in Venture Southland is represented by:	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
<i>Share of:</i>		
Income	2,465	-
Expenses	(2,364)	-
Share of surplus/(deficit)	101	-
<i>Share of:</i>		
Current assets	1,322	-
Current liabilities	(746)	-
Equity	576	-

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

The original Heads of Agreement under which Venture Southland was established was for a period of five (5) years from 1 July 2001. This agreement has been renewed at varying intervals since. In August 2018, Southland District, and Gore District Council gave notice under clause 4.1 of the Venture Southland Agreement, of their intention to withdraw from the Venture Southland Agreement 2014-2018.

Venture Southland operations and staffing ceased on 30 June 2019 and therefore the Venture Southland financial statements have been prepared on a disestablishment basis. All assets, liabilities and contracts are expected to transfer to the Southland Regional Development Agency/Great South. Venture Southland will continue to exist whilst the operations and contracts are moved to the Southland Regional Development Agency Limited (Trading as Great South).

WasteNet

Council has a 31 percent interest in WasteNet, a jointly controlled operation of Council. The principal activity of WasteNet is managing the disposal of rubbish and recycling in Southland.

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

Council's interest in WasteNet is represented by:	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Share of:		
Income	-	1,263
Expenses	-	(1,072)
Share of surplus/(deficit)	-	191
Share of:		
Current assets	-	742
Current liabilities		(363)
Equity		379

26. Investment in associates

Council has investments in the following associated entities:

- Venture Southland (VS) – 42% (2019: refer note 25)
- Southland Regional Heritage Committee (SRHC) – 33% (2019: 33%)
- Emergency Management Southland (EMS) – 28.27% (2019: 28.27%)
- Southland Regional Development Agency Limited Trading as Great South (GS) – 48.73% (2019: 18.75%)

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					COUNCIL/GROUP 2019/2020 Actual (\$000)
<i>Council's interest in associates is represented by:</i>	VS	SRHC	EMS	GS	Total
Share of income	214	565	595	2,110	3,485
Share of expenses	(94)	(586)	(711)	(2,145)	(3,537)
Share of surplus/(deficit)	119	(21)	(116)	35	(52)
Share of assets	74	222	32	1,493	1,821
Share of liabilities	(18)	(47)	-	(812)	(877)
Share of equity	56	175	32	681	945
Share of associates' contingent liabilities incurred jointly with other investors	-	-	-	-	-
Share of associates' joint commitments with other investors	-	-	-	-	-

					COUNCIL/GROUP 2018/2019 Actual (\$000)
<i>Council's interest in associates is represented by:</i>	SRHC	EMS	GS	Total	
Share of income	554	392	-	947	
Share of expenses	(625)	(350)	(29)	(1,005)	
Share of surplus/(deficit)	(71)	42	(29)	(58)	
Share of assets	250	147	72	470	
Share of liabilities	(54)	-	(102)	(156)	
Share of equity	196	147	29	314	
Share of associates' contingent liabilities incurred jointly with other investors	-	-	-	-	
Share of associates' joint commitments with other investors	15	-	-	15	

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

	COUNCIL 2018/2019 Actual (\$000)	GROUP 2018/2019 Actual (\$000)	COUNCIL 2019/2020 Actual (\$000)	GROUP 2019/2020 Actual (\$000)
Operating surplus	(1,104)	(1,066)	(191)	(91)
Add/(less) non-cash items				
Share of associate's surplus	(314)	(314)	(55)	(55)
Depreciation and amortisation	23,173	23,174	23,888	23,889
Vested assets	(1,012)	(1,012)	(684)	(684)
Forestry revaluation	1,528	1,528	(360)	(360)
Loss on emission trading units	-	-		
Reclassification of work in progress (Intangibles)	-	-		
Add/(less) movements in working capital items				
Trade and other receivables	(1,269)	(1,270)	(1,717)	(1,718)
Interest receivable	(1)	(1)	22	22
Inventories and work in progress	(28)	(28)	8	8
Trade and other payables	2,623	2,625	2,198	2,200
Provision	-	-	-	-
Net GST	(405)	(420)	433	440
Development and financial contributions	(55)	(55)	(367)	(367)
Other				
Movement in employee benefit liabilities	(13)	(13)	402	402
(Gains)/losses on disposal of investments	26	26	15	15
Movement in provision for decommissioning	(6)	(6)	(6)	(6)
Movement in work in progress (non-current)	-	-	-	-
Net cash inflow/(outflow) from operating activities	23,144	23,168	23,585	23,695

28. Financial instruments

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

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Fair value interest rate risk

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

The interest rates on Council's investments are disclosed in note 15. There are no interest rate options or interest rate swap agreements in place at 30 June 2020 (2019: Nil).

Sensitivity analysis

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

Interest rate risk	COUNCIL/GROUP 2018/2019 Actual (\$000)		COUNCIL/GROUP 2019/2020 Actual (\$000)	
	+100bps	-100bps	+100bps	-100bps
Cash and cash equivalents	163	(163)	80	(80)
Borrowings	-	-		

Explanation of sensitivity analysis

Cash and cash equivalents include short-term deposits at call totalling \$8.0 million (2019: \$16.3 million) which are at floating rates. A movement in interest rates of plus or minus 1.0 percent has an effect on interest income of \$80,000 (2019: \$162,600).

Council has a bank advance facility of \$5.0 million. This can be drawn down on when required. At 30 June 2020, the loan facility was partially used \$2.5 million (2019: \$1.7 million), however it was repaid on 2 July 2020. Therefore, there is no interest rate risk (2019: Nil).

Currency risk

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

Credit risk

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

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

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

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

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

	Note	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Cash and cash equivalents	12	15,724	11,798
Trade and other receivables (excluding prepayments)	13	9,012	10,593
Other financial assets (excluding shares in companies)	15	1,397	1,609
Total credit risk		26,133	24,000

	Note	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Cash at bank and term deposits			
AA-	12	15,724	11,798
Total cash at bank and term deposits		15,724	11,798
Other financial assets			
AA-	15	1,811	2,020
Total financial assets		1,811	2,020

Liquidity risk

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

Contractual maturity analysis of financial assets and liabilities

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

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	Note	Less than 1 Year	1 Year	2 - 5 Years	COUNCIL/GROUP Total 2020
Financial assets					
Cash and cash equivalents	12	11,798	-	-	11,798
Trade and other receivables (excluding prepayments)	13	10,593	-	-	10,593
Other financial assets (excluding shares in companies)	15	1,609	-	-	1,609
Financial liabilities					
Trade and other payables	19	6,868	-	-	6,868
Borrowings	23	2,500	-	-	2,500

	Note	Less than 1 Year	1 Year	2 - 5 Years	COUNCIL/GROUP Total 2019
Financial assets					
Cash and cash equivalents	12	15,724	-	-	15,724
Trade and other receivables	13	9,012	-	-	9,012
Other financial assets (excluding shares in companies)	15	1,397	-	-	1,397
Financial liabilities					
Trade and other payables	19	7,038	-	-	7,038
Borrowings	23	1,700	-	-	1,700

29. Related parties

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

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

Venture Southland	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Funding provided by SDC	2,005	-
Services provided by SDC	271	-
Accounts payable to SDC	809	-
Accounts receivable from SDC	-	-

Key Management Personnel	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
<i>Councillors</i>		
Remuneration	481	530
Full-time equivalent members	13 FTE	13 FTE
<i>Executive leadership team, including the chief executive</i>		
Remuneration	1,587	1,553
Full-time equivalent members	7.7 FTE	6.9 FTE
Total key management personnel compensation	2,068	2,083
Total full-time equivalent personnel	20.7 FTE	19.9 FTE

Key management personnel include the mayor, councillors, chief executive, group manager environmental services, group manager services and assets, group manager community and futures, group manager customer delivery, chief financial officer, and people and capability manager.

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

30. Events after balance date

Council's current chief executive, Steve Ruru resigned on 3 July 2020. His final day at Council was 2 October 2020. Cameron McIntosh was appointed as the new chief executive and commenced on 9 November 2020.

In July 2020, the government announced a \$761 million funding package to provide post Covid-19 stimulus to improve three waters infrastructure, support a three year programme of reform of water and wastewater service delivery arrangements and support the establishment of Taumata Arowai, the new water services regulator. Funding has been allocated based on a combination of population and area. Council's allocation amounted to \$7.03 million. Council also has the ability to access further regional funding in relation to this matter.

As detailed in note 31 below, Council was party to a class action claim in the High Court between various Councils, homeowners and Carter Holt Harvey. A notice of discontinuation was signed on 3 September 2020, and therefore Council is no longer subject to this legal proceeding. No settlement was required.

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

31. Statement of contingencies

A contingency represents future expenditure that either:

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

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

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Contingent liabilities

Contingent liabilities as at 30 June 2020 total \$1,219,300 (2019: \$973,000). Specific details are as follows:

(a) Guarantees

There are no guarantees at 30 June 2020 (2019: Nil)

(b) Building Act claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done. At the date of this report there were several matters under this Act indicating liabilities to Council of \$1,119,300 (2019: \$973,000). These potential claims have been brought to the SDC insurer's attention.

(c) Weather-tight homes claims

The Weather-tight Homes Resolution Services (WHRS) receives claim applications and provides mediation services to resolve leaky home disputes as an alternative to the courts. Included in the Building Act potential liability noted in (b) above are potentially for weather-tight home claims. However, as of 30 June 2020 (2019: Nil), no claims have been lodged with the WHRS against Council. If, in future, there are claims against Council, it is expected the successful claims will be substantially covered under the SDC's insurance policies.

(d) Carter Holt Harvey litigation

Council has been joined as a third party to a class action claim in the High Court between various plaintiff homeowners and Carter Holt Harvey (CHH) as defendant. The litigation relates to the CHH 'shadowclad' product which is alleged to have failed to be weathertight. CHH joined Council (and approximately 30 other local authorities) to the claim on the basis the various Councils were negligent in approving building consents and/or issuing code of compliance certificates. Council have only been joined in the claim in relation to one building consent, and the potential liability is estimated at \$100,000.

At 30 June 2020 and the preceding financial year, there was uncertainty around this matter, however a notice of discontinuation was signed on 3 September 2020 which has removed the uncertainty. Council is therefore no longer subject to this legal proceeding and no settlement was required.

(e) Council Mutual Insurance Fund - Riskpool

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

(f) Emission Trading Scheme

Council owns approximately 1,500.8 hectares of forest, of which 1,384 hectares are pre-1990 land under the Emissions Trading Scheme. As at 30 June 2020 zero hectares (2019: zero) of forest were harvested and unplanted.

(g) Closed landfill sites

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

Council currently has a provision in relation to landfill post-closure costs that were identified in 2005, and details are included in note 24 to these financial statements.

(h) Contingent assets

Council has no contingent assets as at 30 June 2020 (2019: Nil).

32. Capital and operating lease commitments

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

	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Capital commitments		
<i>Commitments for capital expenditure contracted, but not provided for:</i>		
Water system	-	768
Stormwater system	668	-
Sewerage system	6,291	15,627
Roading	20,001	13,295
Other	474	1,017
	27,434	30,707

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	COUNCIL/GROUP 2018/2019 Actual (\$000)	COUNCIL/GROUP 2019/2020 Actual (\$000)
Operating leases (as a lessee)		
<i>Commitments for non-cancellable operating leases:</i>		
Not later than one year	74	383
Later than one year and not later than five years	149	1,373
Later than five years	-	-
	223	1,756

Venture Southland		COUNCIL/GROUP 2018/2019 Actual (\$000)
Operating leases		
<i>Commitments for non-cancellable operating leases:</i>		
Not later than one year		83
Later than one year and not later than five years		56
Later than five years		-
		139

33. Severance payments

For the year ended 30 June 2020, Council made one severance payment of \$25,000 (2019: three employees totalling \$86,959).

34. Capital management

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

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

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

renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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

Council has the following Council-created reserves:

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

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

General reserves are built up typically from specific events (ie an asset sale) and are made available for specific unforeseen events or major projects. The release of these funds can generally only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purpose they were donated.

35. The impact of Covid-19 on Council

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic and two weeks later the New Zealand government declared a State of National Emergency. The country was in lockdown at alert level four from 26 March 2020 to 27 April 2020, and then remained in lockdown at alert level three until 13 May 2020 when it progressed to alert level 2. The country remained in alert level 2 until 8 June 2020. As a result of a reoccurrence of community transmissions, the majority of the country returned to alert level 2 for the period 12 August to 21 September 2020. The country's borders have been closed throughout lockdown and the various alert levels and continues to date.

During alert level 4 and 3, Council closed all its offices and public facilities. With staff working from home, essential Council services (such as roading, water and wastewater) continued to be delivered.

During alert level 2, Council returned to providing all services to the community. However, heightened health and safety measures around social distancing, personal protective equipment and cleaning regimes were in place.

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The effect on Council's operations is reflected in these financial statements, based on the information available to the date these statements are signed. The impact is considered to be relatively minimal as Council does not operate significant public facilities (such as transport systems, pools, stadiums, galleries, museums, event venues etc) and minimal income is driven from tourism other than the Stewart Island visitor levy and Te Anau Manapouri airport charges. Additionally, as a result of changes in the economic environment in response to Covid-19, Council's return on investments has deteriorated. Council predominantly invests in cash based deposits therefore the risk is limited to movements in the official cash rate. Other than the revenue streams noted, the main Council function impacted was the delay in delivery of capital programmed works, and accordingly progress, subsidies and expenditure on these items have been deferred. However, Council did not incur significant contract variations as a result of Covid-19.

As at the date of this report, Council have not received significant enquiries from customers or ratepayers raising concerns about their ability to pay. Additionally our key infrastructure assets (being roading, water, wastewater and stormwater) have been independently revalued at 30 June 2020 and the valuers have given consideration to the impact of Covid-19 on the valuations, which was not considered significant.

Council are continuing to monitor the impact of the Covid-19 pandemic and have an ongoing commitment to ensure the safety of our people and our communities.

On this basis it is anticipated that the ongoing effect of Covid-19 on Council will be minimal, however some uncertainties remain. There could also be other matters that affect Council in the future, of which we are not yet aware.

36. Explanation of major variances against budget

	Note	COUNCIL 2019/2020 Actual (\$000)
Revenue (excluding asset development revenue)	(a)	7,250
Asset development revenue		
- Development and financial contributions		219
Expenditure	(b)	(4,307)
Net impact of variance on surplus/(deficit)		3,162
Revaluation surplus	(c)	(14,106)
Total variance in Statement of comprehensive revenue and expense		(10,944)

Explanatory notes:**Statement of comprehensive revenue and expense**

(a) **Revenue**

Overall revenue was \$7.2 million more than budgeted mainly due to:

\$2.7 million additional other revenue primarily due to increased forestry sales (\$0.4 million) and Council's share of WasteNet revenue not being included in the budget (\$1.4 million).

\$0.2 million additional interest and dividends received.

\$0.9 million additional Waka Kotahi NZ Transport Agency revenue primarily due to the emergency works as a result of the February flooding event.

\$1.9 million additional grants received for projects, including Te Anau wastewater, Milford and Stewart Island/Rakiura Opportunities and Manapouri carpark.

\$1.9 million increase in forestry revaluation.

\$0.7 million of vested assets.

\$0.9 million reduction in building consent fees as a result of outstanding consent income being recognised as deferred revenue.

(b) **Expenditure**

Overall operating expenditure was \$4.3 million more than budgeted primarily due to:

\$1.0 million increase in employee benefit expenditure as a result of staff time capitalised to capital work being less than budgeted, as well as increases in building control staff to manage workflows and accreditation, and new positions to enable Council to manage legislative changes, predominantly around the water reforms.

\$2.6 million increase in other council expenditure predominantly due to roading emergency works as a result of the February flooding (\$1.3 million), increased rubbish and recycling waste costs (\$0.5 million), increased consultants costs (\$2.0 million) of which the majority is associated with Milford Opportunities Project and building regulation and Council's share of WasteNet expenditure not being included in the budget (\$1.1 million). These increases are offset by a lower than budgeted contribution to the Pyramid bridge project (\$1.3 million).

\$0.7 million more depreciation and amortisation as a result of the increased infrastructure valuations.

(c) **Revaluation surplus**

Overall revaluation surplus was \$14.1 million less than budgeted due to:

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the assumptions made during the budgeting process for programmed capital works and expected market conditions, differing to the actual results. Current market conditions and cost changes have been built into the infrastructure revaluations which has resulted in actual increases significantly less than those budgeted (\$30.5 million).

Statement of changes in equity

Changes in equity are reflected in the variance analysis of the statement of comprehensive revenue and expense above.

Statement of financial position

Cash and cash equivalents are \$15.0 million more than budgeted primarily due to increased revenue, less capital works being completed than budgeted and conversion of term investments to short term deposits.

Trade and other receivables are \$6.5 million above budget due to inclusion of Council's share of WasteNet debtors (\$1.9 million) and increased revenues across Council activities.

Other financial assets \$1.1 million above budget predominantly due to investment of funds in longer term deposits.

Property, plant and equipment is \$5.0 million less than budgeted, predominantly as a result of the lower-than-budgeted revaluation of infrastructural assets.

Intangible assets are \$1.1 million higher than budget predominantly due to increased value of emission trading units.

Forestry assets are \$1.9 million more than budgeted due to the higher-than-budgeted revaluation of these assets.

Investment in associates is \$0.9 million higher than budgeted due to accounting for the various entities associated with Council, including the acquisition of a number of C class shares in Great South/Southern Regional Development Agency.

Trade and other payables are \$2.6 million higher than budgeted due to the budgeted opening balance at 30 June 2019 (which was estimated in February 2019) being \$2.8 million less than the actual balance at 30 June 2019. This was predominantly due to increased payables as a result of the Southern Scenic route project and the inclusion of Council's share of Venture Southland payables.

Deferred revenue is \$2.7 million higher than budgeted due to various grants received for projects that are still in progress at balance date as well as outstanding building consents.

Borrowings are \$2.5 million more than budgeted due to short term cashflow requirements to fund operations. This borrowing was repaid in full in July 2020.

37. Schedule of financial reserves

Restricted reserves

Reserves	Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2019 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2020 (\$000)
District reserves								
	Holding	SDC - officers association	Customer support	Held on behalf of SDC Officers Association	1	-	-	1
	Assets and services	Waste minimisation	Solid waste management	Waste minimisation reserve	97	72	(168)	1
	Environmental services	Dog and animal control	Animal control	Residual funds from dog and animal control activity	20	(1)	(83)	(64)
	John Beange	John Beange	Community assistance	Funding available in Edendale and Wyndham area	32	-	(3)	29
	Sthld joint mayoral fund	Sthld joint mayoral fund	Community assistance	Residual funds from Southland flood relief	175	63	-	238
	Allocation committee	Community development fund	Community assistance	Development of community facilities, recreational opportunities and events	238	6	(17)	226
	Allocation committee	Contributions and levies	Community assistance	Raised through the District plan to be used to remedy, mitigate or offset adverse effects arising from, and in consequence of, or in association with any development	228	73	-	301
	Allocation committee	Creative NZ	Community assistance	Support local communities to create diverse opportunities for accessing and participating in arts activities with their specific geographical area, as well as defined communities of interest	1	14	-	15
	Allocation committee	Sparc	Community assistance	To subsidise travel costs for people 5-19 years of age participating in regular sporting competition	3	2	-	5
	Allocation committee	Meridian contribution	Community assistance	Support northern Southland community initiatives by way of grants	323	8	(10)	321
	Allocation committee	Ohai Railway Board	Community assistance	Support Ohai community initiatives by way of grants	1,908	50	(65)	1,892
	Allocation committee	Ohai/Nightcaps doc	Community assistance	Medical services within Ohai and Nightcaps, including local ambulance	39	1	-	40
	Allocation committee	District heritage grant	Community assistance	Support the heritage in the District area	24	1	(3)	21
	Allocation committee	Fonterra reserve contribution	Community assistance	Support community initiatives by way of grants	392	9	(69)	332
	Allocation committee	Stewart Island visitor levy	Community assistance	Stewart Island visitor levy funds	47	50	-	97

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	Specific	ECNZ - projects	Customer support	Funds available for future projects in accordance with ECNZ requirements	21	1	-	22
Total restricted District reserves					3,548	348	(418)	3,477

Reserves	Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2019 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2020 (\$000)
Local Reserves								
	Wallacetown	Cemetery bequest	Cemetery	Wallacetown Cemetery	77	2	(6)	73
Total restricted local reserves Wallacetown					77	2	(6)	73
Total restricted local reserves					77	2	(6)	73
Total restricted District reserves					3,625	349	(424)	3,550

Council created – general

Reserves	Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2019 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2020 (\$000)
District reserves								
	Council	Global	Customer support	General reserve	979	25	-	1,004
	Council	District operations	Customer support	General reserve	1,852	1,355	(1,328)	1,879
	Council	Strategic assets reserve	Customer support	Offset rates	8,508	-	-	8,508
Total Council created general District reserves					11,339	1,380	(1,328)	11,391
Total Council created -general reserves					11,339	1,380	(1,328)	11,391

Council created – special

Reserves	Community	Business Unit	Activity to which it relates	Purpose	Opening balance 1/7/2019 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Closing balance 30/6/2020 (\$000)
District reserves								
	Assets and services	Community housing	Community housing	Operational reserve for community housing	169	108	(87)	190
	Assets and services	District reserves	Parks and reserves	Operation reserve for District reserves	119	13	(82)	50
	Assets and services	Community task force	Community assistance	Operational reserve for community task force	10	-	(10)	-
	Assets and services	Forestry Council reserve	Forestry	Residual funds from forestry activities	6,959	397	-	7,356
	Assets and services	Forestry reserve	Forestry	Residual funds from forestry activities	1,000	1,373	(1,349)	1,024
	Assets and services	Gravel reserves	Roads and footpath	Ensure Council has sufficient funds available for reinstatement of Council's pits	595	14	(24)	585
	Assets and services	Depreciation motor vehicle	Various	Fund motor vehicle fleet replacements	651	336	(196)	791
	Assets and services	Depreciation buildings	Various	Fund building replacements	189	103	(5)	288
	Assets and services	Depreciation IT	Various	Fund IT replacements	369	250	(421)	199
	Assets and services	Depreciation Matuku	Water supply	Fund Matuku water scheme replacements	-	3	-	3
	Assets and services	Depreciation public conveniences	Various	Fund public conveniences replacements	-	44	(44)	-
	Assets and services	Depreciation Te Anau rural water	Water supply	Fund Te Anau rural water scheme replacements	-	78	(78)	-
	Assets and services	Depreciation waste management	Waste management	Fund waste management replacements	23	18	(9)	32
	Assets and services	Depreciation water	Water supply	Fund water replacements	-	697	(697)	-
	Assets and services	Depreciation wheelie bin	Waste management	Fund wheelie bin replacements	51	41	(3)	89
	Assets and services	Depreciation sewerage	Sewerage	Fund sewerage replacements	170	1,006	(1,168)	8
	Assets and services	Depreciation roading	Roading	Fund roading replacements	103	4,226	(4,328)	-
	Assets and services	Public toilets capital pro reserve	Various	Fund public toilets capital	-	281	(281)	-
	Assets and services	Property development	Various	Balancing fund for sales and operational building expenditure	536	99	(214)	420
	Assets and services	Proposed water	Water supply	Operational account for proposed water	540	13	-	553
	Assets and services	Roading	Roads and footpath	Rate smoothing reserve	1,731	104	(48)	1,786

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	Assets and services	Road safety community	Roads and footpath	Funding accrued from programmes not completed by year end	(2)	2	-	-
	Assets and services	Waste management	Solid waste management	General waste reserve	121	68	(23)	167
	Assets and services	Water schemes	Water supply	Development for water schemes	450	7	(356)	101
	Assets and services	District wastewater	Wastewater	Development for wastewater schemes	390	205	(590)	5
	Assets and services	District stormwater	Stormwater	Stormwater investigations	32	30	-	61
	Assets and services	District water	Water	Development for water schemes	3	-	(3)	-
	Assets and services	Wastewater contribution	Wastewater	Development for building wastewater	6	-	(6)	-
Total Council created - Special reserves assets and services					14,215	9,515	(10,023)	13,707
	Chief exec	SDC/DOC joint project	District support	Residual funds from past joint projects for future projects	61	-	-	61
	Chief exec	Around the Mountains	Roading and transport	Around the Mountains Cycle Trail	-	16	-	16
Total Council created - special reserves chief exec					61	16	-	77
	Policy and community	Waimumu Field Days	Corporate support	Fund Council's Field Days every three years	13	-	(13)	-
	Policy and community	Community outcomes	Strategy and communication	Contribute Southland Regional Development Strategy	43	1	-	44
	Policy and community	Elections	Representation and advocacy	Fund Council's election costs every three years	85	-	(31)	53
	Policy and community	War memorial grant	Community assistance	Funding received for memorial archway	-	2	-	2
Total Council created - special reserves policy and community					141	3	(44)	100
	Development and financial	Parks contribution	Parks and reserves	Contribution to capital activity - parks and reserves	137	3	-	141
	Development and financial	Roading contribution	Roading and transport	Contribution to capital activity - roading and transport	302	7	-	309
	Development and financial	Wastewater contribution	Wastewater	Contribution to capital activity - wastewater	345	8	(24)	329
	Development and financial	Water contribution	Water supply	Contribution to capital activity - water	106	3	-	108
Total Council created - special reserves development and financial contributions					890	21	(24)	887
	Environment and community	Alcohol licensing	Environmental health	Residual funds from alcohol licensing	46	(1)	(130)	(84)
	Environment and community	Health licensing	Environmental health	Residual funds from health licensing	-	2	28	30
Total Council created - special reserves environment services					46	1	(102)	(54)

	Holding	Milford flood protect	Corporate support	Residual funds from Milford Flood protection	45	1	-	46
	Holding	International relationship	Community assistance	Residual funds from International activities	57	1	-	58
	Holding	Shared services	District support	Shared services balance	35	(30)	-	5
Council created - special reserves holding					137	(27)	-	109
	Specific	Biodiversity initiative	Community assistance	Funds set aside for future biodiversity initiatives	21	1	-	21
	Specific	Disaster recovery	Community assistance	Funds set aside in case of disaster in accordance with insurance requirements	1,409	34	-	1,443
	Specific	Predator Free Rakiura	District leadership	Contribution to the Predator Free Rakiura programme	49	1	(38)	12
	Specific	Rates civil defence/ rural fire	Emergency management	Fund emergency management	10	1	-	11
	Specific	Tuatapere (Clifden bridge)	Various	Residual funds from Tuatapere project in 2000, to be used for community projects at Council's discretion	19	-	-	19
	Specific	North Makarewa rec reserve	Parks and reserves	North Makarewa rec reserve	-	1	-	1
Council created - special reserves specific reserves					1,508	37	(38)	1,507
Total Council created -special District reserves					16,998	9,569	(10,232)	16,335

Reserves	Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2019 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2020 (\$000)
Local reserves								
	Athol	General	Various	Athol general purpose	39	4	(21)	22
	Athol	Community centres	Community centres	Athol hall	7	1	-	8
Council created - special reserves Athol					46	5	(21)	30
	Balfour	General	Various	Balfour general purpose	114	8	(2)	120
Council created - special reserves Balfour					114	8	(2)	120
	Browns	General	Various	Browns general purpose	49	2	(2)	49
Council created - special reserves Browns					49	2	(2)	49
	Brydone	Community centres	Community facilities	Brydone hall	1	-	(1)	-
Council created - special reserves Brydone					1	-	(1)	-
	Clifden	Community centres	Community facilities	Clifden hall	29	-	(22)	7
	Clifden	Rec reserve Committee	Parks and reserves	Clifden reserves	31	4	-	35
Council created - special reserves Clifden					60	4	(22)	42
	Colac Bay	Community centres	Community facilities	Colac Bay hall	8	1	-	9
	Colac Bay	General	Various	Colac Bay general purpose	44	6	-	50

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Council created - special reserves Colac Bay					52	7	-	59
	Dipton	Cemetery	Cemetery	Dipton cemetery	14	2	-	16
	Dipton	General	Various	Dipton general purpose	58	4	(5)	57
	Dipton	Stormwater	Stormwater	Dipton stormwater	21	-	(7)	15
	Dipton	Community centres	Community facilities	Dipton hall	32	-	(32)	-
Council created - special reserves Dipton					126	6	(44)	88
	Drummond	General	Various	Drummond general purpose	10	1	-	11
	Drummond	Rec reserve committee	Parks and reserves	Drummond reserves	13	3	-	16
Council created - special reserves Drummond					23	3	-	26
	Edendale	Cemetery	Various	Edendale cemetery	12	-	(3)	9
	Edendale-Wyndham	Community centre	Community facilities	Edendale Wyndham hall	156	3	(54)	105
	Edendale-Wyndham	Footpaths	Various	Footpaths	1	50	(36)	15
	Edendale-Wyndham	General	Various	General purpose	53	12	(24)	41
	Edendale-Wyndham	Stormwater	Stormwater	Stormwater	407	20	-	427
Council created - special reserves Edendale-Wyndham					628	86	(117)	597
	Five Rivers	Community centre	Community facilities	Five Rivers hall	19	-	(19)	-
Council created - special reserves Five Rivers					19	-	(19)	-
	Fortrose	Community centre	Community facilities	Fortrose hall	2	1	-	3
Council created - special reserves Fortrose					2	1	-	3
	Garston	Special projects	Various	Garston general purpose	32	5	-	37
Council created - special reserves Garston					32	5	-	37
	Gorge Road	Gorge Road general	Various	Gorge Road general purpose	41	2	(1)	42
Council created - special reserves Gorge Road					41	2	(1)	42
	Limehills	General	Various	Limehills general purpose	7	4	(1)	11
	Limehills	Stormwater	Stormwater	Limehills stormwater	55	2	-	57
Council created - special reserves Limehills					62	6	(1)	68
	Lumsden	Cemetery	Cemetery	Lumsden cemetery	1	-	-	1
	Lumsden	Footpaths	Roading and footpaths	Lumsden footpaths	22	-	(17)	5
	Lumsden	General	Various	Lumsden general purpose	59	18	(4)	74
	Lumsden	Stormwater	Stormwater	Lumsden Stormwater	69	2	(3)	68
	Lumsden	Community Centre	Community facilities	Lumsden community centre	6	-	(1)	5
Council created - special reserves Lumsden					157	20	(25)	152
	Manapouri	Frasers Beach	Parks and reserves	Frasers Beach reserve	32	11	-	43
	Manapouri	General	Various	Manapouri general purpose	68	27	(24)	70
	Manapouri	Community centre	Community facilities	Manapouri community centre	18	2	-	20
	Manapouri	Swimming pool area	Parks and reserves	Manapouri pool	21	3	-	24
Council created - special reserves Manapouri					139	44	(24)	158
	Mararoa/Waimea Ward	Mararoa/Waimea Ward	Various	Mararoa/Waimea Ward	299	36	(206)	128
Council created - special reserves Mararoa/Waimea Ward					299	36	(206)	128
	Mataura Island	Community centre	Community facilities	Mataura Island community centre	5	-	(1)	4
Council created - special reserves Mataura Island					5	-	(1)	4
	Matuku	Rural WS general	Water supply	Matuku water	2	-	(1)	1

Council created - special reserves Matuku					2	-	(1)	1
	Menzies Ferry	Community centre	Community facilities	Menzies Ferry community centre	5	3	-	8
Council created - special reserves Menzies Ferry					5	3	-	8
	Mokoreta/Redan	Community centre	Community facilities	Mokoreta/Redan community centre	18	1	-	19
Council created - special reserves Mokoreta/Redan					18	1	-	19
	Mossburn	General	Various	Mossburn general purpose	105	6	(8)	103
Council created - special reserves Mossburn					105	6	(8)	103
	Nightcaps	McGregor Park	Parks and reserves	Nightcaps McGregor Park	109	11	(40)	80
	Nightcaps	Community centre	Community facilities	Nightcaps community centre	10	2	-	12
	Nightcaps	General	Various	Nightcaps general purpose	29	5	(11)	23
	Nightcaps	Stormwater - OPR	Various	Nightcaps general purpose	-	10	-	10
Council created - special reserves Nightcaps					148	29	(51)	126
	Ohai	Community centre	Community facilities	Ohai community centre	8	-	(8)	-
	Ohai	General	Various	Ohai general purpose	118	3	(6)	115
	Ohai	Stormwater	Stormwater	Ohai stormwater	150	6	-	156
Council created - special reserves Ohai					277	9	(15)	271
	Orawia	Community centre	Community facilities	Orawia community centre	38	1	(10)	29
Council created - special reserves Orawia					38	1	(10)	29
	Orepuki	General	Various	Orepuki general purpose	36	2	(6)	32
	Orepuki	Community centre	Community facilities	Orepuki community centre	16	4	(1)	19
Council created - special reserves Orepuki					52	6	(7)	51
	Oreti	Community centre	Community facilities	Oreti community centre	13	3	-	16
Council created - special reserves Oreti					13	3	-	16
	Otapiri/Lora	Community centre	Community facilities	Otapiri/Lora community centre	49	6	-	55
Council created - special reserves Otapiri/Lora					49	6	-	55
	Otautau	Baths	Community facilities	Otautau pool	22	1	-	23
	Otautau	Brightwood Develop Co	Community facilities	Otautau financial contribution	16	-	-	16
	Otautau	CB conference	Community facilities	Community board conference	6	-	-	6
	Otautau	Forestry	Forestry	Holt Park forestry	162	4	-	166
	Otautau	General	Community facilities	Otautau general purpose	119	24	(67)	76
	Otautau	Bowling club	Community facilities	Bowling club	1	-	(1)	-
	Otautau	Stormwater	Stormwater	Otautau stormwater	255	6	(18)	243
	Otautau	Community centre	Community facilities	Otautau community centre	28	1	-	29
Council created - special reserves Otautau					610	36	(87)	559
	Riversdale	General	Various	Riversdale general purpose	31	2	(3)	29
Council created - special reserves Riversdale					31	2	(3)	29
	Riverton	Cemetery maintenance	Cemetery	Riverton cemeteries	63	1	(2)	62
	Riverton	Doc profits lib sale	Various	Riverton projects	66	2	-	68
	Riverton	General	Various	Riverton general purpose	360	31	(18)	373

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	Riverton	Riverton Harbour general	Community facilities	Riverton Harbour	13	12	-	25
	Riverton	Parks and res develop	Parks and reserves	Riverton parks and reserves	28	1	-	29
	Riverton	Property sales	Various	Riverton general purpose	240	6	-	246
	Riverton	War memorial	Parks and reserves	Riverton war memorial	13	1	-	14
	Riverton	Stormwater headworks	Stormwater	Riverton stormwater	121	39	-	160
	Riverton	Taramea Bay/Rocks development	Community facilities	Taramea Bay foreshore	30	6	-	36
	Riverton	Taramea Howells Point	Community facilities	Taramea Howells Point	24	5	-	29
Council created - special reserves Riverton					958	103	(20)	1,041
	Ryal Bush	Community centre	Community facilities	Ryal Bush community centre	8	-	-	8
Council created - special reserves Ryal Bush					8	-	-	8
	SIESA	Operations	SIESA	SIESA operations	494	-	-	494
Council created - special reserves SIESA					494	-	-	494
	Stewart Island	General	Various	Stewart Island general purpose	245	24	(18)	251
	Stewart Island	Waste management	Various	Stewart Island general purpose	30	4	-	34
	Stewart Island	Jetties	Various	Stewart Island jetties	28	25	-	53
	Stewart Island	Wharf Golden Bay	Various	Replacement of Golden Bay wharf	114	-	(114)	-
	Stewart Island	Wharf Ulva Island	Various	Replacement of Ulva Island Bay wharf	116	98	-	214
Council created - special reserves Stewart Island					533	151	(132)	552
	Te Anau	Te Anau carpark res	Various	Te Anau general purpose	25	1	-	26
	Te Anau	General	Various	Te Anau general purpose	799	159	(172)	786
	Te Anau	Luxmore	Various	Luxmore subdivision	1,075	26	(36)	1,064
	Te Anau	Manapouri airport	Te Anau Manapouri airports	Te Anau Manapouri airports	153	22	-	176
	Te Anau	Rural WS general	Water supply	Te Anau water	10	5	(15)	-
	Te Anau	Stormwater	Various	Te Anau general purpose	495	25	-	520
	Te Anau	Sandy Brown loan	Loan	Loan to ratepayers	(7)	7	-	-
Council created - special reserves Te Anau					2,550	245	(224)	2,587
	Thornbury	Community centre	Community facilities	Thornbury community centre	1	-	(1)	-
	Thornbury	General	Various	Thornbury general purpose	18	-	(4)	14
Council created - special reserves Thornbury					19	-	(5)	14
	Tokanui	General	Various	Tokanui general purpose	64	4	(7)	61
	Tokanui	Community centre	Community facilities	Tokanui community centre	8	-	-	7
Council created - special reserves Tokanui					72	4	(7)	69
	Tuatapere	Water Meridian Contract	Various	Tuatapere general purpose	7	-	-	7
	Tuatapere	Community Centre	Community facilities	Tuatapere community centre	23	4	-	27
	Tuatapere	General - OPR	Various	Tuatapere general purpose	23	1	-	24

	Tuatapere	General	Various	Tuatapere general purpose	254	32	(25)	260
	Tuatapere	Property	Various	Tuatapere general purpose	3	-	-	3
	Tuatapere	Waiau River collection	Various	Tuatapere Waiau River	1	-	-	1
Council created - special reserves Tuatapere					311	36	(25)	322
	Waianiwa	Community centre	Community facilities	Waianiwa community centres	16	7	-	23
Council created - special reserves Waianiwa					16	7	-	23
	Waiau/Aparima Ward	Arboretum reserve	Various	Arboretum reserve	14	-	(1)	13
	Waiau/Aparima Ward	Wairio cemetery	Cemeteries	Wairio cemetery	54	2	-	56
	Waiau/Aparima Ward	Wairio Town general	Various	Wairio general purpose	5	-	-	5
	Waiau/Aparima Ward	Wairio reserve	Various	Wairio reserve	7	-	-	7
	Waiau/Aparima Ward	Takitimu pool reserve	Various	Takitimu pool	21	-	(7)	14
	Waiau/Aparima Ward	Tuatapere ward pool	Various	Tuatapere ward pools	35	6	-	41
	Waiau/Aparima Ward	Cosy Nook	Various	Cosy Nook general purpose	21	4	-	25
	Waiau/Aparima Ward	Hirstfield reserve	Various	Hirstfield reserve general purpose	21	3	-	24
	Waiau/Aparima Ward	Waiau/Aparima Ward	Various	Waiau/Aparima Ward	269	38	(36)	271
	Waiau/Aparima Ward	Calcium cemetery	Cemeteries	Calcium cemetery	19	2	-	22
Council created - special reserves Waiau/Aparima Ward					467	56	(44)	478
	Waihopai/Toetoes Ward	Waihopai/Toetoes Ward	Various	Waihopai/Toetoes Ward	136	12	(31)	117
Council created - special reserves Waihopai Toetoes Ward					136	12	(31)	117
	Waikaia	Dickson Park	Parks and reserves	Waikaia general purpose	16	2	-	18
	Waikaia	Drain filing	Various	Waikaia drains	2	4	-	6
	Waikaia	General	Various	Waikaia general purpose	96	6	-	103
	Waikaia	Museum donations	Community facilities	Waikaia Museum	5	2	-	7
	Waikaia	Refuse removal	Solid waste management	Waikaia general purpose	10	-	-	10
	Waikaia	Stormwater	Stormwater	Waikaia Stormwater	108	3	-	110
Council created - special reserves Waikaia					236	17	-	254
	Waikawa/Niagara	Community centre	Community facilities	Waikawa/Niagara community centres	6	2	-	8
Council created - special reserves Waikawa/Niagara					6	2	-	8
	Waitane Glencoe	Res Reserve Committee	Parks and reserves	Waitane Glencoe reserves	1	1	-	2
Council created - special reserves Waitane Glencoe					1	1	-	2
	Wallacetown	General	Various	Wallacetown general purpose	200	8	(22)	185
	Wallacetown	Stormwater	Stormwater	Wallacetown general purpose	39	3	-	41
Council created - special reserves Wallacetown Ward					238	10	(22)	227
	Winton	Community centre	Community facilities	Winton community centres	11	11	(1)	22
	Winton	General	Various	Winton general purpose	308	51	(10)	349
	Winton	Medical centre general	Community facilities	Winton Medical Centre	137	23	(3)	157
	Winton	Multi sports	Parks and reserves	Winton sports complex	6	-	-	6
	Winton	Property sales	Various	Winton general purpose	240	18	-	257

Financial Information

	Winton	Res capital development	Various	Winton general purpose	100	2	-	102
	Winton	Stormwater	Stormwater	Winton stormwater	25	56	-	81
Council created - special reserves Winton					828	161	(13)	975
	Winton/Wallacetown Ward	Winton/Wallacetown Ward	Various	Winton/Wallacetown Ward	425	26	(10)	440
Council created - Special reserves Winton/Wallacetown Ward					425	26	(10)	440
	Woodlands	General	Various	Woodlands general purpose	79	7	(24)	62
	Woodlands	Septic tank rates	Wastewater	Woodlands septic tank cleaning	8	-	-	8
Council Created - special reserves Woodlands					87	7	(24)	70
Total Council created - special local reserves					10,584	1,178	(1,225)	10,538
Total Council created - special reserves					27,582	10,745	(11,456)	26,871
TOTAL RESERVE FUNDS					42,545	12,669	(13,403)	41,812

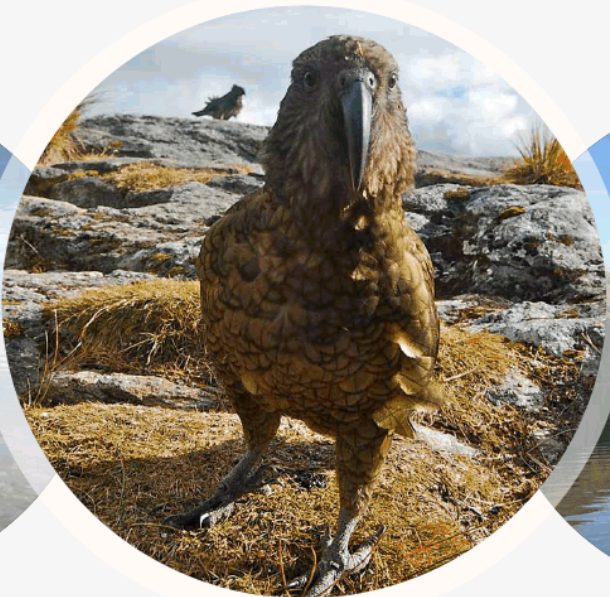
Reserves summary			Opening balance 1/7/2019 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2020 (\$000)
Total Council created - special reserves			27,582	10,745	(11,456)	26,871
Total Council created - general reserves			11,339	1,380	(1,328)	11,391
Total restricted reserves			3,625	544	(619)	3,550
TOTAL RESERVE FUNDS			42,545	12,669	(13,403)	41,812



www.southlanddc.govt.nz

Annual Report

Summary 2019/2020



SOUTHLAND
DISTRICT COUNCIL
Te Rohe Pōtae o Murihiku

Weathering the storm...

Message from the mayor Gary Tong and chief executive Steve Ruru*

There is no doubt that 2019/2020 has been a year of disruption and change, and there is no doubt there's more to come. For Southland District Council it has been a year of planning for the future while weathering the storm – or, more specifically, a flood and a global pandemic.

A major part of our planning is to increase the resilience of the communities in our District so that they are better able to meet the challenges we know lie ahead. These take many forms, from increased extreme weather events to shifting societal trends, and our communities have to be healthy and strong to not only withstand them but to thrive in spite of them.

This is why community-led development is a major focus of Council's work, and why the local election in October 2019 was held under a new governance model of nine community boards covering all of Southland District.

Our philosophy of small council, big community recognises the need to empower communities to do things for themselves rather than have an ongoing reliance on Council.


The purpose of this is to further strengthen communities so that they are prepared for and able to adapt to whatever the future may bring.

We did not have to wait long to put this theory into practice, as natural disaster followed in the form of the February floods, which had a big impact in the District. Southland communities from Milford Sound to Fortrose responded magnificently, banding together to shelter, feed and care for those stranded or displaced by the rising floodwaters.

This deeply rooted strength of character and generosity of spirit was witnessed again with the Covid-19 pandemic when it reached New Zealand and we were forced into isolation during a period of lockdown. Within the restrictions of physical distancing, communities reached out to their most vulnerable members in a number of innovative ways.

We weathered that storm as well but there are those in the community who have been deeply affected, the tourism industry has been thrown into turmoil, and there will be flow-on consequences for the way we live and work going forward.

Isolation forced a rethink of how businesses do their work, and Council was no exception. Working remotely from home, connected by video conferencing, became the new normal, and while staff are again able to work from their office desks the new ways of working that

A scenic photograph of a mountain landscape. In the foreground, there is a dense green forest. A winding asphalt road curves through the middle ground, leading towards a mountain. Several waterfalls are visible on the steep, rocky slopes of the mountain in the background. The sky is overcast and misty.

bought new efficiencies have continued to be used in many aspects of our organisation.

With ongoing outbreaks of Covid-19 internationally, initial predictions of when the world might return to some level of normality are being recalibrated. Right now we are looking at a period of years, not months, and the learnings we have taken from New Zealand's response may prove valuable in the future.

Three waters reform, poses probably the biggest change to local government since the amalgamations of 1989. It has been a long time coming, and while this process started in earnest following the gastro outbreak in Havelock North in 2016, it has been on the cards since the late 1990s. The need for it now has been exacerbated by the impacts of Covid-19.

Through the three waters reforms and major pieces of work such as the Milford Opportunities

Project, in which Southland District Council is heavily involved, we are seeing real momentum towards not just multi-agency partnerships but multi-regional collaborations.

This collaborative planning and working between public sector agencies – local authorities, iwi, health boards, police, justice, communications and infrastructure providers and so on – is implicit in the four well-beings reintroduced into the Local Government Act by the current government, and it is the platform on which we've been advancing our programme of community-led development.

We will continue to build on this platform as it will strengthen the economic, social, cultural and environmental well-being of our communities and enable them to develop their own resilience to whatever the future holds.

While the rate of change we are experiencing now might seem dizzying, the issues we need to address have been forecast for some time and we know there is more change coming, and fast. Council will be talking with you about this in greater detail as we continue to develop our next Long Term Plan 2021-2031.

In the meantime, we encourage you to take the time to look through this Annual Report.

* Please note: Steve Ruru resigned as chief executive on 2 October 2020.



Key highlights

Small council, big community

The local elections in October 2019 were the first held under Southland District Council's new community governance model of nine community boards covering all of Southland District.

This model was the key determination of the Local Government Commission following SDC's six-yearly Representation Review, and a Community Governance Project started by Council in 2015.

The model enables community boards to provide greater leadership in their communities, with the support of Council.

One of the first major projects for the new boards is developing their own community board plans, which outline visions for their areas and desired outcomes.

These plans will feed into budgets to be prepared for SDC's next Long Term Plan 2021-2031.

Three waters reforms

The government is reviewing how to improve the regulation and supply arrangements of drinking water, wastewater and stormwater (three waters) to better support New Zealand's prosperity, health, safety and environment.

Most three waters assets and services, are owned and delivered by local councils, including Southland District Council. The review ran in parallel to the latter stages of the Havelock North Inquiry into drinking water safety following the campylobacter outbreak in 2016.

During 2019/2020 a new national water services regulatory body, Taumata Arowai, was established to administer and enforce a new drinking water regulatory system (including the management of risks to sources of drinking water); and to support improving the environmental performance of wastewater and stormwater networks.

Capital expenditure programme

A trend over recent years of increased investment in capital works by Council continued in 2019/2020.

A total of \$29 million was spent, the major share of which was on the Te Anau wastewater project.

Capital expenditure has increased in recent years as a result of further investment in infrastructure and establishing more efficient delivery of our services.

Online services

As Council moves away from paper-based processes, we launched several new online services during 2019/2020.

These will enable customers to have easier and more convenient access to a range of our services.

Building consent applications can now be made online and our building control team now have the software to process them on a device, with customers able to monitor how their application is progressing.

Dog registrations, including changes, along with payments and internet banking, can now be done through our website, southlanddc.govt.nz, and dog owners can elect to have their registration forms emailed to them, rather than posted. Other software products were introduced at Council to create greater efficiencies and added mobility for staff working out in the District.

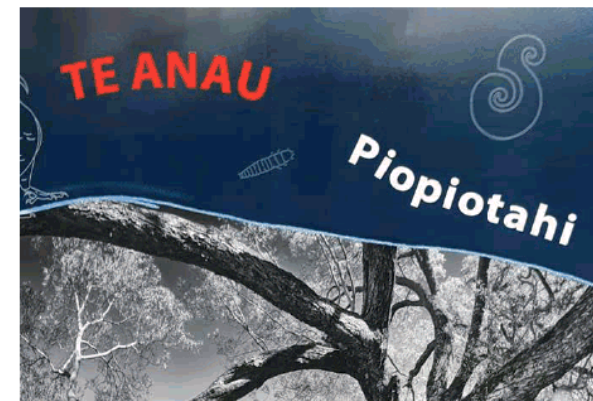


Beautiful loos

An innovative Council project to convert shipping containers into toilet facilities and install them at key locations around the District attracted national attention last year.

The first modified shipping container to be installed, at Colac Bay, won the Best Loo Award at the Keep New Zealand Beautiful Awards in Dunedin in October.

Several such toilets were rolled out during the year, each unique and linked to its surrounding area by use of an adhesive graphic wrap that illustrated some of the local character.



Our response to Covid-19

Council acknowledges the ongoing impacts of the global Covid-19 pandemic on our residents and ratepayers.

During the Covid-19 pandemic lockdown, Council closed all its offices and public facilities. Staff worked from home, and essential Council services such as roading, rubbish collection, water and wastewater continued to be delivered. After 13 May, when New Zealand returned to alert level two, Council returned to providing all services to the community, with heightened health and safety measures around physical distancing, personal protective equipment and cleaning regimes.

In comparison to the negative impacts felt by many Southland businesses and organisations during the alert level one lockdown, there was less of an overall impact on Council operations. The delivery of Council's programmed capital works was delayed and, accordingly, progress, subsidies and expenditure on these items was deferred. However, Council did not incur significant contract variations as a result of Covid-19. The reduced impact on Council is partly because we don't operate significant facilities used by the public, such as pools, stadiums, galleries, museums and event venues.

Tourism plays a major part in Southland's economy and we are conscious of the financial hardship experienced by Southland tourism operators, along with the many other Southland District residents from whom we collect rates revenue. In an effort to assist, Council continues to offer to work with customers or ratepayers who are worried about their ability to pay their rates.



7

High-cost infrastructure projects



Accelerated bridge replacement programme

Council approved unbudgeted expenditure of \$3 million in 2019/2020 to accelerate the replacement of at-risk wooden bridges throughout the District. Of this, Council's share is \$1.47 million, with Waka Kotahi NZ Transport Agency providing the remainder.

Up to 19 bridges will be replaced in this initial programme, with a completion target date of April 2021. By the end of the financial year at 30 June the programme was well advanced,

with six bridges having been replaced. This is only the start of a long and costly journey.

We calculate that up to 171 wooden bridges, with a total replacement value of around \$40 million, will need to be replaced within the next 12 years, and a further 22 in the eight years after that.

Currently there is a significant shortfall in annual funding available for this work.

Te Anau wastewater project

This \$22 million multi-year project is of significant scale and cost to the District and requires a lot of work and resource from Council.

Pipeline construction was completed by Fulton Hogan late in the 2019/2020 year and the contract for design and construction of the membrane filter wastewater treatment plant was awarded to Downer. An application was lodged for an extension to the Upukerora River discharge consent, because of a change in dispersal method from centre pivot irrigation to sub-surface drip irrigation in the Kepler field.

Fulton Hogan has been awarded the contract to carry out this package of work.

Winton stormwater and water mains

A major project to upgrade 1km of stormwater pipes and associated fixtures in Winton was completed in the 2019/2020 year.

Contractors Opus and Downer broke ground on 7 February 2019. The project's total cost of \$1.51 million is being funded by a 30-year loan, with the Winton Community Board approving \$500,000 from reserves to lessen the impact of repayments on the town's ratepayers.

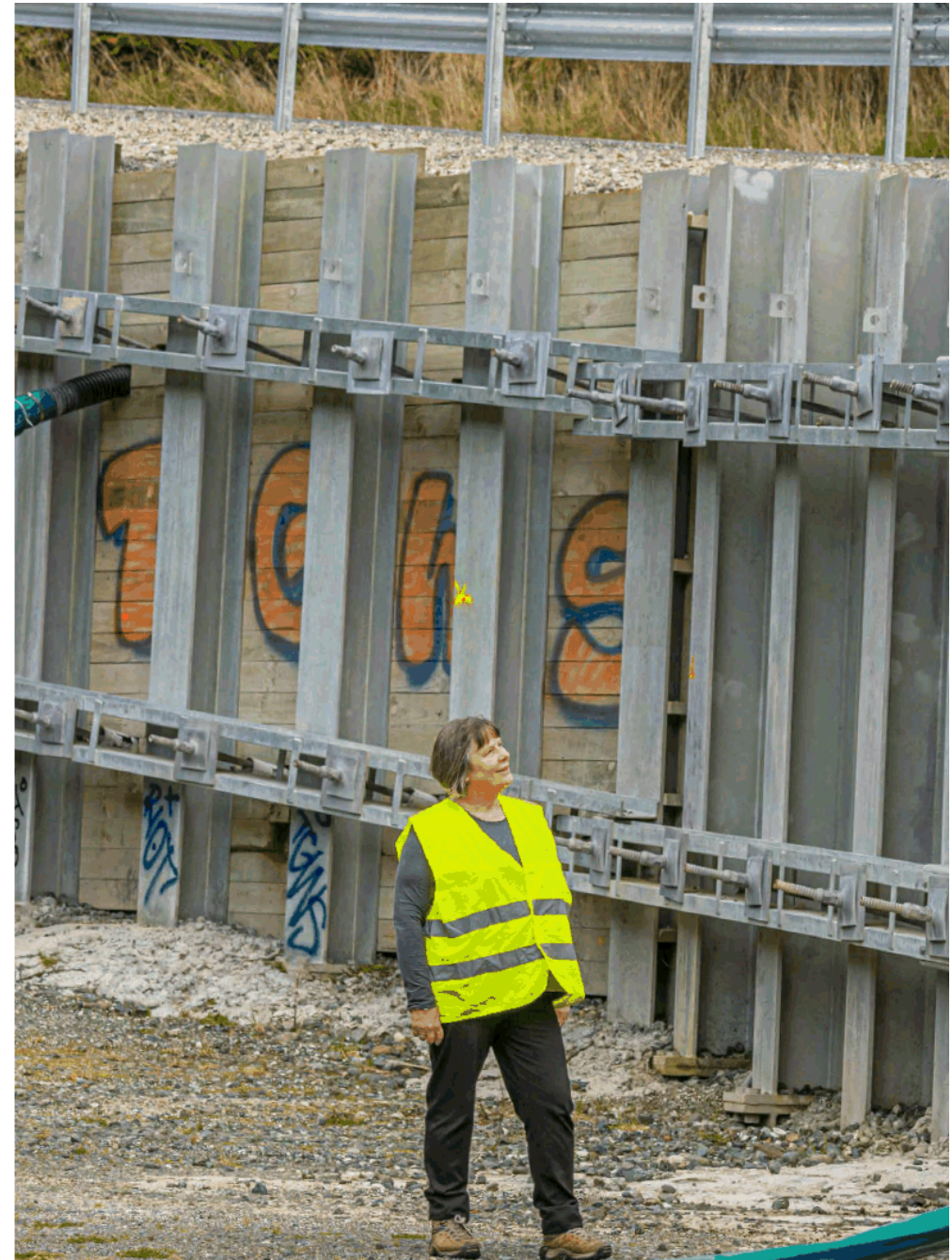


Summary activity report

The tables provide a snapshot of the status of the projects and achievements of performance targets as at 30 June 2020 for the 2019/2020 financial year.

Council's 26 activities are broken down into nine activity groups. There were 54 (67%) achieved, two (2%) not measured and 25 (31%) not achieved.

Achievement category	Progress to 30 June 2020
Achieved	54 (67%)
Not achieved	25 (31%)
Not measured	2 (2%)
Total KPIs	81 (100%)





PERFORMANCE RESULTS

Activity group	Achieved	Not measured	Not achieved	Total
Community services	7	-	4	11
District leadership	14	-	5	19
Emergency management	2	-	-	2
Regulatory services	6	1	4	11
Roads and footpaths	2	1	3	6
Solid waste	4	-	2	6
Stormwater	8	-	2	10
Wastewater	6	-	-	6
Water supply	5	-	5	10
Total	54	2	25	81

PROJECTS STATUS

Activity group	Completed	In progress	Not started	Deferred	Deleted	Total
Community svices	30	18	2	17	10	77
District leadership	2	3	-	-	1	6
Regulatory services	-	-	-	-	-	-
Emergency management	-	-	-	-	-	-
Roads and footpaths	10	12	4	2	1	29
Solid waste	-	-	-	-	-	-
Stormwater	1	1	-	-	1	3
Wastewater	7	13	1	1	1	23
Water supply	14	11	2	1	3	31
Total	64	58	9	21	17	169

The project list is extracted from an internal system as at 30 June 2020. Please note the information provided does not include the roading programme of projects.

Financial overview

The financial overview provides a summary of the year-end financial results for Southland District Council.



The information contained in this overview has been extracted from the full financial statements, which contain detailed information about Council's finances and service performance.

The financial results include information about Council and the Stewart Island Electrical Supply Authority, as well as Council's share of its associated entities. For information on the group financial statements, which includes Milford Community Trust, please refer to the full Annual Report.

The table shows the financial year-end results, as at 30 June 2020, and includes comparisons from the previous financial year and the budget as outlined in the 2019/2020 Annual Plan. The full financial statements were authorised for issue by Mayor Gary Tong and chief executive Cameron McIntosh on 18 November 2020. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand. The only changes in accounting policies

for the year ended 30 June 2020 relate to accounting for associates and joint ventures as a result of mandatory adoption of PBE IPSAS 36 Investments in Associates and Joint Ventures and PBE IPSAS 37 Joint Arrangements. This impacts how Council recognises its interests in Venture Southland and WasteNet.

The financial report has been prepared in accordance with New Zealand Generally Accepted Accounting Practise (NZ GAAP). These financial statements have been prepared in accordance with Tier 1 Public Benefit Entity ("PBE") accounting standards. The information included in the summary report has been prepared in accordance with PBE FRS 43: Summary Financial Statements. The summary financial statements do not include all the disclosures provided in the full financial

statements and cannot be expected to provide as complete an understanding as provided by the full financial statements. The summary financial statements are in compliance with Public Benefit Entity Financial Reporting Standard 43 (PBE FRS 43).

A qualified audit opinion was given on the full Annual Report by Audit New Zealand. The basis of the qualification was in relation to performance measures for water, wastewater and stormwater complaints. Additionally, the opinion included an emphasis of matter paragraph in relation to the impact of Covid-19 on Council.

More detail on these matters can be found in the audit opinion. You can find a copy of the full Annual Report, which includes full details of Southland District Council's accounting policies, on Council's website: southlanddc.govt.nz

Definitions

NET SURPLUS/(DEFICIT) AFTER TAX	What income Council has left after operational costs are paid.
EQUITY	Net assets owned by ratepayers.
NET ASSETS	What Council has less what it owes at the end of the year.
CASHFLOW	How Council generated and used cash during the year.

FINANCIAL SUMMARY			
Actual 2018/2019 (\$000)		Actual 2019/2020 (\$000)	Budget AP 2019/2020 (\$000)
COMPREHENSIVE REVENUE AND EXPENSE			
77,092	Revenue earned (incl asset development)	80,488	73,073
(78,488)	Less total expenditure	(80,711)	(76,405)
(22)	Less finance costs	(23)	(22)
314	Share of associate's surplus/deficit	55	-
(1,104)	Net surplus/(deficit) after tax	(191)	(3,353)
298	Movement in fair value reserve	910	-
49,655	Movement in asset revaluation reserve	15,528	30,544
48,849	Comprehensive revenue and expense	16,247	27,191
CHANGES IN EQUITY			
1,537,706	Equity at start of year	1,586,556	1,561,495
48,849	Total comprehensive income	16,247	27,191
1,586,556	Equity at the end of the Year	1,602,802	1,588,686
FINANCIAL POSITION			
1,586,556	Total equity	1,602,802	1,588,686
27,426	Current assets	25,068	1,860
1,572,555	Non-current assets	1,594,191	1,595,808
1,599,981	Total assets	1,619,260	1,597,668
13,426	Current liabilities	16,437	8,931
26	Non-current liabilities	21	51
13,426	Total liabilities	16,457	8,982
1,586,556	Net assets (assets less liabilities)	1,602,802	1,558,686
CASH FLOWS			
23,144	Operating cashflow	23,585	21,244
(20,004)	Investing cashflow	(28,312)	(37,569)
1,700	Financing cashflow	800	-
4,839	Net cashflow increase/(decrease)	(3,927)	(16,324)
10,885	Opening cash balance	15,725	13,152
15,724	Closing cash balance	11,798	(3,173)



Our finances in summary

Council's revenue was higher than budgeted as a result of government grants for Milford Opportunities and Te Anau wastewater projects, as well as higher Waka Kotahi NZ Transport Agency subsidies, increased forestry harvesting proceeds and revaluation and vested assets received.

Operating expenditure was over budget for the year, primarily due to costs associated with emergency works as a result of the February floods, consultant costs associated with various projects (many government funded) and employee expenses. Overall, Council's net deficit before tax was \$3.2 million less than budgeted.

Council continues to maintain a strong financial position with \$1.6 billion in assets and minimal liabilities. At balance date Council had \$2.5 million of short-term external debt. The only significant variance from budget on the statement of financial position is property, plant and equipment, which is principally due to the increase in the value of key infrastructure assets. More specific explanations of financial statement variances from budget can be found at note 36 of the financial statements in the full annual report document.

Where the revenue came from

Council's consolidated revenue this year is \$80.5 million, including \$48.1 million from rates. The breakdown of this revenue is shown in the table (below).

SOURCES OF REVENUE	Actual (\$000)	% of total revenue
Rates revenue	48,112	60%
Waka Kotahi NZ Transport Agency	14,028	17%
Other revenue	10,131	13%
Other gains/(losses)	494	1%
Grants and subsidies	6,139	8%
Interest and dividends	313	0%
Vested assets	684	1%
Development and financial contributions	587	1%
TOTAL	80,488	100%

Where your rates were spent

The following table shows the breakdown of where the rates were spent in 2019/2020.

Other district services includes the emergency management, customer support and library activities. Other local services include community buildings, cemeteries, pools, public conveniences and jetties etc.

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

RATES EXPENDITURE	Actual (\$000)	% of total rates expenditure
Roading and transport	14,481	30%
Stormwater, wastewater and water	8,143	17%
Other district services	7,040	14%
Governance, strategy and communication	5,766	12%
Other local services	5,703	12%
Solid waste management	4,690	10%
Regulatory services	1,696	4%
Grants and donations	593	1%
TOTAL	48,112	100%

Revenue

\$80.5 million of revenue was collected during the financial year.

Overall, revenue was \$7.4 million higher than budget primarily due to increased Waka Kotahi NZ Transport Agency subsidies (\$0.9 million), forestry harvesting income (\$0.4 million), government grants (\$2.0 million), forestry revaluation (\$1.9 million), vested assets (\$0.7 million) and Council's share of income from WasteNet not budgeted for (\$1.3 million).

These increases in revenue were offset by a reduction in building consent fees which was recognised as deferred revenue on the statement of financial position (\$0.9 million).

Operational expenditure

Operating expenditure totalled \$79.7 million, with nearly half of this relating to roading and transport services (42%).

Overall operating expenditure was over budget by \$2.8 million.

This was primarily due to increased costs associated with:

- emergency roading works as a result of the February 2020 flooding event (\$1.3 million);
- employee-related costs (\$1.0 million), primarily due to increases in building control staff to manage workflows and accreditation as well as new positions to enable Council to manage legislative changes, predominantly around water reforms;
- increased waste management costs (\$0.4 million);
- increased consultants costs, the majority of which are associated with government-funded projects including Milford Opportunities and Stewart Island/Rakiura Opportunities (\$2.0 million);
- Council's share of WasteNet expenditure, not budgeted for (\$1.1 million).

These costs are offset by Council's contribution to the Pyramid Bridge rebuild being lower than budgeted (\$1.3 million).

As a result of the higher than anticipated infrastructure levels, Council's depreciation also increased (\$0.7 million).

Net assets and equity

Overall, Council's total net assets have increased by \$16.2 million from last year.

This is primarily due to an increase in the valuation of Council's infrastructure.

Cashflow

Receipts from Waka Kotahi NZ Transport Agency were \$1.9 million above budget primarily due to subsidies towards the emergency works as a result of the February flooding.

Receipts from other revenue was \$3.2 million higher than budgeted as a result of additional government grants received for various projects.

Net cash outflows from investing activities were \$9.3 million lower than budgeted due delayed progress on Te Anau wastewater project as well as other capital works as a result of Covid-19.

Net cash from financing activities was \$0.8 million higher than budget due to short term external borrowings being required at year end.

Overall, Council has ended the year with a cash balance of \$11.8 million, which was \$15 million more than budget.



Capital expenditure

Council spent \$28.4 million on capital projects in 2019/2020.

Of this total, \$15.6 million (55%) was spent on roading and transport projects throughout the District and \$10.2 million (36%) was spent on stormwater, wastewater and water projects in local townships.

The capital project spending was \$3.6 million less than the \$32 million budgeted for 2019/2020 in the Annual Plan as a number of projects were still in progress or not yet started at 30 June 2020, as well as deferrals of projects to future years.

More detail on project status is included in the summary activity report on page 11.



Independent Auditor's Report

18 Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa



A copy of the full Annual Report can be obtained from any Southland District Council office or library, or on our website www.southlanddc.govt.nz.

You can also phone Council on 0800 732 732 to request a copy be sent to you.

Independent Auditor's Report**To the readers of Southland District Council's annual report for the year ended
30 June 2020**

The Auditor-General is the auditor of Southland District Council (SDC). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to report on the information in SDC's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether SDC has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of SDC's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 4 November 2020. This is the date on which we give our report.

Opinion***Unmodified opinion on the audited information, excluding the Activity Groups statement***

In our opinion:

- the financial statements on pages [...] to [...] and pages [...] to [...]:
 - present fairly, in all material respects:
 - SDC's financial position as at 30 June 2020;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;

- the funding impact statement on page [...], presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in SDC's annual plan;
- the statement about capital expenditure for each group of activities on pages [...] to [...], presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in SDC's annual plan; and
- the funding impact statement for each group of activities on pages [...] to [...], presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in SDC's Long-term plan.

Qualified opinion on the Activity Groups statement – our work was limited with respect to the verification of the number of complaints for some services

In our opinion, except for the possible effects of the matter described in the *Basis for our qualified opinion* section of our report, the Activity Groups statement on pages [...] to [...]:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand

Report on the disclosure requirements

We report that SDC has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages [...] to [...], which represent a complete list of required disclosures and accurately reflects the information drawn from SDC's audited information and, where applicable, SDC's long-term plan and annual plans.

Basis for our qualified opinion on the audited information

SDC is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These

mandatory performance measures include the total number of complaints (per 1,000 properties connected) received about the following:

- drinking water clarity, taste, odour, pressure or flow, and continuity of supply;
- sewage odour, sewerage system faults and blockages, and the City Council's response to issues with the sewerage system; and
- the performance of the stormwater system.

These measures are important because the number of complaints are indicative of the quality of services received by ratepayers.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including on how to count complaints. Our audit testing found that SDC has not been counting complaints in accordance with this guidance and that SDC's method of counting was likely to have understated the actual number of complaints received both in the current year and in the comparative year to 30 June 2019. Complete records for all complaints made to SDC were not available and we were unable to determine whether SDC's reported results for these performance measures were materially correct.

As a result, our work was limited and there were no practical audit procedures we could apply to obtain assurance over the number of complaints reported against these performance measures.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Emphasis of matter – Impact of Covid-19

Without further modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on SDC as set out in [note x/notes x and y] to the financial statements and page xx of the Activity Groups statement.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of SDC or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to SDC's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SDC's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Activity Group, as a reasonable basis for assessing the levels of service achieved and reported by SDC.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on SDC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause SDC to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages [...] to [...] and [...] to [...], but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of SDC in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out a limited assurance engagement related to SDC's debenture trust deed, which is compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in SDC.

Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



18 November 2020

Dereck Ollsson
Appointed Auditor
Audit New Zealand
PO Box 2
Christchurch

Dear Dereck

Representation letter for the year ended 30 June 2020

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and statement of performance, for the year ended 30 June 2020 of:

- Southland District Council; and
- the group, comprising Southland District Council and its subsidiaries.

The purpose of the audit is to express an independent opinion about whether:

- The financial statements:
 - present fairly, in all material respects:
 - the financial position as at 30 June 2020; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

The council activities:

- presents fairly, in all material respects, the performance for the year ended 30 June 2020, including:
 - the performance achievements as compared with forecasts included in the forecast performance report for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the forecast performance report for the financial year.
- complies with generally accepted accounting practice in New Zealand.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

Southland District Council
Te Rohe Pōtae o Murihiku

PO Box 903
15 Forth Street
Invercargill 9840

☎ 0800 732 732
✉ sdcsouthlanddc.govt.nz
🏠 southlanddc.govt.nz



We understand that, because you will be issuing a non-standard audit report, the Auditor-General has the responsibility to refer to that audit report in a report to Parliament in accordance with section 20 of the Public Audit Act 2001.

General representations

To the best of our knowledge and belief:

- the resources, activities, and entities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of Southland District Council and group) to prevent and detect fraud.

Representations on the financial statements and council activities

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and council activities, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and council activities as required by Local Government Act 2002 and, in particular, that:
 - the financial statements:
 - present fairly, in all material respects:
 - the financial position of the Southland District Council and group as at 30 June 2020; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
 - the council activities:
 - presents fairly, in all material respects, the performance for the year ended 30 June 2020, including:



- the performance achievements as compared with forecasts included in the annual plan for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the annual plan for the financial year.
- complies with generally accepted accounting practice in New Zealand.
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to 30 June 2020 that require adjustment or disclosure;
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and council activities as a whole. A list of the uncorrected misstatements is attached to this representation letter;
- we believe the effects of uncorrected disclosure deficiencies, including both omitted and incomplete disclosures, are quantitatively and qualitatively immaterial, both individually and in aggregate, to the financial statements as a whole.
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Benefit Entity Reporting Standards.
- the financial statements adequately disclose the impact of COVID-19, including disclosure about key assumptions and estimates used in measuring assets and liabilities;
- in determining the carrying values for all assets including property, plant and equipment the Council has appropriately addressed the impacts of the COVID-19 pandemic;
- representation regarding water, wastewater and stormwater complaints performance measures issue – yet to be provided.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and council activities; and



- unrestricted access to persons within the entity and group from whom you determined it necessary to obtain audit evidence.
- we have disclosed to you the results of our assessment of the risk that the financial statements and council activities may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and group and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements and the council activities.
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity and group's financial statements and council activities communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and council activities;
- we have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements.
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.
- we have disclosed to you all information in relation to the impacts that the COVID-19 pandemic has had on the Council that could affect the financial statements.

Going concern basis of accounting

- We confirm that, to the best of our knowledge and belief, the Southland District Council and group has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Council continues to adopt the going concern basis of accounting in preparing the financial statements and council activities for the year ended 30 June 2020. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Southland District Council and group during the period of one year from 18 November 2020, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.
- We consider that the financial statements and council activities adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the Southland District Council and group.



- Throughout the year, the Southland District Council and group has complied with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

Publication of the financial statements and council activities and related audit report on a website

- The Council accepts that it is responsible for the electronic presentation of the audited financial statements and council activities.
- The electronic version of the audited financial statements and council activities and the related audit report presented on the website are the same as the final signed version of the audited financial statements and council activities and audit report.
- We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.
- We have assessed the security controls over audited financial and activities information and the related audit report, and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- Where the audit report on the full financial statements and council activities is provided on a website, the financial statements and council activities are also provided in full.

Sign-off on these representations

- The representations in this letter are made at your request, and to supplement information obtained by you from the records of the Southland District Council and group and to confirm information given to you orally.

Yours sincerely

Mayor – Gary Tong

Chief Executive – Cameron McIntosh



DRAFT



Appendix 1: Uncorrected misstatements

Note	Statement of comprehensive income		Statement of financial position	
	Dr \$000	Cr \$000	Dr \$000	Cr \$000
1	1,000,000			1,000,000
2	310,066			310,066
3				

Explanation for uncorrected differences

1. The journal was proposed to restate prior year and record the income received in prior year. The income is the first instalment of funding from Te Anau Wastewater Tourism Infrastructure Fund of which the agreement was signed in May 2019.
2. The Council did not impair 1/3 of the Forth Street building which was declared earthquake prone during the year. The net book value of this amount is \$930K. Council used insurance indemnity on the building to justify not impairing the building, however this is not in line with the accounting standard.

Plan Change 1 - Dark Skies

Record No: R/20/10/59834
Author: Margaret Ferguson, Resource Management Planner
Approved by: Fran Mikulicic, Group Manager Environmental Services

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 To seek Council approval and an associated formal resolution to make Plan Change 1 – Dark Skies operative.

Executive Summary

- 2 Decisions on Plan Change 1 – Dark Skies, prepared under the Resource Management Act 1991, were released in February 2020 and no appeals were received.
- 3 This report seeks the approval of Council to make the plan change operative. This is the final step in the plan change process and formalises the new provisions.
- 4 An operative date of 18 December 2020 is recommended.

Recommendation

That the Council:

- a) **Receives the report titled “Plan Change 1 - Dark Skies ” dated 12 November 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 that Plan Change 1 – Dark Skies (attachment A of the report) to be made operative.**
- e) **Agrees to affix the Common Seal to the Southland District Plan 2018 to effect its approval of the plan change and His Worship the Mayor, and the Chief Executive sign the Plan.**
- f) **Approves that 18 December 2020 as the operative date for the Plan Change.**

Background

- 5 Plan Change 1 – Dark Skies amends provisions relating to lighting and signage on Stewart Island/Rakiura only (see Attachment A).
- 6 Plan Change 1 has been through the prescribed process as outlined in Schedule 1 of the Resource Management Act 1991
- 7 Plan Change 1 – Dark Skies was publicly notified on 9 September 2019 and six submissions were received by the closing date of 7 October 2019. One submission was received late on 9 October 2019. A Section 37 waiver of time limits for submissions on Plan Change 1 – Dark Skies was granted for the late submission.
- 8 A summary of submissions seeking any further submissions was publicly notified on the 28 October 2019. No further submissions were received.
- 9 A hearing was held on Wednesday 12 February 2020, with one submitter in attendance. The decision on submissions to the plan change was publicly notified on 6 August 2020 with a 30 day legal appeal period. No appeals were received.
- 10 The provisions have been treated as legally operative since the close of the appeal period. All that now remains is to make the provisions formally operative and legally part of the Southland District Plan.
- 11 A final public notice needs to be published advertising when the changes to the current District Plan become operative. Under the provisions of Clause 20 of Schedule 1, the Council must publicly notify the date on which the plan change becomes operative at least five working days before the date on which it becomes operative. It is therefore recommended that Plan Change 1 becomes operative on 18 December 2020, with this date being publicly notified on 10 December 2020.

Factors to Consider

Legal and Statutory Requirements

- 12 Clause 17 of Schedule 1 of the RMA, sets out that a local authority shall approve a proposed plan once it has made amendments under Clause 16 (which refers to directions of the Environment Court). Council is now required to approve the proposed plan change and define an operative date.
- 13 This report seeks Council's approval to make the changes resulting from Plan Change 1 Dark Skies part of the Southland District Plan by setting the operative date under Clause 20 of Schedule 1 of the RMA.
- 14 There is no right of appeal in respect of any decision Council makes on this matter given the appeal period on Council's decision on Plan Change 1 ended on 17 September 2020 and no appeals were filed.

Community Views

- 15 The views of the community were sought through the plan change process as provided for by Schedule 1 of the RMA. Submissions were received, a hearing was held and the final decisions released.

Costs and Funding

- 16 The costs at making Plan Change 1 operative will be met by existing District Plan budgets. The costs are associated with the legal requirements for publishing a public notice and printing and updating the relevant pages of the District Plan.

Policy Implications

- 17 The Southland District Plan 2018 provides a policy framework for the development and use of land in the District. Making Plan Change 1 operative provides for consideration of the impacts of development on Stewart Island/Rakiura's night sky.

Analysis

Options Considered

- 18 Council could choose to make Plan Change 1 operative on a different date, however Council is required under section 21 to avoid unreasonable delay, so this must be considered when setting an operative date.

Assessment of Significance and engagement

- 19 Plan Change 1 is not considered to be significant in terms of the Local Government Act 2002.
- 20 Plan change 1 has been through formal preliminary consultation and consultation processes, along with the submission and hearing process as required by the RMA.

Recommended Option

- 21 It is recommended Plan Change 1 be made formally operative on 18 December 2020 (see Attachment B).

Next Steps

- 22 If Council approves Plan Change 1 being made operative, a public notice is to be published in The Southland Times on 10 December 2020 announcing that Plan Change 1 will become operative on 18 December 2020.
- 23 Updated pages of the 'Southland District Plan 2018' will be distributed to all of Council's area offices and libraries, as well as to the Minister for the Environment, Environment Southland, adjoining territorial authorities, Te Runanga o Ngāi Tahu and Te Ao Mārama Incorporated. The Council website will also be updated accordingly as it relates to the District Plan.

Attachments

- A FINAL Dark Skies PC 1 text [↓](#)
- B Operative Seal Insert for Plan Change 1 - Dark Skies [↓](#)

APPENDIX 1 Amendments to District Plan

Section 2.12 Signage

Signage provide information, identification, direction and safety functions and typically promote goods, services, activities and events. Signage indirectly contributes to the District's social, cultural and economic wellbeing and supports public health and safety. Signage is typically located, designed and sized to maximise visibility and catch attention, often they are located adjacent to public places or the transport network. Inappropriate location, design and size of signage can give rise to adverse effects on the environment, including adverse effects on amenity values and the safety and efficiency of the transport network. A proliferation of signage on a site, or at a location, can also give rise to cumulative effects.

Objective SIGN.1

Signage is appropriately located and conveys necessary information in a manner that avoids or mitigates adverse effects on the environment.

Policy SIGN.1

The location and design of signage:

1. Minimises or avoids adverse effects on amenity values.
2. Avoids adverse effects on the safe and efficient operation of the transport network.

Explanation: Signage provide a number of functions which positively contribute to community wellbeing, however, they can also have adverse effects on the environment. Amenity values can be compromised by factors such as the character of signage, level of illumination or the proliferation or clutter of signage. Signage can also reduce the safety and efficiency of the transport network if it is poorly located, distract driver's attention or restrict visibility. Signage should be located and designed in a manner that avoids these effects and particular consideration should be given to the size of signage and the message displayed.

Policy SIGN.2

Enable the display of temporary signage.

Explanation: Temporary signage should generally only be displayed for the duration of the activity to which they relate. Exceptions are provided for Real Estate and Event Signage allowing this temporary signage to be removed no later than two weeks after a property is sold or seven days after an event has been held. Temporary signage should be located and designed in a manner that avoids adverse effects on amenity values and the safety and efficiency of the transport network.

Policy SIGN.3

Recognise there may be a need for off-site signage in circumstances where community or commercial land use activities are not located adjacent to State Highways or Regional Arterial Roads.

Explanation: There may be some cases, where the display of signage, on a site to which it does not relate, may be appropriate. Any such signage should avoid adverse effects on amenity values and the transport network and be consistent with the maximum sign height and area limits for the Rural Zone.

The location of the commercial land use activity should be in the vicinity of the site of the signage, and the signage does not need to be located on a State Highway or Regional Arterial Road.

Policy SIGN.4

Avoid inappropriate off-site signage where:

1. It adversely affects pedestrian and/or traffic safety.
2. Its content does not directly relate to providing directions, locations and the name of the business.
3. It detracts from the amenity and character of the area.

Explanation: While off-site signage may be acceptable in some circumstances, it may also be appropriate to decline an activity. Effects on safety or amenity could include, but are not limited to, the cumulative effects of the proliferation of signage and any effects on the landscape values of an area.

Signage Rules

The Zone Sections of the District Plan apply in addition to any relevant district-wide rules such as those relating to Signage. If any of the Zone Rules detailed in the following sections are breached, the activity will require resource consent:

- Rural Zone - Section 3.1
- Urban Zone - Section 3.2
- Te Anau Residential B Zone - Section 3.3
- Industrial Zone - Section 3.4
- Fiordland/Rakiura Zone - Section 3.5
- Eweburn Zone – Section 3.6.

Rule SIGN.1 (A) - Permitted Signage

Signage provided for in Table SIG

N.1.1 below is permitted provided it meets the General Signage Standards in Rule SIGN.4.

Table 1 Signage Limits

Zone	Maximum area m ² of freestanding signage and signage attached at an angle to buildings	Maximum area m ² of signage painted on to, or attached parallel to, buildings	Maximum height of freestanding signage
Urban Zone	1.5 m ²	1.5 m ²	3 metres
Commercial Precinct	0.5 m ² per metre of street frontage except that only two freestanding signs are permitted and the areas of such signs shall not exceed 14 m ² .	1 m ² per metre of building frontage	6 metres
Industrial Zone	7 m ²	1 m ² per metre of building frontage	9 metres
Rural and Eweburn Zones	3 m ²	3 m ²	3 metres

Zone	Maximum area m ² of freestanding signage and signage attached at an angle to buildings	Maximum area m ² of signage painted on to, or attached parallel to, buildings	Maximum height of freestanding signage
Fiordland/ Rakiura Zone	1.5 m ²	1.5 m ²	2 metres

Rule SIGN.1 (B) - Temporary Signage Permitted Throughout The District:

1. The following temporary signage shall be Permitted provided it meets the height limitations in Table SIGN.1.1 and the general signage standards in Rule SIGN.4
 - (a) **Real Estate Signage** - Signage not exceeding 0.6 m² in area advertising the disposal of land or premises on which it is located displayed while the property is on the market and removed no later than two weeks after the property has been sold.
 - (b) **Construction Signage** - Signage not exceeding 3 m² in area erected on a construction site. No such signage shall be displayed for a period exceeding the duration of the construction period and shall include only details of the project and names of parties connected therewith.
 - (c) **Event Signage** - Signage not exceeding 3 m² may be displayed within a period of no more than six weeks before the event and must be removed no later than seven days after the event.
2. **Public Election Signage** shall be Permitted provided that:
 - (a) Signage does not exceed 3 m².
 - (b) It is not displayed more than six weeks before the election and is removed no later than midnight on the day preceding election/polling day.
 - (c) It complies with the signage requirements outlined in the Electoral Act.

Rule SIGN.1 (C) - Sandwich Boards:

One sandwich board sign per premises shall be permitted provided it meets the following conditions:

1. Sandwich board signage shall only be displayed during the trading hours of the business to which the sandwich board relates.
2. The signage shall be located immediately adjacent to the street frontage of the premises to which it relates.
3. Such signage shall comply with the following dimensions:
 - (a) Height - minimum of 0.5 metres; maximum of 0.9 metres.
 - (b) Width - maximum of 0.6 metres.
 - (c) Spread - maximum of 0.5 metres.
4. Sandwich board signage must be located a minimum of 300 mm back from the carriageway edge and in such a position that there is a minimum 2 metre clearance of footpath for pedestrian traffic.
5. Where the area has a grass verge or a gravel berm then the signage is to be placed on this at least 600 mm from the carriageway and not on the footpath.
6. Where there are no footpaths then the signage will be sited in the berm area.
7. Sandwich boards shall not be located on footpath extensions and traffic islands constructed to accommodate pedestrian crossing points or traffic control devices.
8. Sandwich boards shall comply with Conditions 2, 3, 5, 7, 8, 9, 11 and 12 of Rule SIGN.4.

Rule SIGN.1 (D) - Information and Warning Signage:

The following information and warning signage shall be Permitted provided it meets the relevant zone height and size requirements of Table SIGN.1.1:

1. Hazard identification and warning signage.
2. Interpretational signage.
3. Directional signage.
4. Signage erected by Fish & Game New Zealand for angling and hunting activity information purposes.

Rule SIGN.2 - Restricted Discretionary Activities

1. Off-site signage that does not exceed 3 m² in area is a **Restricted Discretionary Activity**.
2. Any illuminated signage on Stewart Island / Rakiura (excludes offshore islands).
3. Any other signage that does not comply with Rule SIGN.1, SIGN.4 or is not subject to Rule SIGN.3 is a **Restricted Discretionary Activity**.

The matters to which Council will restrict its discretion are:

1. The effects of signage on the safety and visibility on transportation networks.
2. The content, size, colour and character of the signage, lettering size and style.
3. The illumination of the signage and the effects of light spill.
4. The siting of the signage with respect to sight lines pertaining to any road or rail intersection, or accessway on to a road.
5. Effects on the visual amenity and aesthetic coherence of the surrounding environment.
6. Effects on outstanding natural features and landscapes and Visual Amenity Landscapes.
7. Effects on historic or cultural heritage values of sites, structures, places and areas.
8. Cumulative effects of signage.
9. The location of the business premises or activity in relation to the signage.
10. The level of non-compliance with the maximum signage height and area limits for the relevant Zone or Precinct.

Rule SIGN.3 - Prohibited Activities

Off-site signage that exceeds 3 m² in area is a Prohibited Activity throughout the District.

Rule SIGN.4 - General Signage Standards

Signage shall comply with the following General Signage Standards:

1. **Under verandah signage** - In addition to the signage provided for above, signage attached under verandah is permitted within Commercial Precincts, provided that:
 - (a) It does not exceed the width of the verandah.
 - (b) There is at least 2.6 metres clearance to the footpath.
 - (c) There is a maximum of one under verandah sign per site per street frontage.
2. **International symbols** - Internationally recognised symbols shall be displayed on signs where appropriate.
3. **Similarity to traffic signage** - Signage shall not conflict with the colour combinations and/or shape or design of traffic signs.
4. **Orientation of Signage** - Roadside signage (excluding under verandah signage) shall be orientated a minimum of 5° off right angle to the road.
5. **Illumination** - Illuminated signage shall only be permitted within the Industrial Zone or Commercial Precincts and excludes any signage attached to an item of historic heritage or located within the site of an item listed in Schedule 5.2 - Historic Heritage Items.

Any illuminated signage shall ensure that artificial light spill shall not exceed the following illuminance levels, within the boundary of any other site not zoned Industrial or not within the Commercial Precinct overlay:

- (a) Day time 25 lux
- (b) Night time 10 lux

Illuminance levels shall be measured vertically or horizontally anywhere along the affected site boundary in accordance with professional engineering practice.

6. **Signage attached to buildings** - Signage on or attached to buildings shall be within 200 mm of the profile of the building on which they are painted or attached (excluding under verandah signage).
7. **Clarity** - Messages displayed on signage must be clear, concise and of a clear lettering style. Signage located adjacent to a road shall comply with the following minimum letter height standards:

Table 2 Minimum letter height standards

Speed Limit (km/hr)	Main Message (mm)	Property Name (mm)	Secondary Message (mm)
50	150	100	75
60	175	125	90
70	200	150	100
80	250	175	125
100	300	200	150

8. **Location of Signage** -
 - (a) Unless otherwise stated, yard or setback requirements relating to buildings shall not apply to signage.
 - (b) Unless otherwise stated, signage shall be located on the site where the lawfully established activity to which the signage relates is occurring.
 - (c) Signage shall be sited such that it does not restrict visibility to and from intersections and accesses.
 - (d) Signage shall not be located where it could adversely affect driver/pedestrian safety.
9. Signage may be single or double sided provided that each side does not exceed the maximum area permitted within that Zone.
10. Any signage attached to a building shall not exceed the height of that building.
11. Signage shall not be reflective or have any moving or flashing components.
12. Signage can include sponsorship logos where they comprise no more than 10% of the area of the signage.

Note: The New Zealand Transport Agency also has requirements for signage located adjacent to a State Highway. Please check the NZTA website or contact NZTA directly to ensure your signage can comply with these requirements

Section 3.2 Urban Zone

Urban areas function as the Southland District's main centres of population, culture and socio-economic activity. Integrated, sustainable and well planned urban areas enhance people and communities' quality of life by creating and maintaining safe, healthy and pleasant environments with appropriate access to services, infrastructure, transport and facilities. Sporadic and uncoordinated subdivision, land use and development can result in ad-hoc urban growth and the inefficient use of natural and physical resources and can give rise to adverse environmental effects.

The District's urban areas, defined as the Urban Zone, encompass the principal towns of Winton, Te Anau and Riverton/Aparima and the smaller townships of Balfour, Browns, Colac Bay/Oraka, Edendale, Lumsden, Manapouri, Mossburn, Nightcaps, Ohai, Otautau, Riversdale, Oban, Tokanui, Tuatapere, Waikaia, Wallacetown and Wyndham. The District's Urban Zones are recognised as predominantly residential areas, but provide for a range of activities. The form, function, character and amenity of the District's Urban Zones varies. Urban development pressures within the Urban Zone also vary with some townships experiencing steady growth, while others are static or in decline.

Commercial Precincts are identified as an overlay of the Urban Zone in the District Plan. Commercial Precincts are defined within the Urban Zone in Te Anau, Winton, Riverton/Aparima, Otautau, Edendale, Lumsden, Tuatapere, Riversdale and Wyndham as key locations within which Council seeks to encourage commercial activity. Commercial Precincts enable the co-location of commercial activities, which can enhance the function, integrity, convenience and viability of the commercial centres of these townships. Commercial Precincts can also reduce the likelihood of land use conflict with non-commercial land uses. Industrial Zones are also defined throughout the District and are covered in a separate chapter of the District Plan.

The Te Anau Residential B Zone was created through a private plan change and has specific zone provisions that provide for urban development on properties to which it relates.

Objective URB.1

Subdivision, land use and development in the Urban Zone shall maintain or enhance residential amenity.

Objective URB.2

Where they are defined, Commercial Precincts shall accommodate the principal retail and service functions of the Urban Zone.

Policy URB.1

Subdivision, land use and development in the Urban Zone shall:

1. Reflect the needs of the community.
2. Integrate with existing land use activities and infrastructure.
3. Create desirable places to live and vibrant and functional Commercial Precincts.
4. Achieve compact urban form; whilst avoiding, remedying or mitigating adverse effects on the environment.

Explanation: Well planned urban areas can provide for sustainable growth and development which reflect the needs of local communities. Council has identified areas suitable for subdivision, land use and development to provide for urban growth by defining an Urban Zone. Urban growth, including intensification and redevelopment, within the Urban Zone can promote coordinated, integrated and

compact urban form. This can optimise the efficient use of and accessibility to, infrastructure whilst discouraging urban sprawl and ribbon development outside of the Urban Zone.

Policy URB.2

Encourage the implementation of best practice urban design principles.

Explanation: Urban design is a key tool in achieving good quality outcomes in the built environment. Appropriate implementation of urban design principles will enhance identity and amenity values, promote diversity, choice, innovation and sustainability and ensure vibrant and cohesive urban areas. It can also support public health and wellbeing, including through the implementation of Crime Prevention through Environmental Design measures.

Policy URB.3

Manage subdivision, land use and development in a manner that maintains or enhances the amenity values of residential areas within the Urban Zone.

Explanation: Subdivision, land use and development within the Urban Zone should be sympathetic to amenity values and the character of residential areas and enhance this where possible. Outside of the Commercial Precincts the amenity and character of the Urban Zone is influenced predominantly by residential activity reflected in greater yard setbacks, landscaped residential sections, off street carparking, low ambient noise levels, lower levels of signage and lower building heights. Limited levels of commercial activity including home occupations and local service activities such as hairdressers and dairies are located throughout the Urban Zone. These types of commercial activities are generally consistent with the amenity of residential areas.

Policy URB.4

Give priority to Commercial Precincts as the principal areas for commercial activities.

Explanation: The commercial centres of the principal urban areas, Te Anau, Winton, Riverton/Aparima and townships of Otautau, Edendale, Lumsden, Tuatapere, Riversdale and Wyndham are a focus for commercial activities and also support community, educational and entertainment activities. The co-location of commercial activities within Commercial Precincts can reduce the likelihood of land use conflicts and can maintain and enhance the function, integrity, convenience and viability of the commercial centres of these urban areas.

Policy URB.5

Avoid, remedy or mitigate reverse sensitivity effects.

Explanation: The Urban Zone provides for a range of land use activities, however, there is potential for conflict where neighbouring or nearby land uses are not compatible. Subdivision, land use and development should integrate with existing land use activities that adjoin or are in close proximity to the site. Adverse effects on residential amenity should be appropriately managed. Particular consideration should be given to those residential activities to be located on the perimeter of the Commercial Precinct, the interface between the Urban Zone and Rural or Industrial Zones or adjacent to the roading and rail networks, transmission or other forms of infrastructure.

Policy URB.6

Avoid, remedy or mitigate the adverse effects of earthworks.

Explanation: Earthworks can give rise to a range of adverse effects on the environment, including effects on slope and soil stability, biological diversity, visual amenity, historic heritage (including archaeological sites), changes to stormwater flows and water quality. Earthworks should be managed through the implementation of a robust methodology and works supervision procedures to avoid adverse effects. Particular attention should be given to appropriate site remediation.

Policy URB.7

Avoid, remedy or mitigate reverse sensitivity effects on transmission lines.

Explanation: Transmission corridors have been established to provide for minimum corridors able to address safety, operation and maintenance of the transmission lines within them. This will enable Council to prevent sensitive activities, or the expansion of existing sensitive activities, from locating within a transmission corridor where they would affect or be affected by the transmission line.

Policy URB.8

Manage subdivision, land use and development in a manner that maintains or enhances the dark quality of the Stewart Island / Rakiura night sky (excludes offshore islands)

Explanation: The Stewart Island / Rakiura night sky is considered to be of an exceptional dark quality and this is formally recognised via the Island's Dark Sky Sanctuary accreditation status. It is considered that any subdivision, land use and development has the ability to erode this unique quality if not carefully managed through the application of appropriate lighting design. In this instance the offshore islands for example the Titi / Muttonbird Islands, Ruapuke Island and Whenuahou / Codfish Island are excluded because it is considered the majority of development that is likely to adversely affect the night sky will occur on the mainland of Stewart Island / Rakiura.

Urban Zone Rules

Note: District-wide rules.

The following district-wide sections of the District Plan may apply in addition to any relevant Urban Zone Rules to activities undertaken in the Urban Zone. If one or more of the district-wide rules is breached, the activity will require consent in respect of those rules:

- Biodiversity - Section 2.2
- Historic Heritage - Section 2.5
- Subdivision - Section 2.6
- Waste, Hazardous Substances and Contaminated Land - Section 2.8
- Energy, Minerals and Infrastructure - Section 2.9
- Noise - Section 2.11
- Signage - Section 2.12
- Water and Surface Water Activities - Section 2.13
- Financial Contributions - Section 2.14.

Rule URB.1 - Permitted Activities

The following activities are **Permitted Activities** within the Urban Zone:

1. **Residential Activities** (not located within the Commercial Precinct) that comply in all aspects with the General Urban Standards for the Urban Zone.
2. **Visitor Accommodation** (involving five or less paying guests).

3. **Commercial, Community, Educational, Rural Service, Entertainment Activities, Service Stations and Visitor Accommodation** (involving six or more paying guests), located within the Commercial Precinct that comply in all aspects with the General Urban Standards.
4. **Temporary Events** provided that:
 - (a) The temporary event does not exceed six days in any calendar year.
 - (b) The temporary event shall not operate outside of the hours of:
 - 7.30 am - 10.00 pm, Monday to Saturday;
 - 7.30 am - 6.00 pm, Sundays and public holidays.
 - (c) Any structures associated with an event shall be erected:
 - (i) no more than two days before the event occurs;
 - (ii) removed no more than three days after the end of the event.
 - (d) The site on which the temporary event occurs shall be returned to its original condition no more than three days after the end of the event.
 - (e) There shall be no direct access to sites of temporary events from a State Highway or Regional Arterial Road.
 - (f) Noise generated by the temporary event does not exceed the maximum noise standards for the Urban Zone (refer to Section - 2.11 Noise).
 - (g) Adequate provision is made for waste collection and disposal including the provision of toilet facilities.
5. **Home Occupations** provided that:
 - (a) A maximum of 30 m² of the gross floor area of the residential or accessory buildings on the property is used for the operation of the home occupation.
 - (b) No more than 10 m² of the property shall be used as an outdoor display area for the operation of the home occupation and associated storage of goods, materials or equipment at any one time.
 - (c) The home occupation is not operated outside of the hours of:
 - 7.30 am - 9.00 pm, Monday to Saturday; and
 - 7.30 am - 6.00 pm, Sundays and public holidays.
6. **Activities on Council Reserves** provided that:

Any activity specifically complies with an approved management plan.

Note: Any activity on a reserve will still require authority from the administering body responsible for managing the reserve. This rule overrides specific Zone and Overlay requirements and all general standards.
7. Intermittent aircraft departures and landings that do not meet the definition of an airport under the Resource Management Act.
8. **Earthworks within a National Grid Yard:**
 - (a) Earthworks within 2.2 metres of a National Grid pole support structure or stay wire shall not be greater than 300 mm in depth.
 - (b) Earthworks between 2.2 metres and 5 metres of a National Grid pole support structure or stay wire shall not be greater than 750 mm in depth.
 - (c) Earthworks within 12 metres of the outer edge of the visible foundation of a National Grid tower support structure shall not be greater than 300 mm in depth.
 - (d) Earthworks shall not compromise National Grid support structure stability.
 - (e) Earthworks shall not result in a reduction of the existing conductor clearance distance above the ground as required in NZECP34.

Provided that the following activities are exempt from (a) and (b) above:

 - (i) earthworks undertaken by a Network Utility Operator; or

- (ii) earthworks undertaken as part of agricultural or domestic cultivation, or repair, sealing or resealing of a road, footpath or driveway.

9. **Activities within a National Grid Yard**

Within any part of a Transmission Yard the following are permitted:

- (a) Buildings less than 2.5 metres high and 10 m² in area.
- (b) Alterations and additions to existing buildings that do not involve an increase in floor space.
- (c) Mobile machinery and equipment.
- (d) Network utilities and energy facilities.
- (e) Any fence up to 2.5 metres high.
- (f) Recreational activities.

Rule URB.2 - Restricted Discretionary Activities

The following activities are **Restricted Discretionary Activities**:

- 1. Any Permitted Activity which fails to comply with no more than one General Urban Standard, or no more than one condition of the permitted activity rule and is not within the National Grid Yard.

The matters to which Council has restricted its discretion are:

- 1. The effects of non-compliance with that General Urban Standard.
- 2. **Residential Activities** within the Commercial Precinct that comply in all aspects with the General Urban Standards.

The matters to which Council has restricted its discretion are:

- 1. Whether appropriate residential amenity standards will be provided.
- 2. Matters contained in any relevant design guidelines.
- 3. The ability of vehicles to safely access and exit the site.
- 4. Whether there is adequate infrastructure capacity to meet the needs of the proposed activity.
- 5. Potential for reverse sensitivity issues and the extent to which the residential activity has provided for appropriate noise mitigation.

Rule URB.3 - Discretionary Activities

The following activities are **Discretionary Activities**:

- 1. Any activity that cannot be undertaken as a Permitted, Restricted Discretionary or Non-Complying Activity and is not listed as a Prohibited Activity is a Discretionary Activity.

Rule URB.4 - Non-Complying Activities

The following activities are **Non-Complying Activities**:

- 1. Industrial Activities.
- 2. Offensive Trades.
- 3. Any activity that fails to comply with any of the performance conditions in relation to:
 - (a) Rule URB.1(8) - Earthworks within a National Grid Yard.
 - (b) Rule URB.1(9) - Activities within a National Grid Yard.
- 4. Within a National Grid Yard:
 - (a) Any building or addition to a building for a sensitive activity.
 - (b) A change of use to a sensitive activity or the establishment of a new sensitive activity.
 - (c) Any building or structure (except fences) located less than 12 metres from the outer edge of a transmission line support structure.
 - (d) Any building or structure over 1.5 metres high unless it is demonstrated that safe separation distances under NZECP34 are maintained under all transmission line operating conditions.

- (e) Any earthworks that cannot comply with Rule URB.1.8.
- (f) Any building or structure that is not a permitted activity in Rule URB.1, or discretionary in Rule URB.3.

Rule URB.5 - General Urban Standards

All activities within the Urban Zone shall comply with the following General Urban Standards:

1. Earthworks

These standards do not apply to activities permitted under Rule INF.1 - Permitted Activities or to the removal and replacement of underground petroleum storage tanks.

- (a) Earthworks shall not be undertaken:
 - (i) on slopes of more than 12°;
 - (ii) within 20 metres of a water body, including wetlands and coastal water, except domestic gardening;
 - (iii) within 20 metres of any natural hazard protection work;
 - (iv) in a manner that exacerbates any natural hazards.
- (b) No earthworks shall involve the disturbance of more than 200 m³ (volume) of land and/or alter the existing ground level by more than 1 metre, measured vertically.
- (c) Earthworks shall not affect any archaeological site identified on the District Plan maps, except where an Archaeological Authority has been granted by Heritage New Zealand pursuant to the Heritage New Zealand Pouhere Taonga Act 2014 or confirmation is provided that no archaeological authority is required.

2. Minimum Yard Requirements

Side, front and rear yards shall be provided in accordance with Table URB.5.2.

Table 3 URB.5.2 - Yards

Area	Minimum Front Yard (metres)	Minimum Side and Rear Yard (metres)
Urban Zone (excluding Stewart Island/Rakiura and the Commercial Precinct)	4.5	1
Stewart Island/Rakiura Urban Zone	4.5	3
Commercial Precinct where the relevant boundary adjoins that part of the Urban Zone outside of the Commercial Precinct without the intervention of a road	4.5	4.5
Commercial Precinct where the relevant boundary either: <ul style="list-style-type: none"> • does not adjoin that part of the Urban Zone outside of the Commercial Precinct; or • adjoins a road 	0	0

3. Fencing

Any boundary fence shall not exceed a height of 2 meters.

4. Maximum Height

- (a) Building and structures shall not exceed the maximum heights specified in Table IRB.5.4.

Table 4 URB.5.4 - Height

Area	Maximum Height - All buildings (excluding Accessory Buildings) (metres)	Maximum Height - Accessory Buildings (metres)
Urban Zone (excluding Stewart Island/Rakiura and the Commercial Precinct)	9	4.5
Stewart Island/Rakiura Urban Zone	7.5	4.5
Commercial Precinct where the site adjoins or faces the Urban Zone	9	9
Commercial Precinct where the site does not adjoin or face the Urban Zone	12	12

- (b) All structures shall comply with Rule URB.5.5 - Height in Relation to Boundaries, except in the Commercial Precinct where the height in relation to boundaries does not apply to the common boundary between to commercial sites or the front boundary.
 - (c) In determining height, the rolling height method shall be used (see definition of Height and the Rolling Height Method).
5. **Height in Relation to Boundaries**
- (a) The following standard does not apply to the common boundary between two commercial sites or the front boundary within the Commercial Precinct.
 - (b) The maximum height of any structure shall be determined by a recession plane which commences at 2 metres above the line of each boundary and then slopes at an upward angle as determined by the Height Recession Diagram below, up to the maximum height specified in Table URB.5.4, except that:
 - (i) a minor breach of the recession plane is permitted provided the parts of the structure that protrude through the recession plane do not exceed 1.5 metres in height and a total area of 6 m² on each elevation. The area and height of the breach shall be measured as outlined in the diagram below and include solar heating devices that breach the recession plane;
 - (ii) no account shall be taken of those items outlined in Clause 2 of the height definition.
 - (c) In determining height, the rolling height method shall be used (see definition of Height).

Figure 1 Recession Allowances

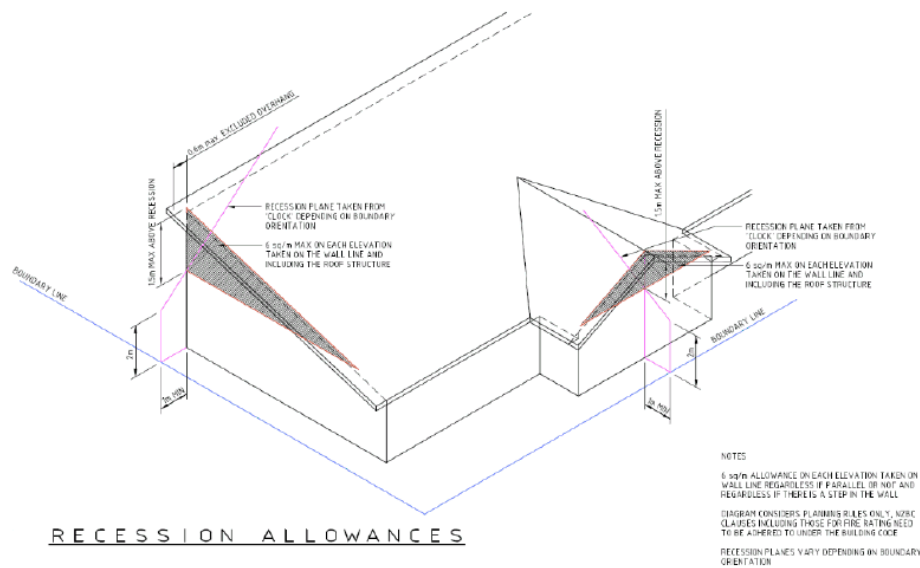


Figure 2 Height Recession Diagram

With both the site plan and the clock diagram below pointing north, place the edge of the clock on the inside of the site boundary. Where the 'clock' touches the boundary indicates the recession angle for that boundary. An example has been provided to assist with the interpretation of the rule.

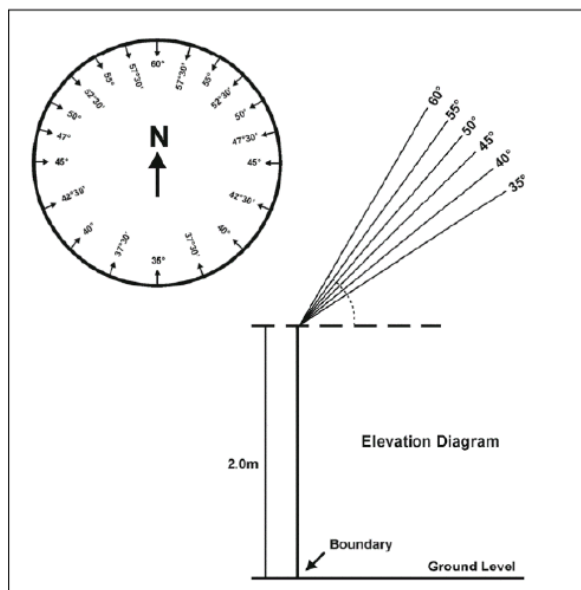
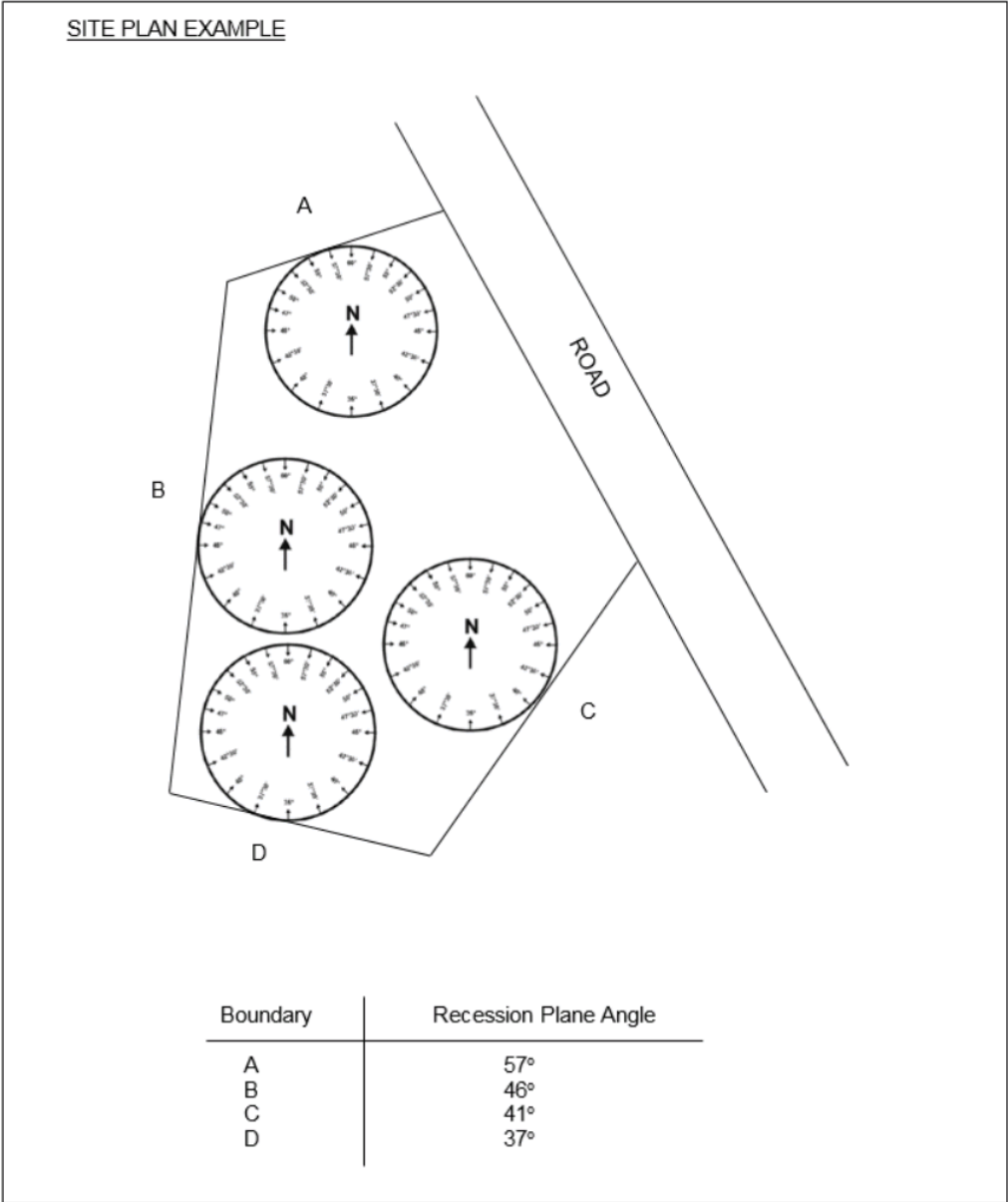


Figure 3 Site Plan Example



6. **Outdoor Living Spaces**
- (a) Outdoor Living Spaces in the Urban Zone shall be provided in accordance with Table URB.5.6 - Outdoor Living Space:

Table 5 URB.5.6 - Outdoor Living Space

Type of residential activity	Minimum area	Minimum dimension	Accessory Buildings allowed in outdoor living space	Maximum area of Accessory Buildings in outdoor living space	Area of permeable surface required
Detached Dwellings (not part of multi-unit development or in Commercial Precinct)	100 m ²	5 metres x 10 metres or a circle 8m in diameter	One	10 m ²	Not less than 60%
Residential Activities within the Commercial Precinct - ground floor, and Multi-unit developments	50 m ² Must be for the exclusive use of each unit	5 metres x 5 metres Measured at right angles to the exterior wall of the living room	One	10 m ²	Not less than 60%
Elderly person and Kaumatua housing units	33 m ²	Minimum width of 5.5 metres and must adjoin living room and must be located to the north, east or west of the dwelling unit it serves, must be for the exclusive use of each unit	None	0	None

- (b) Outdoor living spaces shall be free of driveways, parking spaces and garages.
- (c) For multi-unit developments and residential activities within the commercial precinct with units above-ground level, the outdoor living space provided at ground level may be reduced to 30 m² provided it is supplemented by a balcony which adjoins and is accessible to the living room of each unit above-ground floor level. This balcony shall have a minimum area of 8 m² and a minimum width of 2 metres.
- (d) For multi-unit developments and elderly and Kaumatua housing units no dwelling unit shall be sited or designed so that the main glazing of the living areas of one dwelling unit face the main glazing of the living area of another dwelling unit unless appropriate screening is provided at not less than 3 metres from each opposing unit.

7. Outdoor Storage

Any area used for storage purposes in connection with Commercial, Community, Educational and Entertainment Activities that is not totally enclosed by a covered building shall be screened from

public spaces and from residential activities and shall not exceed 50 m² in area, on any one property.

8. **(1) Lighting and Glare (with the exception of Stewart Island / Rakiura)**

- (a) The spill of light from artificial lighting (excluding street lights and traffic signals) on to any other site (except as provided for by (b) below) shall not exceed 8 lux (horizontal and vertical) when measured at or within the boundary of any other site.
- (b) The spill of light from artificial lighting (excluding street lights and traffic signals) on to any other site within the commercial precinct shall not exceed 12 lux (horizontal and vertical) when measured at or within the boundary of that site.
- (c) All outdoor lighting shall be directed away from adjoining properties.

(2) Lighting and Glare within the Stewart Island / Rakiura Urban Zone

- (a) The spill of light from artificial lighting (excluding street lights and traffic signals) on to any other site (except as provided for by (b) below) shall not exceed 3 lux (horizontal and vertical) when measured at or within the boundary of any other site.
- (b) All outdoor lighting shall be directed away from adjoining properties.
- (c) All fixtures shall be fully shielded with no lightspill being permitted above the horizontal plane.
- (d) Artificial lighting colour is to be 'warm white' (being equal to or less than 3000K correlated colour temperature only).

Note: for clarification, outdoor garden solar lights are exempt from this rule.

9. **Hours of Operation**

Hours of operation shall be limited as follows:

Table 6 URB.5.9 - Hours of Operation

Activity	Hours of Operation
Commercial, Community, Educational, Rural Service and Entertainment Activities within the Commercial Precinct	Every day: 7.00 am - 1.00 am

10. **Verandah Requirement Area - Commercial Precincts**

- (a) All new buildings that adjoin one or more buildings with a verandah, within the Verandah Requirement Area shown on the District Plan Maps shall have verandahs designed and constructed to:
 - (i) cover the width of the footpath in front of the site and extending along the full frontage width of the site;
 - (ii) achieve continuity with adjoining verandahs;
 - (iii) be a minimum of 2.4 metres clear of the footpath;
 - (iv) be self-supporting.
- (b) All existing buildings with verandahs, that adjoin one or more buildings with a verandah, within the Verandah Requirement Area shown on the District Plan Maps shall have verandahs designed and constructed to either replace like with like, or meet the criteria outlined in (i) to (iv) above.

11. Noise

Except as provided in Rule NSE.3 and Rule NSE.4 to Rule NSE.11, noise from all activities shall not exceed the following limits:

Table 7 Noise from all activities shall not exceed the following limits

	Day time (7.00 am - 10.00 pm inclusive)		Night time (All other times)	
	LAeq (15 min)	LAF,max	LAeq (15 min)	LAF,max
When measured at the boundary of any property zoned:				
Urban Zone	50 dB	75 dB	40 dB	70 dB
Urban Zone - Commercial Precinct	55 dB	80 dB	45 dB	70 dB

Note: The day time noise limits are intended to provide amenity for outdoor activities. Night time noise limits are intended to allow for sleep amenity.

Where an activity shares a boundary with another Zone the activity must comply with the more restrictive noise limit.

12. Signage

Compliance with the relevant signage standards as set out in Section 2.12 Signage.

13. Transportation Standards including Access

All activities shall comply in all aspects with the provisions set out in the Southland District Council Subdivision, Land Use and Development Bylaw 2012 - relating to carparking numbers, dimensions, access, loading and manoeuvring.

14. National Grid Lines and Support Structures

(a) Setback from National Grid Support Structures

No building or structure shall be located within 12 metres (in any direction) of the visible outer edge of a National Grid support structure, with the following exceptions:

- (i) fencing up to 2.5 metres in height that is at least 5 metres from the outer edge of any support structure;
- (ii) network utilities within a transport corridor or any part of electricity infrastructure that connects to the National Grid.

(b) Setbacks from National Grid Lines

No building or structure shall be erected within 12 metres from the centre line and 12 metres from the outer edge of the support structure of a high voltage transmission line that is part of the transmission network and is designed to operate at or over 110 kV provided that this rule does not apply to:

- (i) ancillary buildings and structures associated with residential activities that are less than 10 m² in area and under 2.5 metres in height can be located within the above setback distances, provided they are at least 12 metres from the visible outer edge of any support structure and are not used for habitation;
- (ii) fencing of up to 2.5 metres in height that is at least 5 metres from the visible outer edge of any support structure;
- (iii) alterations to existing buildings that do not increase the building envelope or footprint provided that they are at least 12 metres from the visible outer edge of any support structure;
- (iv) network utilities within a transport corridor or any part of electricity infrastructure that connects to the National Grid.

- (c) Sensitive activities shall be at least 12 metres from a National Grid tower, pole or centreline of a National Grid line shown on the Planning Maps as a High Voltage Line.

15. Activities near transport corridors

Any new or relocated dwelling, located within:

- (a) 40 metres of the closest railway track;
- (b) Where there is no track in place, 35 metres from the nearest boundary of the railway designation;
- (c) 80 metres of the seal edge of a State Highway that has a speed limit of 70 km/hr and greater or 40 metres of the seal edge of a State Highway that has a speed limit of less than 70 km/hr;

shall be designed, sited and constructed to ensure that the internal noise levels for dwellings do not exceed 35 dB LAeq(1 hr) inside bedrooms or 40 dB LAeq(1 hr) inside other habitable spaces.

Rule URB.6 - Prohibited Activities

Buildings in the Lakeside Protection Area over 12 metres in height are Prohibited Activities.

Urban Zone Non-Regulatory Methods

Method URB.1

Education through the distribution of information regarding urban design and integrated urban growth and development.

Section 3.4 Industrial Zone

The Industrial Zone provides an appropriate location for industrial activity to develop and operate, as it has a higher tolerance for the adverse environmental effects typically generated by industrial activity. The co-location or cluster of industrial activity, within the Industrial Zone, can ensure that adverse effects of like activities are contained within a defined area and that appropriate separation from more sensitive activities is achieved. The Zone provides operating certainty for new and existing industrial activities and can reduce the likelihood of land use conflict, where industrial activities may not be compatible with neighbouring land uses. It can also provide for the efficient use and development of transportation and infrastructure networks. Non-industrial activities within the Industrial Zone should be avoided and are provided for in other Zones elsewhere in the District.

Objective IND.1

Subdivision, land use and development within the Industrial Zone occurs in an integrated and sustainable manner.

Policy IND.1

Recognise the benefits of locating industrial activity within the Industrial Zone.

Explanation: The Industrial Zone provides specifically for industrial activity. The co-location or cluster of industrial activities can mitigate adverse environmental effects by confining the activities within a defined area. It can also enable effective provision of transport and infrastructural networks, designed to accommodate the impacts of industrial activities. These factors can enable industrial activities to develop and operate in an efficient and effective manner without being unduly restricted and in turn support the socio-economic wellbeing of the District.

Policy IND.2

Recognise and provide for growth and development of industrial activities within the Industrial Zone, whilst avoiding, remedying or mitigating adverse effects on the environment.

Explanation: While subdivision, land use and development in the Industrial Zone can generate positive socio-economic effects, industrial activities can also give rise to adverse environmental effects. Processes and operations associated with industrial activities can generate noise, dust, traffic, waste and adversely affect the amenity of surrounding areas. While the Industrial Zone has a higher tolerance for adverse environmental effects, activities must still be carried out in a manner that avoids, remedies or mitigates these effects. In some cases, the implementation of robust management and monitoring plans may be appropriate. The Zone must also achieve integration with the wider environment and activities located on the interface with other Zones and should take account of any adverse effects on adjoining areas, including the provision of appropriate buffers or separation to reduce environmental effects. The implementation of urban design principles should also be considered.

Policy IND.3

Avoid the establishment and operation of noise sensitive activities in the Industrial Zone.

Explanation: Industrial activities can generate a range of adverse environmental effects including higher levels of noise, dust and traffic movements than is experienced elsewhere in the District. The establishment and operation of activities unduly sensitive to the effects of industrial activity, or noise

sensitive activities, within the Industrial Zone, should be avoided to avoid conflict between these land uses.

Industrial Zone Rules

Note: District-wide rules

The following district-wide sections of the District Plan may apply in addition to any relevant Industrial Zone Rules to activities undertaken in the Industrial Zone. If one or more of the district-wide rules is breached, the activity will require consent in respect of those rules:

- Biodiversity - Section 2.2
- Historic Heritage - Section 2.5
- Subdivision - Section 2.6
- Waste, Hazardous Substances and Contaminated Land - Section 2.8
- Energy, Minerals and Infrastructure - Section 2.9
- Noise - Section 2.11
- Signage - Section 2.12
- Water and Surface Water Activities - Section 2.13
- Financial Contributions - Section 2.14.

Rule IND.1 - Permitted Activities

The following activities are permitted in the Industrial Zone:

1. Industrial Activities (excluding offensive trades), Rural Service Activities and Service Stations that comply in all aspects with the General Industrial Standards.
2. Activities on Council Reserves provided that any activity specifically complies with an approved management plan.

Note: Any activity on a reserve will still require authority from the administering body responsible for managing the reserve. This rule overrides specific Zone and Overlay requirements and all general standards.

Rule IND.2 - Discretionary Activities

Activities not provided for by Rule IND.1, Rule IND.3 or Rule IND.4 are **Discretionary Activities**.

Rule IND.3 - Non-Complying Activities

The following activities are **Non-Complying Activities**:

1. Noise Sensitive Activities.
2. Commercial Activities.

Rule IND.4 - General Industrial Standards

All activities within the Industrial Zone shall comply with the following general standards:

1. **Earthworks**
The following standards apply when carrying out earthworks for any activity such as constructing new buildings and relocating buildings, construction of roads and accessways to building sites, subdivision lots, parks and parking areas. These standards do not apply, however, to road maintenance activities within the legal road and activities associated with maintenance of a water

body or stormwater control and to the removal of and replacement of underground petroleum storage tanks.

- (a) Earthworks shall not:
 - (b) Be undertaken on slopes of more than 12°.
 - (c) Be undertaken within 20 metres of a water body, including wetlands and coastal water.
 - (d) Disturb more than 1,000 m³ of land.
 - (e) Alter the existing ground level by more than 1 metre.
2. **Maximum Height**
Buildings and structures shall not exceed 12 metres.
 3. **Height in Relation to Boundaries**
For sites adjoining the Urban Zone, the building shall meet the height recession requirement for the Urban Zone in relation to the relevant boundary. This shall not apply to road boundaries.
 4. **Yards**

Table 8 Yards

Location	Minimum Yard
Where a site adjoins a State Highway or a Regional Arterial Road as listed in Schedule 5.11	12 metres on the boundary with the State Highway or a Regional Arterial Road
Where a site adjoins any other road	7.5 metres on the boundary with the road
Where a site adjoins any other zone without the intervention of a road	7.5 metres on the boundary with the other Zone

5. **Screening**
An industrial activity shall provide effective screening from any site zoned Urban, Rural or within a Commercial Precinct that is adjoining or opposite (across a road). The screening shall comprise of either a densely planted buffer of vegetation capable of growing to at least 3 metres in height or a solid fence or wall between 1.8 metres and 2 metres in height.
6. **(a) Lighting and Glare (with the exclusion of Stewart Island / Rakiura)**
All exterior lighting shall be designed, located and at all times directed, screened, adjusted and maintained to ensure that:
 - (a) The spill of light from artificial lighting (excluding street lights and traffic signals) on to any other site shall not exceed 10 lux (horizontal and vertical) when measured at or within the boundary of any other site.
 - (b) All outdoor lighting is directed away from adjoining properties.
- (b) Lighting and Glare within the Industrial Zone on Stewart Island / Rakiura**
All exterior lighting shall be designed, located and at all times directed, screened, adjusted and maintained to ensure that:
 - (i) The spill of light from artificial lighting (excluding street lights and traffic signals) shall not exceed 10 lux (horizontal and vertical) when measured at or within the boundary of any other site.
 - (ii) All outdoor lighting is directed away from adjoining properties.
 - (iii) All fixtures shall be fully shielded with no lightspill being permitted above the horizontal plane.
 - (iv) Artificial lighting colour is to be 'warm white' (being equal to or less than 3000K correlated colour temperature only).

7. **Concept Plans**

Activities undertaken in those areas identified as being subject to the Edendale Dairy Plant Development Concept Plan, Stewart Island/Rakiura Industrial Zone Concept Plan or Winton Industrial Development Concept Plan shall be undertaken in accordance with the District Plan unless they have specific provisions within of the relevant concept plan contained in Schedules 5.6 and 5.7 and 5.7A.

For the avoidance of doubt, if the activity does not comply with the provisions of the relevant concept plan, a resource consent application in accordance with the concept plan provisions shall be applied for.

8. **Noise**

Except as provided in Rule NSE.3 and Rule NSE.4 to Rule NSE.11, noise from all activities shall not exceed the following limits:

Table 9 Noise from all activities shall not exceed the following limits

	Day time (7.00 am - 10.00 pm inclusive)		Night time (All other times)	
	L _{Aeq} (15 min)	L _{AF,max}	L _{Aeq} (15 min)	L _{AF,max}
When measured at the boundary of any property zoned:				
Industrial Zone	65 dB	90 dB	55 dB	80 dB

Note: The day time noise limits are intended to provide amenity for outdoor activities.

Night time noise limits are intended to allow for sleep amenity.

Where an activity shares a boundary with another Zone the activity must comply with the more restrictive noise limit.

9. **Signage**

Compliance with the relevant signage standards as set out in Section 2.12 - Signage.

10. **Transportation Standards including Access**

All activities shall comply in all aspects with the provisions set out in the Southland District Council Subdivision, Land Use and Development Bylaw 2012 - relating to carparking numbers, dimensions, access, loading and manoeuvring.

Section 3.5 Fiordland/Rakiura Zone

The Fiordland/Rakiura Zone encompasses the Fiordland and Rakiura National Parks and part of Mt Aspiring National Park. It also includes areas of privately owned land which adjoin the National Parks, the District's off shore islands and conservation land that adjoins the National Parks. The Zone is recognised for its outstanding natural and wilderness qualities, of particular note are those parts of the Zone within the Fiordland, Rakiura and Mt Aspiring National Parks. The Fiordland/Rakiura Zone affords aesthetic, ecological, landscape, open space, recreational and amenity values and many areas of the Zone also have cultural and historic associations. The Zone forms part of the District's coastal environment with all off shore islands including Stewart Island/Rakiura and those parts of Fiordland subject to coastal processes identified as being within the Coastal Environment. The Fiordland/ Rakiura Zone supports largely unmodified areas of significant indigenous vegetation and significant habitats of indigenous fauna and is identified in the District Plan as being an area of Outstanding Natural Features and Landscapes. Fiordland is recognised as internationally significant by UNESCO as Te Wahipounamu South West New Zealand World Heritage Area.

In contrast to Rakiura National Park, Fiordland National Park supports nationally and regionally significant infrastructure. This includes the Manapouri Power Station and

State Highway 94 - the 'Milford Road'. It also contains the only established settlement in the Fiordland/Rakiura Zone, Milford, which is located at Milford Sound/Piopiotahi which acts as a key tourist hub servicing large numbers of visitors to Fiordland National Park.

Inappropriate subdivision, land use and development activities can compromise the natural and wilderness qualities of the Zone and the outstanding qualities of the National Parks. Subdivision, land use and development activities should give particular consideration to the protection of significant indigenous vegetation and habitats of indigenous fauna, the preservation of natural character, the protection of outstanding natural features and landscapes and the relationship of tangata whenua with the area. Areas in the Fiordland/ Rakiura Zone on Stewart Island/Rakiura contain land held by Māori under the Te Ture Whenua Māori Act 1993 including South Island Landless Natives Act 1906 (SILNA) land. Council recognises the purpose of granting the land held by Māori under the Te Ture Whenua Māori Act 1993 including SILNA land so that the grantees might provide for their own support and maintenance.

Through the Zone provisions, Council recognises different thresholds for activities within and activities outside of, the National Parks. While activities within the National Parks are managed by Council under the District Plan, they are also administered by the Department of Conservation under the National Parks Act 1980 and Conservation Act 1987 and more specifically, the Mainland Southland/West Otago Conservation Management Strategy, the Fiordland National Park Management Plan, the Stewart Island/Rakiura Conservation Management Strategy and the Rakiura National Park Management Plan.

Council recognises the Department of Conservation's role within this resource management framework. Council acknowledges that activities and works of the Crown can be undertaken within the boundaries of any area of land held or managed under the Conservation Act 1987, so long as it is consistent with the relevant Conservation Management Strategy or National Park Management Plan and will not give rise to significant adverse effects beyond the boundary of the area of land.

Objective FRZ.1

The natural and wilderness qualities of the Fiordland/Rakiura Zone are maintained.

Objective FRZ.2

The outstanding natural and wilderness qualities of the Fiordland, Rakiura and Mt Aspiring National Parks and Te Wahipounamu Southwest New Zealand World Heritage Area are protected.

Policy FRZ.1

Avoid subdivision in the Fiordland, Rakiura and Mt Aspiring National Parks.

Explanation: Subdivision, including the creation of new Computer Freehold Registers and boundary adjustments, can provide a framework for future development. Further development within the Fiordland, Rakiura and Mt Aspiring National Parks could have significant adverse effects on the outstanding natural and wilderness qualities. In particular on significant indigenous vegetation and habitats of indigenous fauna, natural character and outstanding natural features and landscapes. Therefore Council considers the prohibition of subdivision an appropriate mechanism to restrict further development.

Policy FRZ.2

Avoid, remedy or mitigate the adverse effects of land use and development on the outstanding natural and wilderness qualities of the Fiordland, Rakiura and Mt Aspiring National Parks and Te Wahipounamu Southwest New Zealand World Heritage Area.

Explanation: The Fiordland, Rakiura and Mt Aspiring National Parks and Te Wahipounamu Southwest New Zealand World Heritage Area are recognised and renowned for their outstanding natural and wilderness qualities, in particular their significant indigenous vegetation and habitats of indigenous fauna, their natural character and their outstanding natural features and landscapes. In order to protect these qualities, the adverse effects of land use and development should be avoided where possible or mitigated. Careful consideration should be given to the design, nature and location of activities and the way in which they integrate and respect the outstanding natural and wilderness qualities. This Policy relates to activities within National Parks and the World Heritage Area.

Policy FRZ.3

Avoid, remedy or mitigate the adverse effects of subdivision, land use and development in the Fiordland/Rakiura Zone in areas outside of the Fiordland, Rakiura and Mt Aspiring National Parks.

Explanation: Council recognises that the characteristics of the areas within the Fiordland/Rakiura Zone, outside of the Fiordland, Rakiura and Mt Aspiring National Parks, are locally distinctive and differ from those of the National Parks. Some subdivision, land use and development activities in these areas may be appropriate, however, they should be in keeping with the natural and wilderness qualities of the Zone.

Policy FRZ.4

Avoid, remedy or mitigate the adverse effects of buildings and structures in the Fiordland/Rakiura Zone.

Explanation: Buildings and structures within the Fiordland/Rakiura Zone can give rise to adverse effects on the environment, including effects on natural character, landscape and ecological values. They can also compromise the outstanding natural and wilderness qualities of the Fiordland, Rakiura and Mt Aspiring National Parks.

All buildings and structures should demonstrate their need to be located within the Zone and the examination of alternative locations undertaken. The design and location of buildings and structures, including construction methods, should be responsive to their context and integrate and reflect the

characteristics of the site and wider environment. This includes the siting and scale of buildings and structures and their associated curtilage, utilities, access, signage, earthworks and landscape plantings.

Policy FRZ.5

Avoid, remedy or mitigate the adverse effects of earthworks within the Fiordland/Rakiura Zone.

Explanation: Earthworks within the Fiordland/Rakiura Zone can give rise to a range of adverse effects, including effects on slope and soil stability, biological diversity, visual amenity and water quality and historic heritage. Potentially, these effects could have a significant impact on the outstanding natural and wilderness qualities of the Fiordland, Rakiura and Mt Aspiring National Parks. Earthworks should be managed through the implementation of a robust methodology and works supervision procedures. Particular attention should be given to appropriate site remediation, including revegetation and landscaping.

Policy FRZ.6

Have particular regard to any relevant Conservation Management Strategy and National Park Management Plan for activities within land managed by the Department of Conservation.

Explanation: It is important for decisions made under the District Plan to be made in the context of other management plans applicable to the land the activity is on and therefore consideration should be given to any relevant Conservation Management Strategy or National Park Management Plan.

Policy FRZ.7

Recognise the recreational opportunities and recreational values associated with the Fiordland/Rakiura Zone.

Explanation: The Fiordland/Rakiura Zone and in particular the Fiordland, Rakiura and Mt Aspiring National Parks, are renowned for their range of recreational opportunities and associated recreational values. Recreational and open space opportunities promote a sense of place and identity and support public health and wellbeing.

They can also increase awareness of the outstanding natural and wilderness qualities of the National Parks, the natural character, ecological and landscape values of the area and promote the 'visitor experience'. However, increased tourism and recreational use may also compromise these qualities and values and it may be appropriate to restrict activities and access to some areas, particularly vehicle access, to preserve or protect these qualities and values.

Policy FRZ.8

Recognise the importance of the development, operation, maintenance and upgrading of infrastructure, particularly nationally and regionally significant infrastructure and renewable electricity generation facilities whilst avoiding, remedying or mitigating the adverse effects of infrastructure on the environment.

Explanation: Infrastructure, particularly regionally significant infrastructure and renewable electricity generation facilities fulfil a key role in the functioning of the District and may have a functional, technical or operational requirement to be sited within the Fiordland/Rakiura Zone. These types of development and land use activities can give rise to adverse effects on the environment, including effects on natural character, landscape and ecological values. They can also potentially compromise the outstanding natural and wilderness qualities of the Fiordland, Rakiura and Mt Aspiring National Parks. These development and land use proposals should demonstrate need to be located within the Fiordland/Rakiura Zone and an examination of alternative locations should be undertaken.

Policy FRZ.9

Recognise the purpose of land held by Māori under the Te Ture Whenua Māori Act 1993 including the South Island Landless Natives Act 1906 (SILNA) when considering subdivision, land use and development proposals within the Fiordland/Rakiura Zone that relate to Māori land.

Explanation: Areas of the Fiordland/Rakiura Zone on Stewart Island/Rakiura contain land held by Māori under the Te Ture Whenua Māori Act 1993 including SILNA land, most of which is under indigenous forest cover. Māori and SILNA land was transferred to South Island Māori as economic redress after land purchase agreements left some sections of the South Island Māori population with insufficient land to support themselves.

Fiordland/Rakiura Zone Rules

The following district-wide Sections of the District Plan may apply in addition to any relevant Fiordland/Rakiura Zone Rules to activities undertaken in the Zone. If one or more of the district-wide rules is breached, the activity will require consent in respect of those rules:

- Biodiversity - Section 2.2
- Historic Heritage - Section 2.5
- Subdivision - Section 2.6
- Waste, Hazardous Substances and Contaminated Land - Section 2.8
- Energy, Minerals and Infrastructure - Section 2.9
- Noise - Section 2.11
- Signage - Section 2.12
- Water and Surface Water Activities - Section 2.13
- Financial Contributions - Section 2.14.

Rule FRZ.1 - Permitted Activities

The following activities are **Permitted Activities** within the Fiordland/Rakiura Zone provided that they meet the General Fiordland/Rakiura Zone Standards:

1. The operation, maintenance, refurbishment, enhancement and minor upgrading of any existing renewable electricity facilities including the clearance, modification or removal of indigenous vegetation required to ensure the safety and integrity of the facility.
2. (1) Earthworks that:
 - (a) In any 12 month period, do not exceed, the disturbance of more than 200 m³ (volume) of land per property; and
 - (b) (i) greater than 20 metres from a waterbody that do not alter the existing ground level by more than 5 metres in depth or 2 metres in height;
 - (ii) within 20 metres of a waterbody that do not alter the existing ground level by more than 2 metres in depth or height;are permitted provided that the activity:
 - (i) shall not be undertaken at an elevation greater than 700 metres above mean sea level, with the exception of earthworks ancillary to fencing activities;
 - (ii) shall not be undertaken on slopes of more than 20° except cultivation, or domestic gardening; and/or cause slope instability;
 - (iii) shall protect any stockpiles of material and all areas of bare ground created by the activity from soil erosion as soon as practicable;

- (iv) shall not be undertaken within 5 metres of any water body, including wetlands and coastal water, or flood protection works, except cultivation of a field or domestic gardening;
 - (v) shall not be undertaken on a contaminated or potentially contaminated piece of land unless it is in accordance with the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health 2011 contained in Schedule 5.8;
 - (vi) does not affect any archaeological site identified on the District Plan maps, except where an Archaeological Authority has been granted by Heritage New Zealand pursuant to the Heritage New Zealand Pouhere Taonga Act 2014 or confirmation is provided that no archaeological authority is required.
- (2) Earthworks within a riparian margin that:
- (a) The volume of earthworks in the riparian margin must not exceed 25 m³ and must not include the cumulative disturbance of more than 20 linear metres in any 200 metre length of riparian margin, per property.
 - (b) Earthworks are carried out such that:
 - (i) trenches for the purpose of installing pipes, lines or cables are backfilled and compacted within 48 hours of excavation; and
 - (ii) all areas of bare ground created by the activity are protected from soil erosion as soon as practicable.

Note: Southland Regional Council also has requirements regarding activities in close proximity to water bodies. Please check the Regional Water Plan to ensure compliance with these is achieved.

- 3. Any activity or work of the Crown within the National Park or Public Conservation Land that is consistent with the relevant Conservation Management Strategy or National Park Management Plan and will not have a significant adverse effect beyond the boundary.
- 4. Any recreational activity that is permitted in the National Park by the relevant Conservation Management Strategy or National Park Management Plan.
- 5. Intermittent aircraft departures and landings that do not meet the definition of an airport under the Resource Management Act.
- 6. Visitor Accommodation (involving five or less paying guests) outside of a National Park.

Rule FRZ.2 - Controlled Activities

One dwelling or building on an area of land which existed in one or more Computer Freehold Registers as at 28 November 2012, are Controlled Activities, provided that:

- 1. The clearance, modification or removal of indigenous vegetation does not exceed a maximum of 500 m² or 40% of the land area, whichever is the lesser.
- 2. The height does not exceed either:
 - (a) 7.5 metres above ground level within the 'Stewart Island/Rakiura Transitional Overlay'; or
 - (b) 6 metres above ground level elsewhere
- 3. The floor area does not exceed 200 m², except within the Stewart Island/Rakiura Transitional Overlay.
- 4. External building materials and colours are to be recessive with a maximum reflectance value of 40%. (Note: this does not apply to glazing, natural or stained timber, solar panels or building trims such as the fascia boards, soffits, and window frames).

The matters over which Council reserves its control are:

- 1. The location and visual impact of any building, structure or dwelling on Outstanding Natural Features and Landscapes.
- 2. The material and external finishing to be used in the construction of the dwelling or building.

3. The effects of artificial lighting on the Stewart Island / Rakiura (excludes offshore islands) night sky.
4. The setbacks of any building, structure or dwelling from surrounding water bodies.
5. The impacts of any building, structure or dwelling on significant indigenous biodiversity.
6. Effects of associated earthworks.
7. The risk of natural hazards.

Rule FRZ.3 - Discretionary Activities

The following activities are **Discretionary Activities** within the Fiordland/Rakiura Zone:

1. Any dwelling or accessory building, and associated earthworks, within the Stewart Island/Rakiura Transitional Overlay that does not meet the criteria outlined in Rule FRZ.2.
2. Any activity or work of the Crown within the boundaries of a National Park and public conservation land that is not consistent with the relevant Conservation Management Strategy or National Park Management Plan.
3. Within areas identified in Schedule 5.5 as the Stewart Island/Rakiura Airport Approach Vectors:
 - (a) Any activity that would prejudice the safety and satisfactory conduct of the operations of Stewart Island/Rakiura Airport by virtue of the emission of smoke, dust, glare or electrical interference or by attracting birds.
 - (b) Any structures exceeding the heights specified by the approach vectors.
4. Temporary Events.
5. Coastal Protection Works.
6. Any activity that does not meet the permitted activity criteria of Rule FRZ.1.

Rule FRZ.4 - Non-Complying Activities

Any activity that is not listed as a Permitted, Controlled or Discretionary Activity is a **Non-Complying Activity**.

Rule FRZ.5 - General Standards

All activities within the Fiordland/Rakiura Zone shall comply with the following general standards:

1. Noise

Except as provided in Rule NSE.3 and Rule NSE.4 to Rule NSE.11, noise from all activities shall not exceed the following limits:

Table 10 Noise from all activities shall not exceed the following limits

	Day time (7.00 am - 10.00 pm inclusive)		Night time (All other times)	
	L _{Aeq} (15 min)	L _{Af,max}	L _{Aeq} (15 min)	L _{Af,max}
When measured at the boundary of any property zoned:				
Fiordland/Rakiura Zone	40 dB	65 dB	30 dB	55 dB

Note: The day time noise limits are intended to provide amenity for outdoor activities.

Night time noise limits are intended to allow for sleep amenity.

The National Park Management Plans also contain noise limits which should be referred to, to ensure compliance with these is achieved. Where an activity shares a boundary with another Zone the activity must comply with the more restrictive noise limit.

2. **Transportation Standards including Access**

All activities shall comply in all aspects with the provisions set out in the Southland District Council Subdivision, Land Use and Development Bylaw 2012 - relating to carparking numbers, dimensions, access, loading and manoeuvring.

3. **Signage**

The relevant signage standards as set out in Section 2.12 - Signage.

4. **Lighting**

Lighting on Stewart Island / Rakiura (excludes offshore islands), with the exception of lights for maritime and aviation navigational aids, shall meet the following:

- (a) All fixtures shall be fully shielded with no lightspill being permitted above the horizontal plane.
- (b) Artificial lighting colour that is 'warm white' (being equal to or less than 3000 correlated colour temperature only).

Note: lights for navigation aids are to comply with Maritime and Civil Aviation regulations and bylaws and are not required to comply with this rule.

Definitions

Accessory Building: means a building associated with a dwelling (whether the dwelling exists or not). This includes but is not limited to: a garage, carport, tool shed, playroom, glasshouse, swimming pool, spa pool and sleepout.

Adjoining: means to share a common boundary with.

Agricultural Research Activities: means agricultural research and development, and ancillary activities including education facilities, laboratories, staff offices and facilities, and field days.

Amenity Planting: means the planting of vegetation for the primary purpose of enhancing the shelter, privacy or visual quality of a site.

Animal Boarding Activity: means the use of any land and/or buildings where animals are temporarily housed as a commercial service for owners, or for animal welfare or quarantine purposes. It does not include pet shops, veterinary clinics, breeding kennels, calf rearing sheds, stables and similar shelter for private and farming uses.

Antenna: means a device that:

1. Receives or transmits radiocommunication or telecommunication signals.
2. Is operated by a network operator, and
 - (a) Includes the mount, if there is one, for the device.
 - (b) Includes the shroud, if there is one, for the device.

Approved Management Plan: means a management plan required to be approved under any act or by the Council (whether alone or jointly with another party).

Archaeological Site: means any place in New Zealand that:

1. Either:
 - (a) Was associated with human activity that occurred before 1900.
 - (b) Is the site of the wreck of any vessel where that wreck occurred before 1900; and
2. Is or may be able through investigation by archaeological methods to provide evidence relating to the history of New Zealand. Archaeological sites may be of any cultural origin, including but not limited to Māori, European/Pakeha and Chinese. All archaeological sites are protected by the Heritage New Zealand Pouhere Taonga Act 2014. An archaeological authority from Heritage New Zealand will be required to modify, damage or destroy any archaeological site.

Biodiversity: means the variability among living organisms and the ecological complexes of which they are a part, including diversity within species, between species and of ecosystems. Within the context of the District Plan this refers to ecosystems that support indigenous vegetation and habitats of indigenous fauna.

Boundary Adjustment: means a subdivision to adjust the boundaries between adjoining titles where no additional titles are created.

Building Platform: means a nominated site suitable for the erection and occupation of a building.

Building: shall have the same meaning as in the Building Act 2004, but does not include:

1. Fences or walls of 2.5 metres in height or less above-ground level or retaining walls of 1.5 metres in height or less below-ground level, not used for a sign or for any purpose other than as a fence, retaining wall or wall.
2. Structures that do not exceed 10 m² in floor area and are not more than a single storey (being up to 3.5 metres above floor level) as provided for in Schedule 1, Part 1, Clause 3 of the Building Act, 2004.

3. Radio and television aerials (excluding dish antennae for receiving satellite television which are greater than 1.2 metres in diameter), less than 2 metres in height above- ground level.
4. Masts and poles less than 2 metres in height above-ground level.

Cabinet: means a casing around equipment that is necessary to operate a telecommunication network.

Car Boot Sales: means the selling of items from a car boot or trunk in the form of a market in which private individuals come together to sell household and garden goods.

Cleanfill: means any material that when buried will have no or minimal adverse effect on people or the environment. Cleanfill material includes virgin natural materials such as clay, soil and rock and other inert materials from construction or demolition activities such as concrete or brick that are free of:

1. Combustible, putrescibles, degradable, compostable or leachable components (eg animal carcasses, green/garden waste, timber, bark, cork, tree roots, new asphalt.
2. Hazardous substances (eg, coal tar, or asbestos).
3. Products or materials derived from the treatment, stabilisation or disposal of hazardous waste.
4. Materials that may present a risk to human or animal health such as medical and veterinary waste.
5. Liquid waste (including sludges).

Clearance, Modification or Removal of Indigenous Vegetation: means the felling, clearing or modification of any indigenous vegetation by cutting, crushing, cultivation (including direct drilling), spraying, burning, over grazing, mobstocking or the planting of exotics within.

Commercial Activity: means the use of land and/or buildings for the display, offering, provision, sale or hire of goods, equipment or the provision of personal services, or financial and professional services. This includes but is not limited to retail activities and ancillary workrooms, administrative offices, garden centres and restaurants, but excludes any activity otherwise defined as a commercial recreational activity, breeding kennel, animal boarding activity, industrial activity, roadside sales activity, service stations, health care facility, community activity, visitor accommodation or home occupation.

Commercial Recreation Activity: means the use of any land and/or buildings for commercial profit where the public pays to undertake some form of sport or game or other such recreation. This includes, but is not limited to, golf courses, gymnasiums, health clubs and swimming pools, but excludes such activities on reserve land and school sites and any communal activity.

Community Activity: means the use of any land and/or buildings providing a service or source of advice or assistance to the public and includes municipal administrative offices, civic activities, meeting facilities and places of worship. Community facility has the same meaning.

Conductor: means wire or cable used for carrying electric current along a transmission line and includes any hardware and insulation associated with the wire or cable.

Contaminated Land: means any land that has a hazardous substance in or on it that:

1. Has significant adverse effects on the environment or
2. Is reasonably likely to have significant adverse effects on the environment.

Council Reserve: includes both reserves subject to the Reserves Act 1977 and Council owned land being parks, reserves and open spaces.

[Soil] Cultivation: means the agricultural preparation of the soil by mechanical agitation of various types, such as digging, stirring and overturning but does not include earthworks.

Curtilage: means the area occupied by a dwelling, grounds and accessory buildings.

Distribution Line: means a line and/or structures conveying electricity that:

1. Is not part of the national grid.
2. Carries electricity at a voltage less than 110 kV.

Distribution Network: means distribution lines and associated equipment used for the conveyance of electricity on lines other than lines that are part of the national grid.

Domestic Gardening: means the preparation of the soil, maintenance and growing of plants including associated soil disturbance and harvesting of produce, associated with a dwelling and/or is ancillary to residential activity. It does not include soil cultivation for agricultural purposes or earthworks.

Dwelling: Dwelling Unit and Dwellinghouse (as defined by the Act) has the same meaning.

Earthworks: means any movement of earth, including the excavation or deposition of earth or cleanfill that results in changes to the existing ground level. This includes, but is not limited to, excavation, infilling, recontouring and construction of any road, track or drainage channel. This also includes earth movement associated with subdivision and site works as defined by the Building Act 2004. It excludes soil cultivation and earthworks associated with the permitted regional rules for storage of silage, drain clearance, agricultural effluent ponds as outlined under the Regional Water Plan. Further earthworks are permitted for the placement, erection or reconstruction of dams and weirs in, on or over the bed of any lake, river, modified watercourse or stream in accordance with Rule 29(a) of the Regional Water Plan for Southland.

Ecological Management Plan: for the Eweburn Zone, an Ecological Management Plan will set out the species to be planted, how it will be managed, and timed. Plant species identified in Rule EWB.8 Performance Standard (11) shall be utilised.

Staging of planting is acceptable provided that planting shall commence within one year of the development within the Activity Cluster commencing and 80% of the planting shall be completed within five years of the development in the Activity Cluster commencing.

Ecosystem Services: means the benefits people obtain from ecosystems, including:

1. Provisioning services - the products obtained from ecosystems including, for example, genetic resources, food and fibre and freshwater.
2. Regulating services - the benefits obtained from the regulation of ecosystem processes including for example, the regulation of climate, water and some human diseases.
3. Cultural services - the non-material benefits people obtain from ecosystems through spiritual enrichment, cognitive development, reflection, recreation and aesthetic experience including knowledge systems, social relations and aesthetic values.
4. Supporting services - those ecosystem services that are necessary for the production of all other ecosystem services.

Examples include biomass production, production of atmospheric oxygen, crop pollination, soil formation and retention, nutrient cycling, water cycling and provisioning of habitat.

Education Activity: means the use of any land and/or buildings for the provision of regular instructions, teaching, learning or training at state, private or integrated facilities, together with any associated boarding activities and includes ancillary administrative, recreational, religious, cultural, carparking and retail facilities. This includes, but is not limited to, any preschool, primary school, intermediate school, secondary school, kohanga reo, language school, learning centre and tertiary education facility. Educational facility has the same meaning.

Elderly Persons and Kaumatua Housing Unit: means one of a group of residential units used for the accommodation of elderly persons or Kaumatua.

Emergency Generator: means any internal combustion engine located at a facility that serves solely as a secondary source of mechanical or electrical power when the primary source is disrupted or discontinued during a period of emergency due to a situation beyond the control of the owner/operator of the facility.

Emergency Situation: is defined as loss of primary power due to power outage, on site disaster, or act of God, beyond the control of the owner/operator. Emergency situation shall not include power interruptions pursuant to an interruptible power service agreement, engine testing or scheduled maintenance.

Energy Facility: means a structure, site or plant used exclusively for the generation or processing of energy. It excludes any small and community scale distributed electricity generation. This includes the system of electricity conveyance (including substations) required to convey electricity to the distribution network and/or the national grid but excludes the distribution network and/or the national grid.

Entertainment Activity: means any land and/or buildings providing entertainment, whether a charge is made for admission or not. It includes cinemas, theatres and licensed premises. Entertainment facility has the same meaning.

Existing Footprint (for electricity generation facilities): is the floor area of individual or directly adjacent buildings/structures (which includes substations) but is not the cumulative footprint of all buildings/structures on a site that have been consented or otherwise authorised for the activity.

Farming: means an agricultural activity having as its primary purpose the production of commodities such as food, milk and fibres, using the in situ soil, water and air as the predominant medium for production, but excludes soil cultivation above an elevation of 700 metres and the activity of intensive farming.

Forestry: means the use of land for the planting, tending and harvesting of trees for commercial gain, including the location and operation of mobile sawmill facilities on a site for no longer than three months in any 12 month period, but excludes any other sawmilling or timber processing.

Forestry Road: means the construction and maintenance of an internal road or roading network associated with Permitted Activity Rule RURAL.1(15) Forestry Activities.

Fully shielded light fixture – a fully shielded (full cut-off) light fixture has a solid barrier (cap) at the top of the fixture in which the light source is located. The fixture is angled so that the light source is not visible below the barrier.

Garden Centre: a commercial activity that sells plants and related products for the domestic garden as its primary business.

Generator: means any machine that converts mechanical energy into electricity to serve as a power source for other machines.

Habitable Space: means a space used for activities normally associated with domestic living but excludes any bathroom, laundry, water closet, pantry, walk in wardrobe, corridor, hallway, lobby, clothes drying room or other space of a specialised nature occupied neither frequently nor for extended periods in a dwelling, apartment or in a short term accommodation establishment.

Hazardous Facility: means any land and/or buildings where a hazardous substance is stored or handled and any installations containing a hazardous substance, including, vehicles parked on sites laden with hazardous substances and where necessary their transportation routes. Hazardous facilities do not include:

1. Trade waste sewers, or waste treatment and disposal facilities (this exception does not apply to the storage of hazardous substances or waste associated with these facilities).
2. The storage and use of hazardous consumer products in domestic quantities, including flammable gases.

3. Retail outlets for the sale of hazardous substances for the domestic use (eg supermarkets, hardware shops, pharmacies).
4. Facilities posing a risk of dust explosions.
5. Gas or oil pipelines.
6. Fuel in motor vehicles, boats and other small engines.
7. The occasional loading and unloading of hazardous substances on a site where this forms only a minor part of site operations.
8. Liquid milk or liquid organic food storage provided that any spillage is prevented from entering a waterbody or from seeping into an underground water supply.

Hazardous sub-facility: means a hazardous facility that is more than 30 metres from another hazardous facility on the same site.

Hazardous Substance: (as defined by the Hazardous Substances and New Organisms Act 1996) means, unless expressly provided otherwise by regulations, any substance:

1. With one or more of the following intrinsic properties:
 - (a) Explosiveness.
 - (b) Flammability.
 - (c) A capacity to oxidise.
 - (d) Corrosiveness.
 - (e) Toxicity (including chronic toxicity).
 - (f) Ecotoxicity, with or without bioaccumulation.
2. Which on contact with air or water (other than air or water where the temperature or pressure has been artificially increased or decreased) generates a substance with any one or more of the properties specified in (1) above.

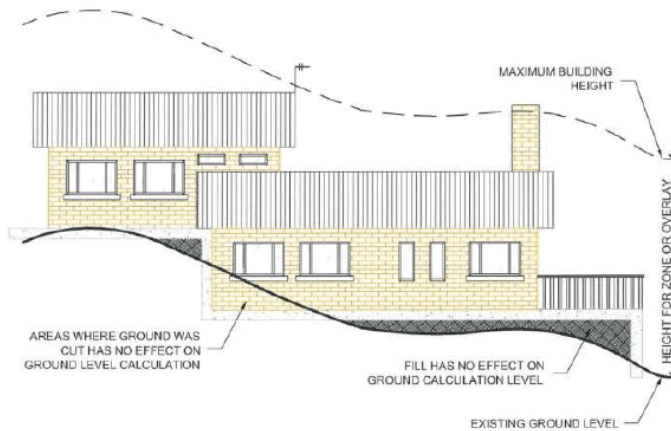
Hazardous Waste: means any waste that:

1. Contains hazardous substances at sufficient concentrations to exceed the minimum degrees of hazard specified by Hazardous Substances (Minimum Degrees of Hazard) Regulations 2000 under the Hazardous Substances and New Organisms Act 1996.
2. Meets the definition for infectious substances included in the Land Transport Rule: Dangerous Goods 1999 and NZ Standard 5433:1999 - Transport of Dangerous Goods on Land¹.
3. Meets the definition for radioactive material included in the Radiation Protection Act 1965.

¹ Substances that are known, or reasonably expected, to contain pathogens, including bacteria, viruses, rickettsia, parasites, fungi or recombinant micro-organisms (hybrid or mutant) that are known, or reasonably expected, to cause infectious disease in humans or animals that are exposed to them.

Height: means the vertical distance between the highest point of the building and the ground level at the base of the building. In determining height, the rolling height method shall be used:

Figure 4 Rolling Height Method



ROLLING BUILDING HEIGHT IS MEASURED VERTICALLY ACROSS THE WHOLE SITE FROM EXISTING GROUND LEVEL TO THE MAXIMUM BUILDING HEIGHT FOR THAT ZONE.

ROLLING HEIGHT METHOD

For the purpose of this definition:

1. Where a building or structure is supported on poles, pillars, or by any other means, they will be considered to be part of the base of the building or structure.
2. In calculating the height of a building or structure, the following items shall be excluded:
 - (a) In all zones - radio and television aerials, architectural appurtenances, chimneys and solar heating devices provided that:
 - (i) such structures are located at least 1 metres from each boundary;
 - (ii) such structures do not project more than 1.5 metres above the maximum allowable height permitted by the zone rules;
 - (iii) chimneys are no wider than 2 metres.
 - (b) In the Industrial Zone - lift towers and machinery rooms provided that such items:
 - (i) do not exceed a vertical distance of 3 metres above the maximum height permitted for the building or structure; and
 - (ii) do not exceed an area, measured in a horizontal plane, of 5% of the gross floor area of the top storey of the building or structure.

Historic Heritage: (as defined by the Act)

- (a) means those natural and physical resources that contribute to an understanding and appreciation of New Zealand's history and cultures, deriving from any of the following qualities:
 - (i) Archaeological
 - (ii) Architectural
 - (iii) Cultural
 - (iv) Historic
 - (v) Scientific

- (vi) Technological and
- (b) includes:
 - (i) Historic sites, structures, places and areas
 - (ii) Archaeological sites
 - (iii) Sites of significance to Māori, including wāhi tapu
 - (iv) Surroundings associated with the natural and physical resources

Home Occupation: means an occupation, craft, profession, business, trade or service which is secondary and incidental to the household and which is undertaken by person(s) living permanently on the property and is predominantly contained within the dwelling or any accessory building on the property. Home occupation does not include (amongst other things) the servicing, panel beating or wrecking of vehicles, the storage of any hazardous substance or any activity which requires the holding of a liquor licence under the Sale of Liquor Act 1989 or visitor accommodation.

High Value Soils: soils which are known to be highly productive, suitable for multiple uses such as growing a wide range of crops, pasture and forest, and of high versatility for pastoral farming. Classification of a soil as 'high value' also relates to current and likely future use, and ability to support production in a practical sense. High value soils include soils classified as Classes 1, 2 or 3 in the New Zealand Land Resource Inventory (NZLRI).

Indigenous: in relation to a species of flora or fauna means a species that occurs naturally in New Zealand, resident or migratory, or arrived in New Zealand without human assistance.

Indigenous Vegetation: means plant communities dominated by species that are indigenous to New Zealand and includes forest, scrub, shrubland, grassland and wetland vegetation.

Industrial Activity: means the use of any land and/or buildings for the manufacturing, repairing, engineering, fabricating, processing, packing or warehouse storing of products or materials. This includes any ancillary retail sales, any associated maintenance, any public display or tour operations within the land or premises, associated offices and staff facilities. Industrial activity includes, but is not limited to, contractor's yard or depot and the transfer, storage, treatment or disposal of waste not otherwise defined.

Infrastructure: means:

1. Pipelines that distribute or transmit natural or manufactured gas, petroleum, biofuel, or geothermal energy.
2. A network for the purpose of telecommunication as defined in Section 5 of the Telecommunications Act 2001.
3. A network for the purpose of radiocommunication as defined in Section 2(1) of the Radiocommunications Act 1989.
4. Facilities for the generation of electricity, lines used or intended to be used to convey electricity and support structures for lines used or intended to be used to convey electricity, excluding facilities, lines and support structures if a person:
 - (a) Uses them in connection with the generation of electricity for the person's use.
 - (b) Does not use them to generate any electricity for the supply to any other person.
5. A water supply distribution system, including a system for irrigation.
6. A drainage or sewerage system.
7. Structures for transport on land by cycleways, rail, roads, walkways, or any other means.
8. Facilities for the loading or unloading of cargo or passengers transported on land by any means.
9. An airport as defined in Section 2 of the Airport Authorities Act 1966.
10. A navigation installation as defined in Section 2 of the Civil Aviation Act 1990.
11. Facilities for the loading or unloading of cargo or passengers carried by sea, including a port related commercial undertaking as defined in Section 2(1) of the Port Companies Act 1988.

12. Anything described as a network utility operation in regulations made for the purposes of the definition of network utility operator in Section 166 of the Resource Management Act 1991.

Intensive Farming: means

1. The keeping of pigs indoors (or outdoors at a rate exceeding 15 pigs per hectare); or
2. The use of a building for the purpose of confining livestock where stock are generally confined for any period greater than three months; or
3. The farming of poultry, rabbits, mushrooms or fish farming; or
4. The commercial raising and keeping of animals where the usual feed source (over a 12 month period) is substantially provided from off the site concerned.

It does not include animal boarding activity, breeding kennels, catteries or dog training grounds, calf rearing sheds or the keeping of animals that assist in the management of a farm, eg working dogs.

Lake: means a body of fresh water which is entirely or nearly surrounded by land.

Landfill: means a site used for the permanent deposition of solid waste onto or into land.

Livestock: means one or more animals raised as part of a farming or intensive farming activity to produce commodities such as food, milk and fibre. It excludes poultry or farmed fish.

Living Room: means the main living area within the dwelling and would include a lounge, family room and dining room.

Market: means any land and/or buildings used by vendors representing producers who have set up individual booths or stalls, to sell produce, meat products, fruits, prepared foods, beverages and crafts direct to consumers.

Milking Shed: means any building or part of any building used for the extraction of milk from livestock by automated means.

Mineral Extraction: means the excavation, blasting, processing (crushing, screening, washing and blending), storage, distribution and sale of mineral products and includes ancillary activities such as earthworks, landscaping and rehabilitation works (including deposition of cleanfill) and treatment of stormwater and wastewater together with ancillary buildings and structures (including caretakers' accommodation).

Minor Upgrading (in relation to electricity generation facilities): means an upgrade to an electricity generation facility lawfully established which does not increase the existing footprint by more than 500 m² or 10% whichever is the lesser, within a five year period.

Minor Upgrading (in relation to transmission and distribution lines): means an increase in the carrying capacity, efficiency or security of transmission and distribution lines utilising the existing support structures or structures of a similar scale, intensity and character and includes:

1. The addition of circuits and conductors.
2. The re-conducting of the line with higher capacity conductors.
3. The re-sagging of conductors.
4. The bonding of conductors.
5. The addition of longer or more efficient insulators.
6. The addition of earth wires which may contain telecommunication lines, earth peaks and lightning rods.
7. The addition of electrical fittings.
8. Support structure replacement within the same or immediately adjacent location within the existing alignment of the distribution corridor.
9. The replacement of existing cross-arms with cross-arms of an alternative design.

10. An increase in support structure height required to comply with the New Zealand Electrical Code of Practice 34:2001 by not more than 15% of the base height of the support structure and where the base height is defined as the height of the structure at date of public notification of the District Plan.
11. Minor upgrading shall not include an increase in the voltage of a high voltage transmission line unless the line was originally constructed at the high voltage but has been operating at a reduced voltage.

Mooring: means any weight, post or other structure placed in, or on, the bed of a river or lake for the prime purpose of securing a vessel, raft, aircraft or floating structure. It does not include the anchors of a powered vessel.

Multi-Unit Development: means a group of two or more residential units located on one site.

National Grid: means the National Grid in its entirety. The National Grid consists of transmission lines and cables (aerial, underground and undersea, including the high voltage direct current line), stations and substations and other works used to connect grid injection points and grid exit points to convey electricity throughout the North and South Islands of New Zealand.

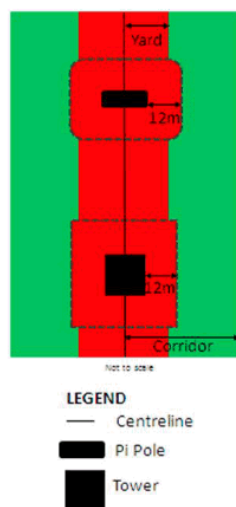
National Grid Corridor: means the area measured either side of the centreline of above ground National Grid lines as follows:

- 16 metres for the 110 kV National Grid lines on pi poles.
- 37 metres for the 220 kV National Grid lines.

National Grid Yard: means the area located 12 metres in any direction from the outer edge of a National Grid support structure; and the area located 12 metres either side of the centreline of an overhead National Grid line.

Note: the National Grid Corridor and National Grid Yard do not apply to underground cables or any National Grid lines.

Figure 5 National Grid Yard



Nationally Significant Infrastructure: means existing major infrastructure that has benefits for both this region and beyond.

Natural Hazard: (as defined by the Act) means any atmospheric or earth or water related occurrence (including earthquake, tsunami, erosion, volcanic and geothermal activity, landslip, subsidence,

sedimentation, wind, drought, fire or flooding) the action of which adversely affects or may adversely affect human life, property or other aspects of the environment.

Natural Hazard Overlay: means a mechanism used in the Planning Maps to identify areas of the District at risk from flooding or coastal hazards.

Network Utility (Network Utilities): means any activity relating to:

1. Distribution or transmission by pipe line of natural or manufactured gas, petroleum or geothermal energy.
2. Operation of a network for the purpose of Telecommunication (as defined in Section 5 of the Telecommunications Act, 2001) or a network for the purpose of radio communication, as defined in Section 2(1) of the Radio Communications Act 1989 which is operated by a network utility operator.
3. The network operated by an electricity operator or electricity distributor as defined in Section 2 of the Electricity Act 1992.
4. The holding, transmission and distribution of water (whether treated or untreated) for supply, including irrigation.
5. Stormwater treatment (including stormwater reserve) drainage or sewerage reticulation systems.
6. Construction, operation and maintenance of railway lines, tramways and roads.
7. Construction, operation and maintenance of an airport as defined by the Airport Authorities Act 1966, including the provision of any approach control service within the meaning of the Civil Aviation Act 1990.
8. Any other project or work described as a 'network utility operation' by regulations made under the Resource Management Act 1991.

And the words "network utility operation" have a corresponding meaning.

Noise Sensitive Activity: means any one of the following activities undertaken in a building or part of a building:

1. Residential Activity.
2. Visitor Accommodation.
3. Residential Care Activity.
4. Education Activity.
5. Hospital Activity.
6. Health Care Activity.
7. Day Care Activity.
8. Marae Activity.

Notional boundary: means a line 20 metres from any side of a dwelling or the legal boundary where this is closer to the dwelling.

Off Site Signage: means any signage for a commercial activity in the Rural Zone which is not located on the site to which it relates.

Offensive Trades: includes the following:

1. Blood or offal treating.
2. Bone boiling or crushing.
3. Dag crushing.
4. Fellmongering.
5. Fish cleaning and curing.
6. Flax pulping.
7. Flock manufacturing or teasing of textile materials for any purpose.
8. Gut scraping and treating.

9. Solid waste disposal.
10. Storage, drying or preserving of bones, hides, hoofs or skins.
11. Tallow melting.
12. Tanning.
13. Wood pulping.
14. Wool scouring.

On-Site Wastewater Disposal System: means a wastewater treatment and disposal system designed to treat and dispose of wastewater from the dwelling or dwellings located on that site.

Other Building: means any building, the use of which is ancillary to any farming or lawfully existing commercial/industrial activity on the site to which it is located, but excludes any dwelling or accessory building.

Papakāinga Housing: means a form of housing development which occurs on multiple-owned Māori land. Māori land is defined by the Te Ture Whenua Māori Act 1993.

Plant Nursery: means a place where plants are propagated and grown to usable size. They include garden centres which sell to the general public, wholesale nurseries which sell only to businesses such as other nurseries and to commercial gardeners and private nurseries which supply the needs of institutions or private estates.

Potentially Contaminated Land: means a piece of land on which an activity or industry described in the Ministry for the Environment's Hazardous Activities and Industries List (HAIL) is, has, or is more than likely than not, to have been or is being undertaken.

Primary Production Activity: includes any agricultural, horticultural, floricultural, arboricultural, plantation forestry, or intensive farming activity but does not include mineral extraction or mineral processing.

Produce Stall: means any structure used for the sale of eggs, honey, flowers, fruit or vegetables grown or produced on the property and includes the extracted juices of fruit and vegetables but does not include any other processing beyond cleaning, trimming, extracting juices, freezing or drying.

Property: means one or more adjoining computer freehold registers held in common ownership, including where it is traversed by a road, whether formed or unformed.

Property Boundary: means the area legally defined as the extent of the property.

Prospecting for Minerals: (as defined by the Crown Minerals Act 1991) means any activity undertaken for the purpose of identifying land likely to contain exploitable mineral deposits or occurrences, and includes: geological, geochemical and geophysical surveys, and the taking of samples by hand or hand held methods and aerial surveys.

Regionally significant infrastructure:

Infrastructure of regional significance and includes:

1. The regional strategic roads as defined in the Southland Regional Land Transport Strategy.
2. The Southland rail network.
3. The national electricity grid, as defined by the Electricity Governance Rules 2003.
4. Facilities for the generation and transmission of electricity where it is supplied to the national electricity grid and local distribution network.
5. Broadband and strategic telecommunications facilities, as defined in Section 5 of the Telecommunications Act 2001.
6. A network for the purpose of Radio Communication, as defined in Section 2(1) of the Radio Communications Act 1989 which is operated by a network utility operator

7. Local authority water supply network and water treatment plants.
8. Local authority wastewater and storm water networks, systems and wastewater treatment plants.
9. Life line utilities as defined in the Civil Defence and Emergency Management Act.
10. Flood and drainage infrastructure managed by the Southland Regional Council.

Renewable Electricity Generation: means the generation of electricity from solar, wind, hydro-electricity, geothermal, biomass, tidal, wave or ocean current energy sources.

Residential Activity: means any use of land and/or buildings by people for the purpose of living accommodation. It includes accessory buildings and leisure activities associated with needs generated principally from living on the site.

Retail Activities: in the Eweburn Zone means the selling of goods directly to customers excluding convenience, food and beverage activities.

Reverse Sensitivity: means the vulnerability of an existing lawfully established activity from new activities which are sensitive to the environmental effects already being generated. The sensitivity can result in complaints and also create the potential for the operation and/or expansion of the existing activity to be constrained.

Riparian Margin: means a strip of land within 5 metres of the bed of any surface waterbody. This excludes any waterbody where the bed of that waterbody is less than 3 metres in width.

River: means a continually or intermittently flowing body of fresh water; and includes a stream and modified watercourse; but does not include any artificial watercourse (including an irrigation canal, water supply race, canal for the supply of water for electricity power generation, and farm drainage canal).

Road: has the same meaning as Section 315 of the Local Government Act 1974.

Rural-Residential: means a property primarily used for residential purposes and may be associated with small-scale farming and/or 'lifestyle' activity.

Rural Service Activity: means any activity that provides a commercial service to any farming or intensive farming activity. It includes seed cleaning, rural contracting and grain drying.

Sensitive Activities: (in relation to the National Grid transmission lines) means any one of the following activities:

1. Residential Activity.
2. Residential Care Activity.
3. Education Facility (excluding language schools and tertiary education facilities and other adult education facilities).
4. Hospital Activity.
5. Day Care Activity.

Signage: means any name, figure, image, character, outline, spectacle, emblem, monument, statue, display, delineation, announcement, poster, handbill, advertising device or appliance, or any other things of a similar advertising nature, visible from a public place, intended principally to attract attention, whether it is pasted on or fixed to any land or structure, attached to a stationary vehicle, or incorporated within the design of any structure, whether by painting or otherwise which is visible from a public space whether illuminated or not. This does not include any display within any window, or inside a moving vehicle.

Site Coverage: In the Eweburn Zone means that portion of the net area of a site which is covered by buildings or parts of buildings, including overhanging or cantilevered parts of buildings, expressed as a percentage or area. Site coverage shall only apply to buildings at ground, or above ground level. The following shall not be included in site coverage:

- pergolas,

- that part of eaves and/or spouting, fire aprons or bay or box windows projecting 750 mm or less horizontally from any exterior wall,
- uncovered terraces or decks which are not more than 1 metre above ground level,
- uncovered swimming pools no higher than 1 metre above ground level,
- fences, walls and retaining walls,
- driveways and outdoor paved surfaces,
- roads and hard stand areas.

Site of Cultural Significance: means any site or area indicated on the District Plan Maps, identified in Te Tangi a Tauira Iwi Environmental Management Plan or other relevant registered iwi planning document, or a registered site of archaeological importance as holding Māori cultural or spiritual values specific to that site, including wāhi tapu, wāhi taoka, mahika kai and kōiwi takata.

Site: means the area of land that a specific activity occupies.

Small and Community Scale Distributed Electricity Generation: means renewable electricity generation for the purpose of using electricity on a particular site, or supplying an immediate community, or connecting into the distribution network.

Solid Waste: means any solid materials, regardless of form, including containers and their contents which are considered to be of no further economic use, and require permanent disposal, or storage until such times that they can be reused or recycled and includes residues from incineration.

Solid Waste Disposal Facility: means any land and/or buildings used for the storage, transfer, treatment or disposal of solid waste materials or for other waste management purposes, or used for composting organic materials. Solid Waste Disposal Activity has the same meaning.

Staff Dwelling: means a dwelling for the residential use of farm owners, farm workers or family members, provided it is located on the property to which it relates.

Sustainable Forest Management: (as defined by the Forests Act 1949) means the management of an area of indigenous forest land in a way that maintains the ability of the forest growing on that land to continue to provide a full range of products and amenities in perpetuity while retaining the forest's natural values

Sustainable Forest Management Permit: (as defined by the Forests Act 1949) means a Sustainable Forest Management Permit executed under Section 67M of the Forests Act 1949.

Sustainable Forest Management Plan: means a Sustainable Forest Management Plan executed under Section 67F of the Forests Act 1949.

Taramea (Howells Point): means the land described by that name in Part A Schedule 7 to the Ngai Tahu Claims Settlement Act 1998.

Telecommunication: as defined by Section 5 of the Telecommunications Act 2001 and includes 'Radiocommunications' as defined by the Radiocommunications Act 1989.

Telecommunication Cable: means a wire or cable used for telecommunication and includes any hardware associated with the wire or cable.

Telecommunication Facility: means:

1. An antenna.
2. A cabinet and, if there is one, the concrete foundation plinth for the cabinet.

Telecommunication Line: has the same meaning as line (as defined by Section 5 of the Telecommunications Act 2001):

1. Means a wire or a conductor of any kind (including a fibre optic cable) used or intended to be used for the transmission or reception of signs, signals, impulses, writing, images, sounds, instruction, information, or intelligence of any nature by means of any electromagnetic system; and
2. Includes:
 - (a) Any pole, insulator, casing, fixture, tunnel, or other equipment or material used or intended to be used for supporting, enclosing, surrounding, or protecting any of those wires or conductors.
 - (b) Any part of a line.

Temporary Event: means a social, cultural or recreational event that has a duration of less than 72 hours, including entertainment events, carnivals, festivals, fairs, markets and exhibitions and associated temporary buildings, structures and car parks.

Temporary Military Training Activities: means a short term military activity undertaken for defence purposes (defined in the Defence Act 1990).

Temporary Sign: means any sign not intended for permanent display, on a site or on a road, or which is erected and removed in relation to:

1. A community event.
2. Electioneering.
3. Construction sites.
4. Hazard identification and warning.
5. Selling of land or buildings.
6. A statutory process as required by legislation.

Tracking: means the construction and maintenance of a pathway or trail associated with Permitted Activity RURAL.1(1) Farming and creates a track that is no wider than 5 metres.

Trade Waste: means any liquid, with or without matter in suspension or solution, that is or may be discharged from any trade premises, to the Council's sewerage system in the course of any trade or industrial process or operation, or in the course of any activity or operation of a like nature, and may include condensing or cooling waters, stormwater which cannot practically be separated, or domestic sewage. It includes any such waste from any industrial, rural service or offensive trade activity.

Transmission Line: means:

1. The facilities and structures for, or associated with, the overhead or underground transmission of electricity in the national grid.
2. Includes transmission line support structures, telecommunication cables and telecommunication devices to which (1) above applies.
3. Does not include an electricity substation.

Visitor Accommodation: means the use of land and/or buildings for the provision of accommodation by fee paying customers for a daily tariff. This includes hotels, motels, hostels, backpackers, camping grounds, homestays and bed and breakfasts.

Waste Transfer Facility: means any land and/or buildings which receive solid waste for the purpose of sorting and/or aggregating prior to being transported to a Solid Waste Disposal Facility. Waste Transfer Activity has the same meaning.

Wastewater Treatment Facility: means any land and/or buildings used for the purpose of storage and/or treatment and/or disposal of wastewater. It excludes any on site wastewater disposal system.

Water:

1. Means water in all its physical forms whether flowing or not and whether over or under the ground.
2. Includes fresh water, coastal water, and geothermal water.
3. Does not include water in any form while in any pipe, tank, or cistem.

Waterbody: means fresh water or geothermal water in a river, lake, stream, pond, wetland, or aquifer, or any part thereof, that is not located within the coastal marine area.

Wetland: (as defined by the Act) includes permanently or intermittently wet areas, shallow water and land/water margins that support a natural ecosystem of plants and animals that are adapted to wet conditions.

Wilding trees: the natural regeneration (seedling spread) of introduced trees.

Wintering Shed: means a building located on farm land for the purpose of confining livestock to avoid damage to pasture and/or for the feeding of supplements, and the stock are generally confined for less than three months.

Yard: means that part of a site that adjoins a property boundary and is unoccupied and unobstructed by buildings.

Guidelines for Buildings in the Stewart Island/Rakiura Urban Zone

Oban's landscape derives its visual character from the physical setting of hills and harbour and public spaces (beaches, streets etc). It is important that the continuing development of buildings and structures on the Island do not spoil these features, but rather that such development maintains and if possible enhances the distinctive visual character of the township.

The appropriate form and appearance of buildings and structures is in part determined by site factors such as size, contours, orientation, existing vegetation and the character of surrounding buildings. Accordingly, visual impact can be reduced by the correct siting of structures. Once this is achieved, other factors can assist to reduce visual impact. These include design form of the building or structure (eg a low profile design), colour, materials, retention of existing indigenous vegetation, landscaping work, revegetation and sensitive earthworks.

The following guidelines will be taken into account by Council when assessing resource consents for new buildings or additions to existing buildings.

Siting Of Buildings And Structures:

1. Avoid buildings on ridgelines/hill tops, especially skylines where the structure is silhouetted against the sky.
2. Avoid buildings on steep faces where earthworks become highly visible.
3. Ensure there is a backdrop of land for buildings when seen from obvious viewing points, rather than these buildings protruding on to the skyline.
4. Site buildings where there is a change in the landform, eg at the base of a hill or on a terrace.
5. Minimise excavation. A cut slope is a highly visible one. Cut slopes must be shaped to blend into the surrounding landscape.
6. Group the buildings of a development together.
7. Retain and/or establish indigenous vegetation so as to form a visual backdrop for the siting of buildings and integration of built structures into the landscape.
8. Site buildings in harmony with the land contours, eg with rooflines running parallel to the contour, not at an angle to it.

Materials:

1. Avoid highly reflective materials.
2. Employ materials that are natural in character and visually compliment the Stewart Island/Rakiura landscape.
3. Utilise the Council's lighting guidance information when considering installation of external artificial lighting.

Colour:

1. Avoid colours which would lead to a building appearing highly visible in the Island setting.
2. Where more industrialised materials such as galvanised iron, concrete are used, the use of warm colours and low reflective finishes are encouraged to ensure compatibility with the landscape.
3. Avoid colours, which do not derive from or compliment the colours of natural elements of the landscape (such elements include soil, rocks, streams, rivers, vegetation, the sky and the sea).
4. The sensitive use of colour will enhance the appearance of a building and can contribute greatly to the streetscape character. Two approaches are encouraged:
 - (a) Pale body colour, darker accent, with dark trim and roof.
 - (b) Dark body colour, pale accent and trim and a dark roof.

The preferable choice of colours are those in the neutral, earthy and natural ranges, including white.

Bright primary colours such as bright yellow, bright red, bright blue, bright green and purple should be avoided as background and base colours. While sometimes such colours are favoured by corporate business chains, such organisations are encouraged to recognise the unique nature of the Stewart Island/Rakiura environment.

Design Features:

1. The shape and size of new buildings should generally reflect the scale and form, which has been established by existing buildings, rather than being incongruous in the existing setting.
2. Avoid flat roofs.
3. Carparking - grouped, out of sight behind buildings or screening in the form of landscaping/vegetation where possible.

Southland District Council**Southland District Plan – 2018 - Plan Change 1 – Dark Skies**

At its meeting of 18th November 2020 the Southland District Council resolved to declare Plan Change 1 – Dark Skies 'Operative' pursuant to clause 17 (2) of Schedule 1 of the Resource Management Act 1991 (RMA). In accordance with clause 20 (1) of Schedule 1 of the RMA, Plan Change 1 – Dark Skies becomes 'operative ' on 18 December 2020.

Public notification of the availability of the operative Plan Change 1 – Dark Skies is to be given on 10 December 2020.

Date of council resolution	18 November 2020
Date of public notice	10 December 2020
'Operative' date	18 December 2020

The COMMON SEAL of the SOUTHLAND DISTRICT COUNCIL was affixed pursuant to a resolution of the Council dated 18 November 2020.

Gary Tong, Mayor

Cameron McIntosh, Chief Executive

Charging Option for Non-Recreational Jetty use on Stewart Island/Rakiura

Record No: R/20/8/31572
Author: Robyn Rout, Policy Analyst
Approved by: Anne Robson, Chief Financial Officer

☒ Decision

☒ Recommendation

☐ Information

Purpose

1. The purpose of this report is:
 - to inform Council of work that is being undertaken considering new charging methods for non-recreational jetty use on Stewart Island/Rakiura
 - to inform Council of recent feedback that has been received from stakeholders about charging for jetty use
 - for Council to endorse a charging method for non-recreational jetty use, to be used as the basis for the proposed fees and charges for 2021/2022, related to the draft Long Term Plan 2031 (LTP 2031).

Executive Summary

2. Currently, non-recreational users of Stewart Island/Rakiura jetties hold a licence from Council to use Council jetties, and the licensees pay an annual fee per vessel to Council. In 2017, the Stewart Island/Rakiura Jetties Subcommittee raised that a new charging regime for non-recreational jetty usage, based on patronage, might be more appropriate.
3. Staff support reviewing the charging method as the review is a component of work being undertaken by Council to manage and fund jetties in a strategic, financially sustainable and fair way.
4. This piece of work is seeking Council to endorse a method on how to charge non-recreational users of Council jetties on the island. All of the potential funding methods would be structured to try and generate the same amount of funding. This work does not involve determining appropriate funding sources for the jetties (which is determined in the Revenue and Financing Policy), or deciding the amount of the fee for non-recreational use (which is determined in the LTP 2031).
5. On 21 October 2020, Council endorsed a draft Revenue and Financial Policy for consultation. This draft policy proposes 60-70% of operational costs to fund jetties will be generated from fees and charges (which is largely made up of the fee paid by operators). The remaining funding is proposed to come from the local Stewart Island Community Board rate, the general rate and from other sources such as the Stewart Island Visitor Levy.
6. Currently, coastal permits for the jetties do not allow Council to charge non-recreational jetty users – so the current license fee is not in accordance with the coastal permit. Council needs to seek amendments to the coastal permits to enable a charging regime. Council has begun this

amendment process, and it is likely to be completed soon. The work outlined in this report, to amend the charging method, will only proceed if the coastal permits for jetties are updated.

7. When considering how to charge non-recreational jetty users, it is important Council considers who is benefitting and contributing to the need to provide and maintain jetties. It is also important that any charging method is practical, and that Council can prove the charge issued is accurate. Any fee set must also be fair and reasonable.
8. In 2019, staff sought feedback on possible charging methods from the Stewart Island/Rakiura Community Board (the board) and the Stewart Island Rakiura Jetties Subcommittee (the subcommittee) (for the 2016-2019 triennium). In recent weeks, staff have also sought feedback from people who hold a license to use Council jetties, and staff have sought further feedback from the board.
9. This report presents three charging options and requests that Council endorse a charging method to be included in the draft fees and charges associated with the LTP 2031. The charging options are:
 - option A - a base fee amount (for each vessel) with an additional charge based on the number of passengers carried
 - option B - a base fee amount with an additional charge based on vessel tonnage (for each vessel)
 - option C - a licence fee charged annually for each vessel.

Modelling, of how the different charging options could be structured to generate the required funding, is included with this report as Attachment A.

10. A majority of the board prefer option A, and a jetties advisory group also prefer that option. Jetty users on the island are not aligned on how they would like to be charged. As there are pros and cons with each of the options, staff believe endorsing a charging option is a political decision for Council. On this basis, staff have not identified a preferred option in this report.
11. The next step is for staff to include the charging method and associated fee in the draft fees and charges associated with the LTP 2031, which will be consulted on in March 2021.

Recommendation

That Council:

- a) **Receives the report titled “Charging Option for Non-Recreational Jetty use on Stewart Island/Rakiura” dated 11 November 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Notes that Council needs to ensure the coastal permits for the jetties allow for a charging regime.**
- e) **Notes, that on 5 August 2020, the Services and Assets Committee recommended Council endorse a base fee amount with an additional charge based on vessel tonnage (option B) to be included in the draft Long Term Plan 2031, subject to hearing further feedback from the Stewart Island Community Board.**
- f) **Notes that staff have discussed the charging options and sought feedback from the Stewart Island Community Board, since the Services and Assets Committee meeting on 5 August 2020.**
- g) **Notes that on 5 August 2020 the Stewart Island Community Board endorsed a base fee amount (for each vessel) with an additional charge based on the number of passengers carried.**
- h) **Endorses one of the following charging options, to be used as the basis for the proposed fees and charges for 2021/22 (related to the draft Long Term Plan 2031):**
 - i. **a base fee amount (for each vessel) with an additional charge based on the number of passengers carried**
 - ii. **a base fee amount with an additional charge based on vessel tonnage (for each vessel)**
 - iii. **a licence fee charged annually for each vessel.**
- i) **Notes that the Consultation Document for the Long Term Plan 2031 (and supporting documents that will include a schedule of fees and charges) will be consulted on in March 2021.**

Background

The current charging method

12. On Stewart Island/Rakiura, Council administers Fred’s Camp Jetty, Little Glory Jetty, Millers Beach Jetty, Port William Jetty, Golden Bay Jetty and Ulva Island Jetty. In this report, these facilities are collectively referred to as the jetties.

13. Council currently issues licences to non-recreational users of Stewart Island/Rakiura jetties, allowing licensees the non-exclusive use of the jetties for embarkation and disembarkation of passengers and for the loading and unloading of goods. The licence fee is currently \$1,174 (GST exclusive), and this is charged annually for each vessel used by the licensee, in accordance with their licence. The licences currently held were issued in 2014 and the term of the licences is ten years. The licence agreements can be terminated upon notice. When notice is given, the agreement will expire on 31 October following the giving of notice.
14. There are currently eight operators and 13 vessels using the jetties (this does not include operators/vessels that exclusively use Golden Bay jetty). The vessels vary in weight, ranging from four to 30 tonne. Some operators use the jetties regularly, while others make around 50 trips a year. Council does not have accurate information on the number of passengers travelling with operators per annum, but the Department of Conservation have reported that Ulva Island jetty has high usage, and the number of visitors to that site have been up to 25,000 per year.
15. In 2017, the jetties subcommittee outlined that they wanted to change the current charging approach to be more in line with a user-pays regime based on patronage.

Scope

16. The work being undertaken seeks to review the current charging method and to identify an appropriate and fair way to charge non-recreational users of Council administered jetties on the island. It is not within the scope of this work to determine what the user fee should be, or how jetties should be funded.
17. A number of pieces of work are currently being undertaken or are anticipated, that relate to the jetties. These include:
 - review of the extent of provision, levels of service, projected demand and different service delivery options for the delivery of jetty services to the Stewart Island/Rakiura community
 - the review of the Stewart Island/Rakiura visitor levy
 - the review of the Revenue and Financing Policy (this involves applying legislation and considering appropriate funding sources for the jetties activity, for example considering whether district or local funding, fees and charges, grants etc are appropriate)
 - a Stewart Island/Rakiura Wharf and Jetties Service Delivery Strategy
 - investigating and providing further detail on the possible divestment of some jetties on Stewart Island/Rakiura.
18. Going forward, these pieces of work will impact the expenditure required for the jetties, how jetties are funded and the levels of income needed from each funding source including the charge for non-recreational use.

Work already undertaken

19. In 2017, a consultant Sandra James produced a community engagement report that captured the views Stewart Island/Rakiura residents hold about jetties on the island. This included views on jetty ownership, identifying the most critical jetties, jetty usage, strategic management, and funding.

20. Staff presented reports to the board and the subcommittee in December 2018, seeking endorsement to undertake a review of the current charging regime. Staff also requested funding from the board to contribute towards the review. The board and subcommittee endorsed the work, and the subcommittee agreed to contribute \$20,000 of funding. In March 2019, Council also endorsed proceeding with the work, and approved \$20,000 of unbudgeted expenditure for the work to be funded from the jetties subcommittee general reserves.
21. After receiving legal advice, in late 2019 staff presented possible charging methods to the subcommittee and the board. The subcommittee identified a new charging option (option A presented in this report).
22. Staff presented the three charging options outlined in this report to the Services and Assets Committee on 5 August 2020. The committee recommended Council endorse a base fee amount with an additional charge based on vessel tonnage (option B) to be included in the draft LTP 2031, subject to hearing further feedback from the board.
23. In October this year, staff sought feedback from non-recreational jetty users on the options being considered, and on the number of passengers they carry and their vessel tonnage. In a workshop on 12 October 2020, staff also sought further feedback from the board. The board met with a jetties advisory group on 9 November 2020. The feedback the board received from the group is outlined below.

Issues

24. The current coastal permits for the jetties do not allow for a charging regime. Staff are in the process of working with Environment Southland to update the coastal permits, and it is anticipated that the permits will be amended prior to the adoption of the LTP 2031. Work to alter the way people are charged for jetty usage will only proceed if the permits are amended.
25. It is anticipated that the coastal permits will be amended as required, and on this basis, staff are currently presenting three possible charging options for non-recreational jetty usage.
26. It is important that any new charging method is practical to administer and that Council can validate the fee it charges.
27. It is intended each funding method will generate the same total amount of funding.
28. Advantages and disadvantages for each option are discussed in the 'analysis of options' section of this report.

Charging options

Option A - A fee that has a base amount (for each vessel) and an additional charge based on passenger numbers

29. For this option, a base fee amount and a charge per passenger carried would be set through the annual plan/LTP process. The base fee would apply to each boat using the jetties. The number of passengers for each vessel would be the number who travelled on a return trip. The captain and any associated crew (employees/non-commercial passenger etc), would not count as passengers.

30. Staff foresee that if this option is implemented, it would involve the non-recreational jetty users sending Council a count of passenger numbers (that have been recorded in manifests/ logbooks) at the end of each quarter. Council would raise an invoice, and the charge would be issued to the jetty user. The invoice for the base fee would be raised in the first quarter.
31. For this option, staff may have to amend the current license agreements with non-recreational jetty users. Some clauses in the current contracts, such as on jetty usage, indemnity/insurance, and termination clauses, would continue to be part of the revised contracts. Amendments may include:
- changing the wording in the contracts so it doesn't refer to a license fee
 - including a requirement that jetty users provide passenger number information (and how passenger numbers should be counted)
 - terms on what will happen if passenger numbers aren't provided
 - terms on how the verification of passenger numbers may occur – allowing some form of audit.
32. This option may be hard to implement if Council was unable to reach a formal agreement with jetty users. This is discussed below under the 'risk' sub-heading.

Option B - A fee that has a base amount and an additional charge based on vessel tonnage (for each vessel)

33. For this option, non-recreational users of jetties would pay an annual fee and an additional charge based on the weight of the vessel, for each vessel visiting Council jetties. Different tiers of boat weight would be used (such as <10 tonnes, 10-20 tonnes, and >20 tonnes) and a fee would be set for boats in each weight range. Heavier vessels would be charged a higher fee.
34. In practice, this option would require Council to raise an invoice annually, and the charge being issued to the jetty user.
35. This option may involve amending the current license agreements with non-recreational jetty users. Information about vessel weight could be included in the contract. As with option A, clauses on jetty usage, who is liable for damage, indemnity/insurance, and termination clauses, would continue to be part of the contract.

Option C - a licence fee charged annually for each vessel (the status quo)

36. As is outlined above, Council current issues licences to non-recreational users of the jetties, allowing the licensees the non-exclusive use of Council administered jetties. The licence fee is currently \$1,174 (excluding GST), and this is charged annually for each vessel used by the licensee. Council does have the option of continuing with this charging approach and changing the amount of the annual fee so the required funding is generated. Under the license agreements, non-recreational users are liable for any damage they cause. This option would be administered by Council issuing an annual invoice to the jetty users.

Risks

37. If amendments to the contracts are required, there is a risk that Council won't reach agreement with all the non-recreational jetty users, to amend the current contracts. This may take place at a

time when Council has already committed to a charging method, in the LTP 2031. If this occurs, Council might have to set and administer the charge without contracts in place (with all users).

38. There is small risk that applications to vary the coastal permit for the jetties, may get declined. If this is the case, staff advise Council not proceed to change the way jetty users are charged, and Council may decide not to charge for non-recreational jetty use going forward.
39. If less funding is captured from non-recreational jetty users than was anticipated (through there being less passengers or less/lighter vessels), it may impact scheduled maintenance plans. Options B and C have reduced risk to Council as the options are more likely to generate a fixed amount of funding, whereas option A will generate more variable income for Council. Council is responsible for ensuring the jetties are maintained appropriately.
40. There is also risk that operators using the jetties may not consider the fee that they are charged fair and reasonable, based on their jetty usage.

Enforcement

41. Council has avenues available to enforce a charge for non-recreational jetty use.
42. If formal agreements have been reached with jetty users, dispute resolution provisions in the agreement would outline a specific process to deal with disputes or differences. Under the current license agreements either party can terminate the agreement upon giving notice (and the agreement will expire on 31 October following the date of the notice), and any amended contracts are likely to have a similar termination clause.
43. Council could also seek payment in accordance with its debt recovery policy. This may involve Council or an external recovery agency taking steps to recover the outstanding amount. Council would have the ability to recover a charge as a debt in the District Court, an assessment would be made regarding whether the costs of recovery is likely to exceed the amount recovered.
44. Outside of any contractual agreement, Council could set fines for late payment in its schedule of fees and charges, or it could set a fine through a bylaw process.
45. At this stage, Council is not be able to prevent non-recreational jetty users having access to the jetties – this restriction would need to be explicitly stated in the coastal permit.

Factors to Consider

Legal and Statutory Requirements

46. Under section 101(3) of the Local Government Act 2002 (the LGA), Council must meet its funding needs for each activity following consideration of factors including who is benefitting, the period over which any benefit will occur, and whether the actions of a particular group contribute towards the need to undertake the activity (such as whether particular jetty users require more maintenance to be undertaken on the jetties). Council is also required to consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.
47. Council have received advice on how to create a legal mechanism for collecting and enforcing a fee for non-recreational jetty use. To make monitoring and collection easier, Council should try and reach agreement on how and when jetty users will pay Council, and on how information

(such as passenger numbers) should be verified. The most practical way to set a fee for non-recreational jetty use is through fees and charges section in its Annual Plan/LTP. Council can set a fee in the annual plan/LTP, in accordance with section 103(2)(c) of the LGA.

48. In setting a fee, Council has to ensure:
- any charge set is fair and reasonable based on jetty usage
 - jetty resource consent conditions and any user fee, align
 - the charge does not 'double dip' (non-recreational users are not charged for amounts that will also be funded from other sources).
49. As is outlined above, Council is currently in the process of amending the consent conditions, to allow for charging.
50. Council's financial services team have also assessed that visitor levy funds and funds from non-recreational jetty users are separate funding streams, and funding is not collected for the same purpose.
51. In relation to monitoring and enforcement, Council should be able to prove that the people being charged a fee for jetty usage are using the jetties and Council should be able to justify any charge levied.

Community Views

52. Council is aware of some community views on this matter.

The wider community

53. Research completed on the Stewart Island Wharfing Provision, by consultant Sandra James in 2017, investigated community views on jetties on Stewart Island/Rakiura and identified:
- that local users understood the need to pay for their use of the jetties
 - that there was a need for long term strategic planning rather than a reactionary approach to jetties
 - that there was unanimous agreement that the jetties should be self-funding and not a burden on ratepayers alone
 - a new funding strategy should be investigated, with funding from multiple sources, that is fair and equitable.

The board and subcommittee

54. Council has sought feedback on potential charging options from the jetties subcommittee and the board. In 2019, both the subcommittee and board outlined a preference to have a base fee amount with an additional charge based on the number of passengers carried (option A). In a workshop discussion on 12 October 2020, the board reaffirmed its support for option A. Four board members supported option A, two supported option B and one member thought all three methods should be used. Those in support of option A thought it was the fairest way to charge, and that the amount being paid by the operators would align with their actual income for each year (so it might be more in line with their ability to pay). They also believed the tonnage option

may increase financial pressure on some non-recreational users and affect their ability to operate longer-term.

55. The board also received feedback from a jetties advisory group on 9 November 2020. This group supported having a base fee amount and an additional charge based on passenger numbers (option A). The advisory group supported this option as the members believed it would result in a fair charge to the operators, based on jetty usage.

The non-recreational users

56. Council managed to get feedback on the charging options from six of the eight non-recreational users. Staff identified that the six operators have mixed views on the charging options, and collectively, there is no clear preference for any option.
57. Three operators stated the passenger-based option would place an administrative burden on them. Two operators were in favour of the passenger-based option.
58. Two operators stated that the tonnage option wouldn't always impose a higher fee on those operators receiving more benefit from the jetties (such as the operators using the jetties a lot). An operator with a heavy vessel who didn't carry many commercial passengers outlined the change may increase the financial pressure on their business and affect their ability to operate longer-term if there was a tonnage-based fee. One operator thought that the fee should be based on both vessel tonnage and horse power.
59. Two operators were in favour of retaining the annual fee (the status quo), but another operator thought the current charging approach wasn't charging an appropriate fee to the operators that were causing the most damage to the jetties.

Other considerations

60. If the current licensees are required to pay more to use jetties, they are likely to expect a commensurate improvement in the service that they are receiving. This would include, for example, an improved maintenance and renewals regime. If there is an increase in user fees, this may not be well received well by some stakeholders and it may be seen as not facilitating local businesses.

Formal consultation

61. Through the formal consultation on the LTP 2031 consultation document, anyone who would like to provide formal feedback on the fee that is set, will have the opportunity to make a submission.

Costs and Funding

62. As has been outlined above, \$20,000 of unbudgeted expenditure from the jetties subcommittee general reserves has been allocated to undertake this work. Funding has already been used seeking legal advice on charging methods, and further expenditure is anticipated on varying jetty consent conditions and the current license agreements.
63. Staff have included with this paper (as Attachment A), scenarios on how the three charging options could be structured and options for the overall mix of funding for the jetties (fees, rates, grants). These scenarios have been updated to reflect sentiment from Council and the board, that

the Golden Bay jetty renewal should be brought forward rather than incurring maintenance costs in the interim.

64. Current budgets (Attachment B) indicate that the expenditure on jetties for the next two years requires approximately \$15,000 of additional funding. For the eight remaining years of the LTP period (when Council will have drawn down loans to fund the Golden Bay jetty replacement) the average total additional funding required per annum is projected to be \$95,000 (between \$82,322 in 2023/24 and \$100,395 in 2030/31, as shown in Attachment B).
65. In accordance with the draft Revenue and Financing Policy, it is proposed that 60-70% of operational costs to fund jetties will be generated from fees and charges (which is largely made up of the fee paid by operators) with 0-10% to come from the local Stewart Island Community Board rate, 0-30% from the general rate (paid district-wide by all ratepayers) and 0-10% from the other sources (such as the Stewart Island Visitor Levy). The policy sets the bands of funding expected from each source with the specific amount to be decided on as part of the long term and annual plans.
66. In relation to Attachment A (modelling of the three options), it is important to note that at this stage, staff have had to estimate the weight of some vessels using Council jetties and estimated passenger numbers. It is also important to note that staff have not considered the additional vessels that will pay the fee, with Council's ownership of Golden Bay jetty. This additional information will be gathered by staff, prior to Council endorsing a fee for non-recreational jetty usage.
67. In December this year, staff will be requesting Council endorse a fee for non-recreational jetty use, to be included in a supporting document for the LTP 2031 consultation document.
68. It is possible Council may want to continue with the current charging method until the third year (2023/24) of the LTP 2031, once repayments of the loan funding for Golden Bay wharf begin. Based on the current budgets, there is a shortfall of around \$14,000 in year 1 and \$16,000 in year 2 of the plan. If this was to be fully funded from an increase in the current annual user fee (currently \$1,174 excluding for 11 licences), the user fee (based on the updated 13 licences) would increase to \$2,080 in 2021/22 and \$2,230 in 2022/23. Any funding that was subsequently provided from a local rate and/or district rate and/or the visitor levy would reduce the amount needed from the user fee. General rate funding and any funding from the visitor level/external sources could then be used from 2023/24, which would allow the board more time to confirm funding arrangements with the visitor levy committee or third parties. The board have indicated a preference to implement the new charging method with the LTP 2031, rather than when loan funding for Golden Bay jetty commences.

Policy Implications

69. One of the work streams that has come out of the sustainability review is to develop a Stewart Island/Rakiura Wharf and Jetties Service Delivery Strategy, to ensure jetties are managed well in the future.

70. People operating or travelling on non-recreational vessels on Stewart Island/Rakiura, may pay other fees or levies. These include:
- the Stewart Island/Rakiura Visitor Levy, or revenue collected by transport operators on behalf of Council
 - a marine levy to Environment Southland
 - collecting \$1 from each passenger who travels to Ulva Island (this is then passed on to the Ulva Island Charitable Trust)
 - a fee to South Port for using the main wharf
 - a concession fee to the Department of Conservation (for operators who take visitors on guided trips).

Analysis

Options Considered

71. Possible charging options are:
- **option A** - a base fee amount with an additional charge based on the number of passengers carried (for each vessel)
 - **option B** - a base fee amount with an additional charge based on vessel tonnage (for each vessel)
 - **option C** - a licence fee charged annually for each vessel.

Analysis of Options

Option A – a base fee amount with an additional charge based on the number of passengers carried (for each vessel)

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• considers that some users benefit more from using jetties (vessels that carry more passengers are likely to have more benefit)• considers that vessels that carry more passengers may contribute more to the need to provide/maintain jetties – more passengers may be associated with heavier vessels that may do more damage when berthing, or more frequent visits to jetties• in line with general feedback given by the community that a fair user pays charging approach should be in place• contractual terms will outline how the jetties can be used, and about who will pay for damage etc	<ul style="list-style-type: none">• passenger numbers may not directly relate to the benefit received from the jetties• passenger numbers may not directly relate to the need to provide/maintain jetties• the exact cost of implementing this option is not known• this option requires more administration/administrative cost than the other options, as passenger numbers are needed from stakeholders to issue an invoice (and Council staff may have to actively seek this input)• Council would have less certainty about the funding generated (as it would vary depending on passenger numbers), compared to the other options. Events

<ul style="list-style-type: none"> • in line with the specific feedback given by the board and subcommittee • this option may enable commercial jetty users to identify the user fee in their retail price – being able to make this fee transparent may make it more palatable to both jetty users and their passengers • under this option the fee will be variable for each operator, reflecting the number of passengers carried each quarter, which may align to an operator's ability to pay • enforcement measures are available. 	<p>such as Covid-19 would impact the amount being collected and may impact maintenance plans. Funding sources/amounts could be altered in response (through the annual plan/LTP)</p> <ul style="list-style-type: none"> • it may be hard to administer this option if formal agreements are not in place/if jetty users are not willing to provide passenger number information • it would be difficult for Council to validate the passenger number figures given by the operators – Council would rely on honesty • to set a fee, Council may have to estimate annual passenger numbers, and there is a risk estimates may not be accurate • there is a risk some people may not view the charge as fair and reasonable.
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Option B – a base fee amount with an additional charge based on vessel tonnage (for each vessel)

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • considers benefit as heavier vessels are able to carry more passengers/goods, so may benefit more from the jetties • considers that heavier vessels may contribute more to the need to undertake the activity as heavier vessels may cause more damage to the jetties than light vessels • in line with general feedback given by the community that a fair user pays charging approach should be in place • contractual terms will outline how the jetties can be used, and about who will pay for damage etc • this option would be slightly easier to administer than a passenger-based fee, as Council could issue an invoice without having to receive quarterly information from jetty users • this option would mean there is more certainty (than option A) around the amount 	<ul style="list-style-type: none"> • vessel weight may not directly relate to the benefit being received from the jetties • vessel weight may not directly relate to the need to provide jetties (for example other factors may impact the damage caused, such as how often a user visits the jetties or how vessels are berthed) • the exact cost of implementing this option is not known • there would still be some challenges implementing this option, if formal agreements weren't in place with the jetty users • this option is not in line with the views received from the board and subcommittee • there is a risk that operators will not provide tonnage information to Council at an early stage. Tonnage information would enable staff to be more informed when it sets a base and tonnage fee, and Council

<p>of funding that would be generated each year from non-recreational jetty use</p> <ul style="list-style-type: none"> enforcement measures are available. 	<p>would be more certain of the funding that would be generated</p> <ul style="list-style-type: none"> Council would not be completely certain about the amount of funding that will be generated by user fees, as the boats using the jetties may change under this option the fee will not be linked to an operator's passenger numbers/income – so this option may not align to an operator's ability to pay there is a risk some people may not view the charge as fair and reasonable.
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Option C – a licence fee charged annually for each vessel

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> known by the current non-recreational jetty users contractual terms outline how the jetties can be used, and about who will pay for damage etc considers the benefit received and damage that may be caused, as jetty users are charged per vessel formal agreements are already in place this option would be slightly easier to administer than a passenger-based fee, as Council could issue an invoice without having to receive any information from jetty users this option would mean there is more certainty (than option A) around the amount of funding that would be generated each year from non-recreational jetty use enforcement measures are available. 	<ul style="list-style-type: none"> may not accurately measure benefit – for example the owners of vessels that carry a large number of passengers may be receiving more benefit from the jetties than owners with smaller vessels (who pay the same amount). does not take into account that heavier vessels or vessels using the jetties more frequently may contribute more to the need to undertake the jetty activity this option is not in line with the community views received from the board and subcommittee Council would not be completely certain about the amount of funding that will be generated by user fees, as the number of boats using the jetties may change under this option the fee will not be linked to an operator's passenger numbers/income – so this option may not align to an operator's ability to pay there is a risk some people may not view the charge as fair and reasonable.

Assessment of Significance

72. This matter has been assessed as not significant in relation to Council's Significance and Engagement Policy, and the LGA. Although stakeholders are likely to be interested in this

matter, staff believe the level of interest is not to the extent to trigger this being a ‘significant’ issue.

Recommended Option

73. Staff are aware there are pros and cons for each of the options outlined in this report. Previously staff have indicated the use of option B.
74. Option A is supported by stakeholders and stakeholders believe this option would fairly apportion charges to non-recreational jetty users. Staff have concerns that there may be problems implementing and administering this option, and there would be a risk to Council that the funding method would not generate the required annual funding (if there are low passenger numbers).
75. Staff believe option B would be relatively easy to administer and there would be more certainty about the funding generated, than for option 1. Staff do have concerns that going against the wishes of the board/stakeholders would not foster their relationship with Council, and it may make operators unreceptive to a tonnage-based charging mechanism. The board and staff also have concerns that option B may not result in a fair and reasonable charge to some operators.
76. Staff believe option C would be easiest to implement and that it would be quite easy to administer. Selecting this option (and going against the wishes of the board and stakeholders) may also not foster Council’s relationship with stakeholders, and stakeholders may be unreceptive to continuing this charging mechanism. As with option B, stakeholders and staff have concerns that this option may not result in a fair and reasonable charge to some operators.
77. Staff have given a broad range of advice in this report, but believe ultimately the decision to be made is a political decision. Council should select the method it wishes to endorse to be used as the basis for the proposed fees and charges for 2021/22.

Next Steps

78. The steps to implement a new charging option are outlined below (please note some of the dates outlined below are tentative).

Date	Task
November 2020 →	1. Amend the coastal permits so they allow Council to charge for jetty usage
16 December 2020	2. Council endorse a draft fee (for non-recreational jetty use) to be included in a supporting document for the LTP 2031 consultation document
February 2020	3. Inform stakeholders about the LTP 2031 consultation document (and the associated fees and charges)
March 2021	4. Consultation process
29 April 2021	5. Deliberate on the feedback received on the LTP 2031 consultation document
May – June 2021	6. If necessary, amend and sign contracts with jetty users

Date	Task
June 2021	7. Adopt LTP 2031
1 July 2021	8. LTP 2031 (and any new charging method) comes into effect.

Attachments

- A Attachment A - Stewart Island Rakiura Jetties Funding and User Charge Modelling LTP 2031
[↓](#)
- B Attachment B - Stewart Island Rakiura Jetties LTP 2031 Financial budget [↓](#)

Attachment B – Modelling of Possible Jetty Charge

Stewart Island Jetties

Funding Needed - ALL (Existing + Golden Bay)

Average Year 3-10

-\$95,000

	(C) Flat Fee		(B) Tonnage Approach (A mix of rates and visitor levy input with different tonnage approaches modelled below) NOTE: tonnages have been estimated by staff based on limited data availability from users. No allowance made for Sanford. No allowance for additional Golden Bay commercial users has been made.		(A) Passenger Approach (A mix of rates and visitor levy input with different passenger charges modelled below) NOTE: total passengers have been estimated by staff based on total in Sandra James report of 25,000 (largely Ulva Island) with number of passengers per user unknown. No allowance has been made for Sanford. No allowance for additional Golden Bay commercial users has been made.		
	Flat Fee		A - Estimated Tonnages	B - Estimated Tonnages	F - Estimated total passengers	G - Estimated total passengers	H - Estimated total passengers
Base Fee	-\$3,500		-\$1,500	-\$2,500	-\$1,500	-\$2,000	-\$3,000
Variable Charge			-\$850	-\$400	-\$1.00	-\$0.75	-\$0.25
Rates/Grants Funding Tools							
Local CB Rate	-\$9,500 10%		-\$9,500 10%	-\$9,500 10%	-\$9,500 10%	-\$9,500 10%	-\$9,500 10%
Visitor Levy / Grant	-\$9,500 10%		-\$9,500 10%	-\$9,500 10%	-\$9,500 10%	-\$9,500 10%	-\$9,500 10%
District Rate	-\$19,000 20%		-\$19,000 20%	-\$19,000 20%	-\$19,000 20%	-\$19,000 20%	-\$19,000 20%
	-\$38,000 40%		-\$38,000 40%	-\$38,000 40%	-\$38,000 40%	-\$38,000 40%	-\$38,000 40%
Fees and Charges Funding Tools							
Licence Fee Boat Park	-\$5,250		-\$5,250	-\$5,250	-\$5,250	-\$5,250	-\$5,250
Licence Fee Roadline (Redshed)	-\$7,300		-\$7,300	-\$7,300	-\$7,300	-\$7,300	-\$7,300
Commercial Operators (Base Fee)	-\$45,500		-\$19,500	-\$32,500	-\$19,500	-\$26,000	-\$39,000
Commercial Operators (Variable Charge)			-\$24,650	-\$11,600	-\$25,000	-\$18,750	-\$6,250
	-\$58,050 61%		-\$56,700 60%	-\$56,650 60%	-\$57,050 60%	-\$57,300 60%	-\$57,800 61%
Total Funding Provided	-\$96,050 101%		-\$94,700 100%	-\$94,650 100%	-\$95,050 100%	-\$95,300 100%	-\$95,800 101%
Balance (if any) to be funded	\$1,050 -1%		-\$300 0%	-\$350 0%	\$50 0%	\$300 0%	\$800 -1%

Assumptions: The current estimated additional income required for the jetties is around \$15,000 for the first two years of the plan and then an average of \$95,000 for the remaining eight years of the plan. This is still subject to review as part of the Long Term Plan process and as scoping, design and tendering of any project occurs.

The tonnage and classifications of the boats still needs to be confirmed. The variable charge for the tonnage modelling is based on 13 boats. Currently three classifications have been calculated, light (1x the above variable rate), medium (2x the above variable rate) and heavy(3x the above variable rate).

Light is defined as 1 to 10 ton (currently 3 vessels)

Medium is defined as 11 to 20 ton (currently 4 vessels)

Heavy is defined as 21 ton and over (currently 6 vessels)

Attachment A– Draft Budget SI Jetties LTP 2031

Budget Estimate Report for 26700 Stewart Island Jetties

Start Year: 2021/2022

Stewart Island Jetties
26700 Stewart Island Jetties

Object	Description	Actuals 2019/2020	Current Budget	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Income													
11162	Grants General (Capital)	-	(400,000)	-	-	-	-	-	-	-	-	-	-
11171	Rates - Collected	-	-	(14,119)	(16,077)	(82,332)	(86,728)	(86,748)	(86,766)	(104,502)	(104,523)	(104,544)	(100,395)
11315	Licence Fee - Roadline	-	-	(12,550)	(12,914)	(13,237)	(13,568)	(13,920)	(14,268)	(14,639)	(15,035)	(15,441)	(15,842)
11316	Licence Fee - Boat Park	(12,913)	(18,000)	(12,914)	(12,914)	(12,914)	(12,914)	(12,914)	(12,914)	(12,914)	(12,914)	(12,914)	(12,914)
19114	Contribution - Township	-	(30,000)	-	-	-	-	-	-	-	-	-	-
19151	Internal - Interest on Reserve	(6,272)	(2,187)	-	-	-	-	-	-	-	-	-	-
19186	Internal - Grant Income	-	(30,000)	-	-	-	-	-	-	-	-	-	-
		(19,185)	(480,187)	(39,583)	(41,906)	(108,483)	(113,210)	(113,582)	(113,948)	(132,055)	(132,472)	(132,899)	(129,151)
Expenditure													
21311	Material Damage Insurance	2,053	1,532	2,222	2,286	2,344	2,402	2,465	2,526	2,592	2,662	2,734	2,805
31523	Legal Costs	4,761	-	-	-	-	-	-	-	-	-	-	-
31542	General Projects	(5,683)	-	-	102,900	-	-	-	-	-	-	-	-
31553	Monitoring	318	-	1,000	1,029	1,055	1,081	1,109	1,137	1,166	1,198	1,230	1,262
35214	Maint - General	-	45,667	29,900	10,290	10,547	10,811	11,092	11,369	11,665	11,980	12,303	12,623
35229	Maint - Project	3,378	-	-	16,464	98,089	-	-	55,710	-	-	-	-
41113	Depn - Marine As	11,332	49,292	49,292	49,292	49,292	49,292	49,292	49,292	49,292	49,292	49,292	49,292
43317	Internal - Interest on Loans	1,805	2,593	1,575	3,885	40,770	41,656	40,511	39,343	46,087	44,676	43,237	41,769
		17,964	99,084	83,989	186,146	202,097	105,242	104,469	159,377	110,802	109,808	108,796	107,751
Net Operating (Surplus)/Deficit		(1,222)	(381,103)	44,406	144,241	93,614	(7,968)	(9,113)	45,429	(21,253)	(22,664)	(24,103)	(21,400)
Capital Expenditure													
67313	Marine Assets - Renewal	-	560,000	200,000	1,749,300	-	-	-	341,079	-	-	-	126,232
67512	WIP - Improvements	1,527	-	-	-	-	-	-	-	-	-	-	-
		1,527	560,000	200,000	1,749,300	-	-	-	341,079	-	-	-	126,232
Capital Movements													
87892	To - STEW JETTIES General	24,555	26,979	-	-	-	-	-	-	-	-	-	-
87893	Ex - STEW JETTIES General	-	-	(79,628)	-	-	-	-	-	-	-	-	-

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Budget Estimate Report for 26700 Stewart Island Jetties Start Year: 2021/2022

26700 Stewart Island Jetties

Object	Description	Actuals 2019/2020	Current Budget	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Capital Movements													
87895	Ex- Wharf Replacmnt Golden E	(114,232)	-	-	-	-	-	-	-	-	-	-	-
87896	To Wharf replacmnt Ulva Island	97,857	-	-	-	-	-	-	-	-	-	-	-
87897	Ex-Wharf replacmnt Ulva Island	-	(160,000)	-	-	-	-	-	-	-	-	-	-
		<u>8,180</u>	<u>(133,021)</u>	<u>(79,626)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loans													
71532	Internal Loans - Princ	-	-	(120,372)	(1,852,200)	(98,089)	-	-	(396,789)	-	-	-	(126,232)
71533	Internal Loans - Repaid	2,846	3,416	4,886	7,951	53,767	57,260	58,405	59,573	70,545	71,956	73,395	70,692
		<u>2,846</u>	<u>3,416</u>	<u>(115,486)</u>	<u>(1,844,249)</u>	<u>(44,322)</u>	<u>57,260</u>	<u>58,405</u>	<u>(337,216)</u>	<u>70,545</u>	<u>71,956</u>	<u>73,395</u>	<u>(55,540)</u>
Non Cash Depreciation													
99511	Add Back Non Cash Depn	(11,332)	(49,292)	(49,292)	(49,292)	(49,292)	(49,292)	(49,292)	(49,292)	(49,292)	(49,292)	(49,292)	(49,292)
		<u>(11,332)</u>	<u>(49,292)</u>	<u>(49,292)</u>	<u>(49,292)</u>	<u>(49,292)</u>	<u>(49,292)</u>	<u>(49,292)</u>	<u>(49,292)</u>	<u>(49,292)</u>	<u>(49,292)</u>	<u>(49,292)</u>	<u>(49,292)</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Winton Burner Incentive Programme

Record No: R/20/9/51068
Author: Michael Sarfai, Environmental Health Manager
Approved by: Fran Mikulicic, Group Manager Environmental Services

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 To extend the free building consent incentives programme for burners in Winton.

Executive Summary

- 2 Environment Southland monitors air pollution in Winton. Winton is the only township in the Southland District that has come close to exceeding the standards.
- 3 Air quality in Winton has improved slightly over the last five years, and there have been no exceedances since 2017.
- 4 The Regulatory and Consents Committee considered this programme at a workshop on 10 September 2020, and favoured an extension to this scheme.
- 5 The author recommends extending the programme for a further two years. In so doing, this will support to achieve a goal of five years clear of National Environmental Standards for Air Quality (NESAQ) exceedances.

Recommendation

That the Council:

- a) **Receives the report titled “Winton Burner Incentive Programme” dated 12 November 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees to fund applications for building consents for domestic solid-fuel burners that meet the operative National Environmental Standards for air quality, to be installed in the Winton Urban Resource Area, until 31 December 2022; and this funding will not be renewed after this date.**
- e) **Agrees that the end date in (d) above is subject to no further exceedances of the National Environmental Standards for Air Quality being recorded in Winton.**

Background

Air quality in Winton

- 6 Environment Southland (ES) has an air monitoring station at Centennial Park. Among other things it measures PM10 concentrations in the air.
- 7 PM10 stands for “particulate matter”. These are very small solid, liquid or gaseous particles in the air less than 10 micrometres (μm) in diameter, or one-fifth of the diameter of a human hair.
- 8 ES staff advise that the main cause of PM10 emissions in the town is caused by domestic home heating.
- 9 An airshed is classified as polluted under the current National Environmental Standards for Air Quality (NESAQ) if the airshed’s average exceedance of the PM10 standard (50 micrograms per cubic metre expressed as a 24 hour mean) over the previous five years was more than one per year. An airshed continues to be polluted until the PM10 standard has not been breached in the previous five years.
- 10 Environment Southland (ES) started measuring PM2.5 in April 2019, and discontinued monitoring for PM10. ES intends to continue monitoring PM2.5 for at least another 12 months, to ensure that they have a dataset that is representative of the town and any climatic variation that occurs there.
- 11 Winton is the only township in the Southland District that has come close to exceeding the Standards. The following table summarises monitoring over the last five years:

Year	Number of exceedances in the year	Concentration ($\mu\text{g}/\text{m}^3$) of the exceedance	Measure	NESAQ maximum threshold
2015	1	62	PM ₁₀	50 $\mu\text{g}/\text{m}^3$
2016	1	53	PM ₁₀	50 $\mu\text{g}/\text{m}^3$
2017	1	55	PM ₁₀	50 $\mu\text{g}/\text{m}^3$
2018	0	-	PM ₁₀	50 $\mu\text{g}/\text{m}^3$
2019	0	-	PM _{2.5}	25 $\mu\text{g}/\text{m}^3$
2020	0	-	PM _{2.5}	25 $\mu\text{g}/\text{m}^3$

- 12 Owen West, air quality scientist at Environment Southland, advises:

“The PM10 monitoring in Winton showed little change in annual average concentrations between 2013 and 2018. The annual values ranged between 14.7 $\mu\text{g m}^{-3}$ and 15.8 $\mu\text{g m}^{-3}$. The air quality guideline value for annual average PM10 is 20 $\mu\text{g m}^{-3}$. We did see a slight decrease in the maximum daily average concentrations though. So, on the days with high PM10 concentrations, those peak concentrations looked to be dropping over the years. While exceedance were noted earlier in the monitoring, there were none during our last complete year (2018) of monitoring PM10 there.”

- 13 Mr West is of the view that the town is likely to continue to meet the NESAQ; and advises that the air monitoring station will be removed after next winter, if air quality continues as it has during the last two winters.

14 The wind direction in Winton is illustrated in **Attachment C**.

Council's incentives programme

15 Council introduced the programme at its meeting on 29 October 2014, the resolution being:

"That Council fully funds building consents lodged between 1 November 2014 and 31 December 2017 for burners that meet the National Environmental Standards for emissions and thermal efficiency, to be installed in the Winton Urban Resource Area."

16 Council extended the programme for a further three years, to 31 December 2020, at its meeting on 13 December 2017.

17 The latest flyer promoting this scheme is in **Attachment A**.

18 Reasons for introducing the programme included:

- to help prevent Winton exceeding the NESAQ
- to protect public health
- reputational
- prevent the town being classified as a polluted airshed, that would bring in restrictions on new industry (restrictions on new consents for industrial discharges)
- wider implications for the District.

19 The Regulatory and Consents Committee considered this programme at a workshop on 10 September 2020, and favoured an extension to this scheme, and recommended that this matter be considered by Council.

Airsheds

20 The following table summarises the situation in the region:

District	Gazetted airshed	Polluted airshed
Gore	Yes	Yes
Invercargill	Yes	Yes
Southland	No	No

21 Every district in New Zealand has an airshed. Ideally the District should be one that is not classified as being polluted, as is the case.

22 A polluted airshed is not the same thing as a gazetted airshed. All polluted airsheds are gazetted, but not all gazetted air sheds are polluted.

Building development in Winton

23 Julie Conradi advises that there have been 92 new dwellings in Winton, over the last five years, and most would have burners.

24 This indicates that the slight downwards trend in air pollution is a much better result than at first sight.

25 The number and location of consents for new burners, and new buildings, is in **Attachment B**.

Issues

Goal achieved

26 Council's goal in introducing this incentive programme was to help prevent the town being classified as a polluted, gazetted airshed. This goal has been achieved:

- No exceedance since 2017, with air quality improving slightly over the years.
- Mr West is of the view that the town is likely to meet air quality standards going forwards. The monitoring equipment will be moved out of Winton after next winter if trends continue, and District towns will be monitored intermittently over the years, including Winton.

Should Council extend the programme?

27 The author recommends extending the programme for a further two years. In so doing, this will give support to the town towards a further suggested goal of five years clear of NESAQ exceedance.

28 The programme can discontinue after the two years, however Council could consider extending the programme if a further NESAQ exceedance is recorded.

Proposed amendments to the NESAQ

29 The Ministry for the Environment is proposing to amend the NESAQ, and has already consulted on this proposal (called "Improving our air"). It is expected that the way forwards with the proposal will be decided after the elections.

30 The amendments include:

- a) replacing PM₁₀ with PM_{2.5}; and
- b) an airshed would be classified as polluted if on average it exceeded the permissible exceedance allowed by the daily PM_{2.5} standard, or the annual PM_{2.5} limit. This average would be calculated using a minimum of 12 months of meaningful data within the previous five years.
- c) lower the emissions standards for new burners from 1.5g/kg to 1.0g/kg. The standard would apply to all new burners, not just wood burners as is the case now.

31 Mr West is of the view that Winton is likely to meet the new standards in (b) above.

32 Council may wish to note that the proposed NESAQ will make it mandatory for all new urban solid fuel burners to comply with the new emissions standards; effectively banning multi-fuel and coal burners in all urban areas. These proposed regulations will only apply to newly installed burners, not existing ones. And so this incentive programme may encourage residents to make the change from their existing burner to a new compliant lower emission one.

Revised wording for the incentives programme

- 33 The author recommends that the incentives programme can also apply if the NESAQ is amended. Thus the proposed resolution to this report:

“Funds applications for building consents for domestic solid-fuel burners that meet the operative National Environmental Standards for air quality, to be installed in the Winton Urban Resource Area, until 31 December 2022.”

- 34 “Domestic solid-fuel burners” conforms with the terminology in the proposed NESAQ, and so includes wood pellet burners for example; and also “operative” enables this incentives programme to apply to any amended NESAQ that may be approved.

Factors to Consider

Legal and Statutory Requirements

- 35 ES is required to administer The Resource Management (National Environmental Standards for Air Quality) Regulations 2004.
- 36 Council has a duty under the Health Act 1956 to improve, promote, and protect public health under the Health Act 1956.

Community Views

- 37 The Oreti Community Board considered a report on this matter at its meeting on 5 October 2020. The Board resolved to recommend to Council the recommendations in (d) and (e) of this report.

Costs and Funding

- 38 This table summarises the number of consents funded, and costs:

Year ending	No. of consents	Cost
2021 (year to date)	4	\$1,796
2020	5	\$2,033
2019	7	\$2,862
2018	0	\$0
2014 /2015 to 2016/2017	25	\$6,702
Total	41	\$13,393

- 39 The environmental health budget currently has \$2,000 set aside each year for this programme.
- 40 For every eligible consent, building solutions creates an internal transfer for funds from the environmental health budget.
- 41 Here is the extract from the current fees and charges (incl. GST):

Minimum Building Consent Fees		
Building Work		Fee
Freestanding Solid-Liquid-Gas Fired Heating Unit	Includes 1 inspection	\$387.00
Inbuilt Solid-Liquid-Gas Fired Heating Unit	Includes 2 inspections	\$635.00

Policy Implications

- 42 There are no policy implications.

Analysis

Options Considered

Option 1 – Discontinues the burner free building consent after it expires on 31 December 2020

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> Winton is compliant with the ambient PM₁₀ air quality standard. the likelihood of the town becoming a polluted airshed is unlikely. 	<ul style="list-style-type: none"> further exceedances cannot be ruled out, with potential serious implications

Option 2 - Funds applications for building consents for domestic solid-fuel burners that meet the operative National Environmental Standards for air quality, to be installed in the Winton Urban Resource Area, until 31 December 2022; and this funding will not be renewed after this date

This end date is subject to no further exceedances of the National Environmental Standards for Air Quality (NESAQ) being recorded in Winton.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> clean air, improved health. will help to achieve a goal of five years clear of exceedances. 	<ul style="list-style-type: none"> a cost to the ratepayer to fund this programme

Assessment of Significance

- 43 Not significant.

Recommended Option

- 44 Option 2 is the recommendation of the Regulatory and Consents Committee.

Next Steps

- 45 Staff will implement this decision and advise the Winton community.

Attachments

- A Winton burner incentive flyer [↓](#)
- B Attachment - building consents in Winton [↓](#)
- C Winton wind rose [↓](#)



SDC WOOD BURNER INCENTIVE PROGRAMME

Southland District Council is offering free building consents for new wood burners in the Winton urban area.

Council will fully fund building consents for heating units until 31 December 2020 for burners that meet the National Environmental Standards for emissions and thermal efficiency, to be installed in the Winton Urban Resource Area.

Why are we doing this?

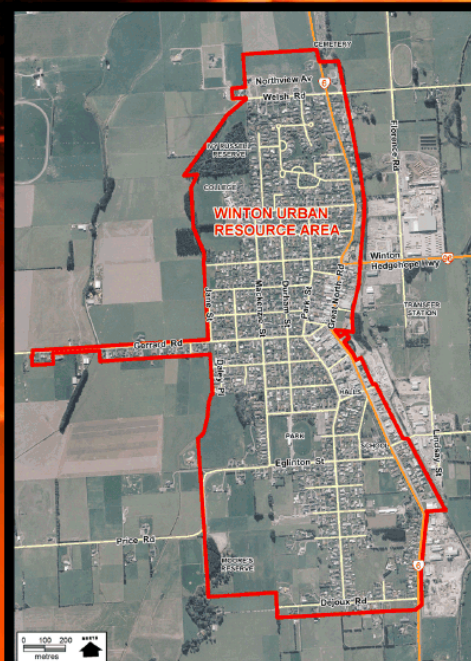
Environment Southland monitoring has shown that Winton is the only township that has come close to exceeding the National Standards for air quality. If Winton did exceed the standards, then a potential consequence could be new rules such as those in place for Gore and Invercargill.

This incentives programme is one way to help to keep emissions from exceeding the National Standards.

What is a NES approved burner?

A NES approved burner is a home wood burner that meets the National Environmental Standards for emissions and thermal efficiency.

See the Ministry for the Environment website for a list of approved burners: mfe.govt.nz/woodburners



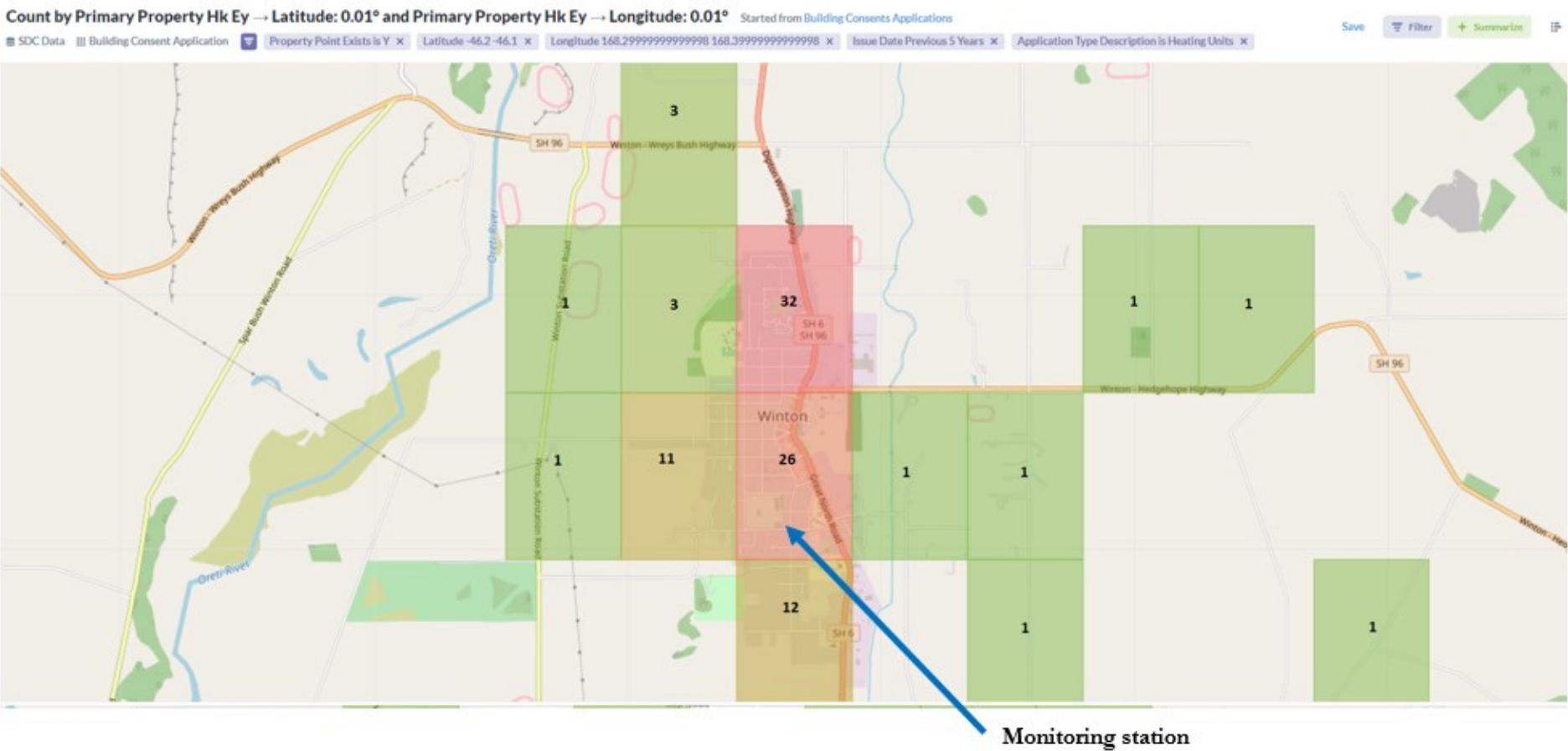
WINTON URBAN RESOURCE AREA

Note: there are currently no NES approved multi-fuel or coal burners, only wood burners.

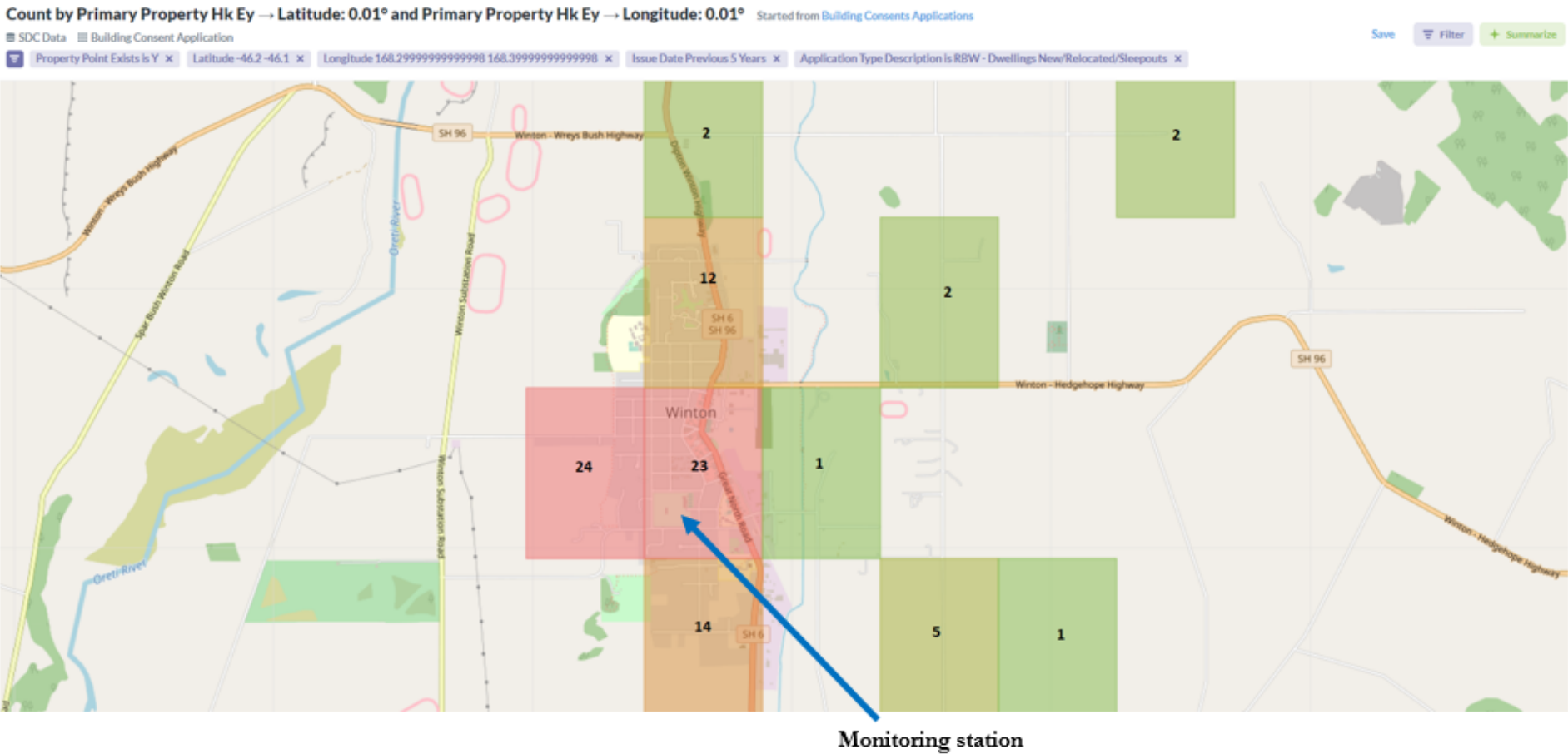
For more information about the incentive program, phone the SDC building control team on 0800 732 732

Building Consents - last 5 years

Fire Places Only

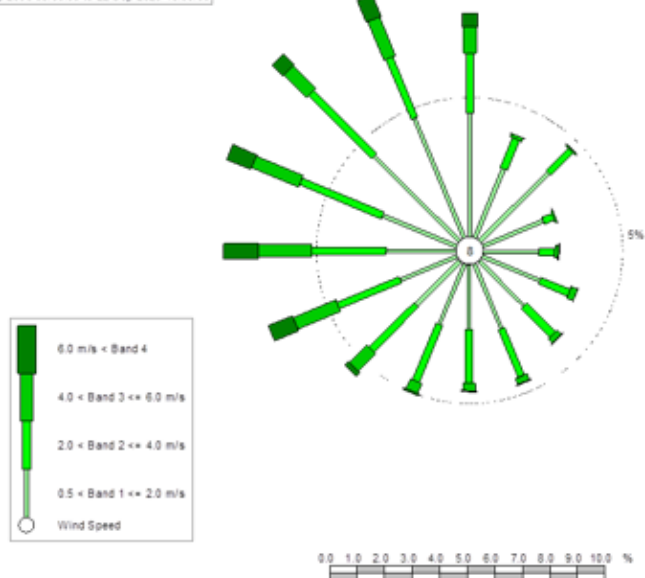


New Buildings (Which May Include Fireplaces)



Winton wind rose

Wind Direction at Winton at Essex Street
Wind Speed at Winton at Essex Street
From 24-Sep-2006 05:00:00 to 22-Sep-2020 16:00:00



Otautau Community Pool - Unbudgeted Expenditure

Record No: R/20/11/65309
Author: Kathryn Cowie, Community Liaison Officer
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is for Council to approve an unbudgeted expenditure request for the Otautau Community Pool Incorporated to uplift funds currently sitting in the Otautau baths reserve.

Executive Summary

- 2 A pool rate is collected in the Wallace Takitimu Community Board area for the Otautau community pool. The Otautau Community Pool Inc. would like to uplift these funds to assist with final costs to upgrade the pool facility.
- 3 The reserve is currently sitting at \$23,015.
- 4 The Wallace Takitimu Community Board resolved to recommend to Council to approve the unbudgeted expenditure request at its 5 November 2020 meeting.

Recommendation

That Council:

- a) **Receives the report titled "Otautau Community Pool - Unbudgeted Expenditure" dated 12 November 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 request for the Otautau Community Pool Inc. to uplift the \$23,015 in the Otautau baths reserve.**

Background

- 5 The Otautau Community Pool Inc. have been undertaking an extensive upgrade of the pool complex over the last few years. This has included a new roof, cladding and heating system.

- 6 They are currently in the final part of this upgrade which includes building works associated with obtaining a Certificate of Public Use (CPU). This work is estimated to cost approximately \$45,000.
- 7 The pool has faced several financial challenges in the last two seasons which has affected the amount of income they have been able to generate. Issues with the boiler heating system in 2018/2019 meant that their season was cut short, and their 2019/2020 season was also considerably shorter due to the late issue of the CPU in December 2019. Covid-19 has also postponed a major fundraising event that was due to take place this year.
- 8 They are requesting to uplift the funds (\$23,015) in the Otautau baths reserve to assist with the final upgrade costs, and also their current operational costs. They also plan to apply to community funders for the upgrade project, and will hold several fundraising events over the summer.

Issues

- 9 None identified.

Factors to Consider

Legal and Statutory Requirements

- 10 None identified.

Community Views

- 11 The pool is a well-used community facility in Otautau.

Costs and Funding

- 12 The estimated cost to complete the final upgrade is \$45,000. The pool committee are planning on applying to community funders to assist with the project, and will hold fundraising events over the next few months.

Policy Implications

- 13 None identified.

Analysis

Options Considered

- 14 Approves or does not approve the unbudgeted expenditure for the Otautau Community Pool Inc. to uplift the funds in the Otautau baths reserve.

Analysis of Options

Option 1 – approves the unbudgeted expenditure for the Otautau Community Pool Inc. to uplift the \$23, 015 in the Otautau baths reserve.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">the Otautau community pool can uplift the funds and use this for the building work and obtain a CPU.	<ul style="list-style-type: none">none identified.

Option 2 – does not approve the unbudgeted expenditure for the Otautau Community Pool Inc. to uplift the \$23, 015 in the Otautau baths reserve.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• none identified.	<ul style="list-style-type: none">• the Otautau community pool may not have enough funds to complete the work, will not be able to obtain a CPU, and the pool will not be able to open to the public.

Assessment of Significance

- 15 Not considered significant.

Recommended Option

- 16 Option 1 – approves the unbudgeted expenditure for the Otautau Community Pool Inc. to uplift the \$23, 015 in the Otautau baths reserve.

Next Steps

- 17 The Otautau Community Pool Inc. will be advised of the outcome.

Attachments

There are no attachments for this report.

Monthly Financial Report - September 2020

Record No: R/20/11/64864
Author: Lesley Smith, Management Accountant
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☐ Recommendation ☒ Information

Summary

1. The purpose of this report is to provide Council with an overview of the financial results for the three months to 30th September 2020 by the nine activity groups of Council, as well as the financial position, and the statement of cash flows as at the 30th September 2020.
2. This report summarises Council's financial results for the three months to 30th September 2020.

Recommendation

That the Council:

- a) **Receives the report titled "Monthly Financial Report - September 2020" dated 12 November 2020.**

Attachments

- A Monthly Financial Report September 2020 [📄](#)



Monthly financial report

September 2020

Southland District Council
Te Rohe Pōtae o Murihiku

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Invercargill 9840

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Executive summary

1. This monthly financial report summarises Council's financial results for the three months to 30 September 2020.
2. The monthly financial report summary consolidates the business units within each of Council's groups of activities.
3. The monthly financial report includes:
 - year to date (YTD) actuals, which are the actual costs incurred
 - year to date (YTD) projection, which is based on the full year projection and is currently the Annual Plan
 - year to date (YTD) budget, which is based on the full year Annual Plan budget with adjustments for phasing of budgets
 - full year (FY) budget, which is the Annual Plan budget figures
 - full year (FY) projection, which is currently the Annual Plan budget figures.
4. Phasing of budgets occurred in September, at forecasting and when one-off costs have actually occurred. This should reduce the number of variance explanations due to timing.
5. Where phasing of budgets has not occurred, one twelfth of annual budgeted cost is used to calculate the monthly budget.
6. Carry forwards will be included in the projection in October and the forecasting will occur in February.
7. Southland District Council summary reports use a materiality threshold to measure, monitor and report on financial performance and position of Council. The materiality threshold adopted by Council, together with the annual budget for 2020/2021 variances more or less than 10% of the original adopted budget and greater than \$10,000 in value.
8. Report contents:
 - A. Council monthly summary
 - B. Council summary report - income and expenditure and commentary
 - C. statement of comprehensive income
 - D. statement of financial position and movement commentary
 - E. statement of cash flows.

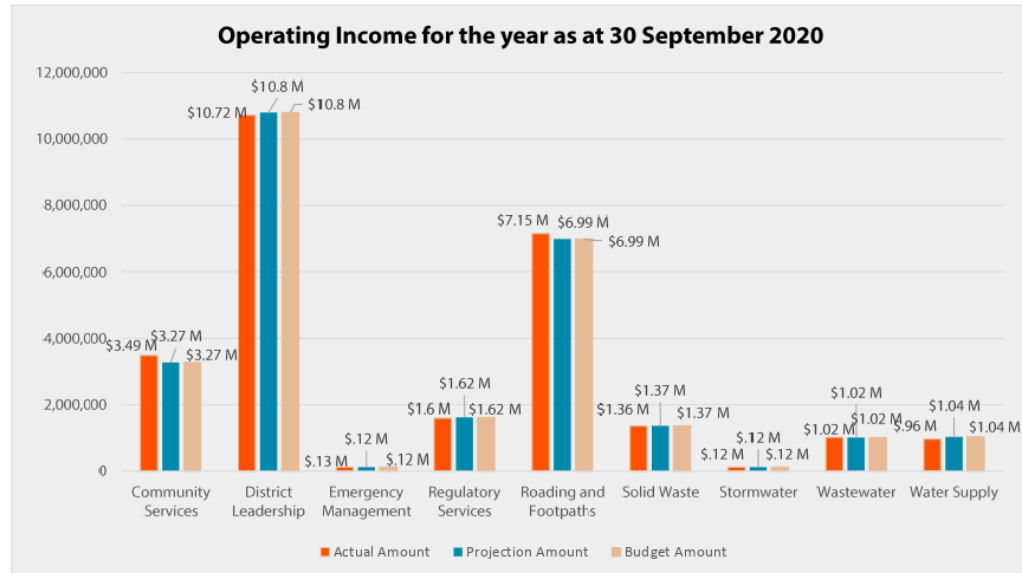
Abbreviation Explanation

Abbreviation	Description
AP	Annual Plan
CAPEX	Capital Expenditure
ELT	Executive Leadership Team
FYB	Full Year Budget
GDC	Gore District Council
GIS	Geographic Information System
GMSE	GeoMedia Smart Client
GST	Goods and Services Tax
ICC	Invercargill City Council
LED	Light Emitting Diode
LTP	Long Term Plan
ME	Month End
NZTA	New Zealand Transport Authority
SDC	Southland District Council
SIESA	Stewart Island Electricity Supply Authority
YE	Year End
YTD	Year To Date
YTD Variance	Comparison of actual results compared to YTD budget
\$M	Millions of dollars

Council monthly summary

Income

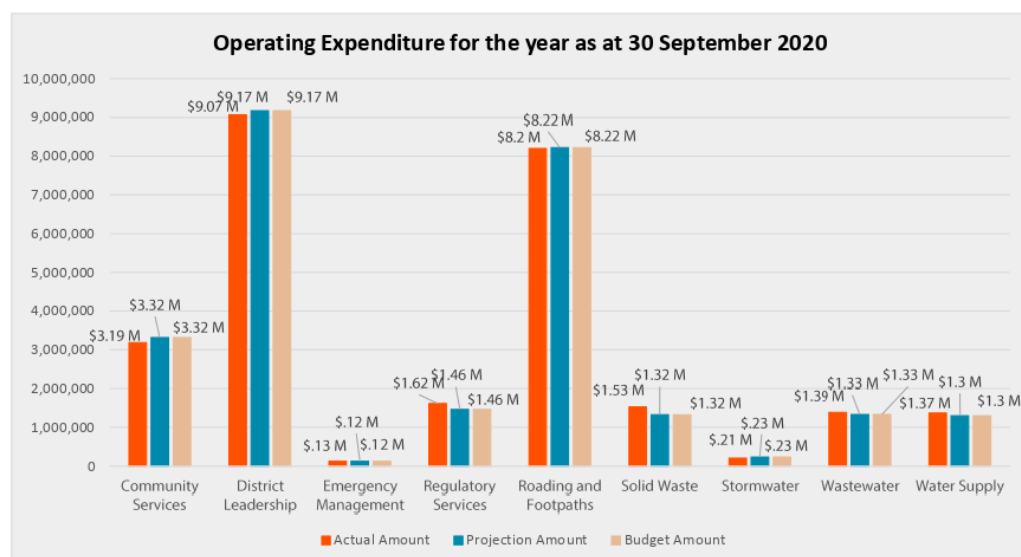
Operating income is \$193,561 (1%) above budget YTD (\$26.5 million actual vs \$26.4 million budget).



- **Community services** is \$214,983 (7%) above budget, Council facilities income is \$262,349 higher than budget largely due to the proceeds from sales of the Hokonui Hall (\$95,000), Winton Woods (\$90,000) and the land disposed at the Rakiura Museum (\$75,000). The proceeds from the land disposal from the Rakiura Museum have been paid over to the Rakiura Heritage Trust, which is included under operational expenditure.

Expenditure

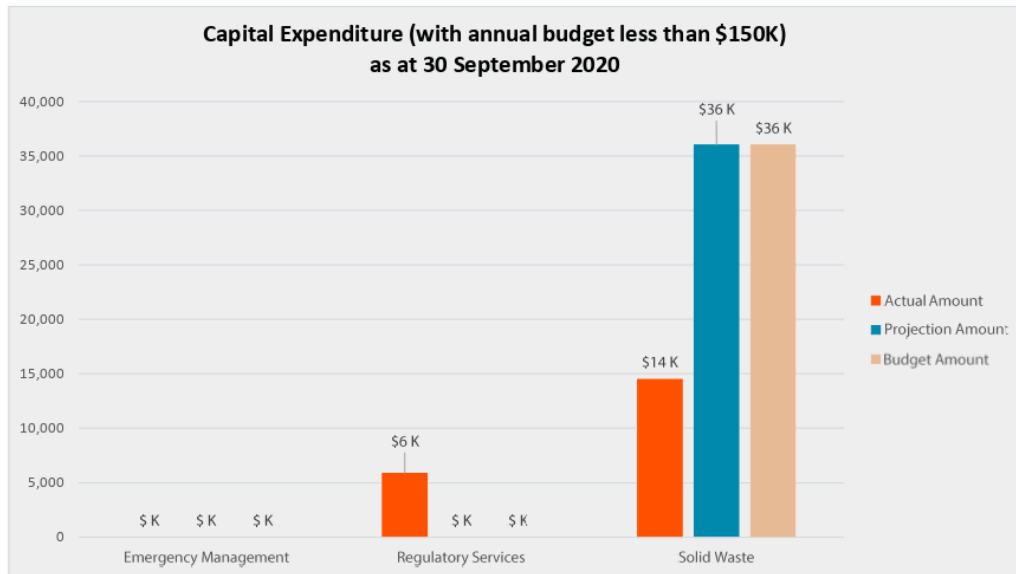
Operating expenditure is \$197,660 (1%) over budget for the YTD (\$26.7 million actual vs \$26.5 million budget).



- **Community services** is \$128,235 (4%) below budget spend. Grants and donations are below budget by \$135,218 (49%). At the beginning of the financial year, letters with purchase order numbers are sent out to grantees. During the first quarter of the financial year there have not been a significant number of these returned, this variance is a timing difference and will change as organisations send in their invoices.
- **Solid waste management** is \$203,283 (15%) higher than budget. The wheelie bin business unit costs are \$312,000 higher than budgeted. The cost for the Wastenet annual service fee has been entered into September resulting in a timing difference. The timing of the purchase order has been corrected in October. This variance is partially offset by the lower than budget costs across all transfer stations, due to a seasonal element, and it is expected to smooth out over the remainder of the financial year.
- **Stormwater** is \$27,283 (12%) under budget due to limited reactive maintenance being undertaken, however this is offset by the resource consent costs that have come through for seventeen towns across the district. Monitoring costs for these consents will be incurred moving forward and further maintenance will be undertaken as required.

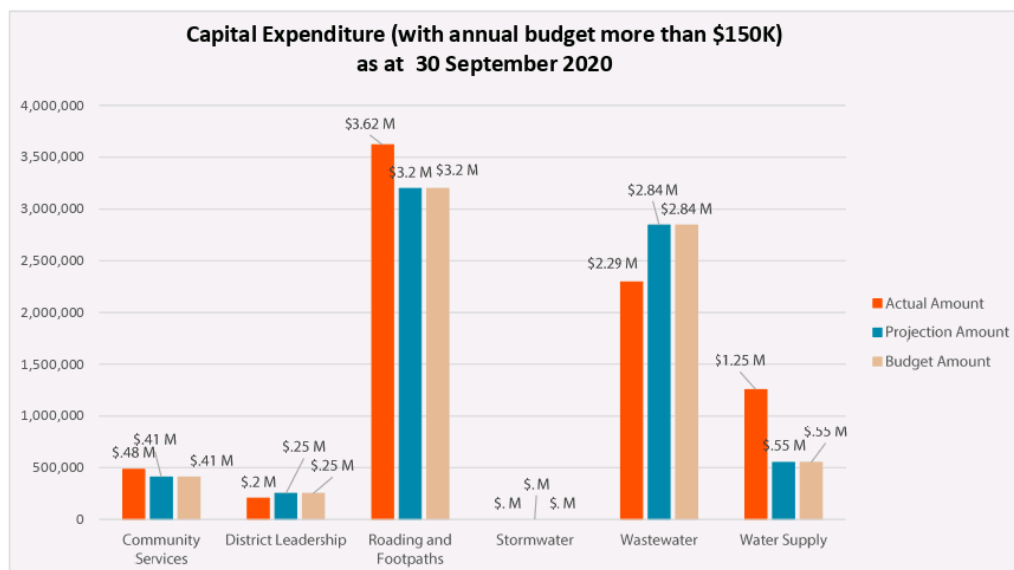
Capital expenditure (CAPEX)

Capital expenditure is \$585,711 (8%) higher than budget year to date (\$7.9 million actual vs \$7.3 million budget).



- **Regulatory services** capital expenditure of \$5,859 is for an upgrade to Council's software system to host online applications for new regulatory fees.
- **Solid waste** actual capital expenditure of \$11,000 is for additional wheelie bins that have been supplied. The cost is being met from wheelie bin recoveries.

Monthly financial report – September 2020



- **Roading and footpaths** are \$421,847 (13%) over projection. Street works is \$397,251 (1397%) ahead of budget, which is predominately made up of three footpath projects that had been delayed due to Covid-19 and carried forward from the 2019/20 financial year. The projection for the 2020/21 financial year will reflect the carry forwards in the October reporting.
- **Wastewater** is \$548,802 (19%) under budget to date largely due to the delay in construction of the Te Anau wastewater project, the majority of the construction cost is to be incurred between December and April.
- **Water supply** is \$702,351 (128%) above budget. The Otautau main replacement project has been completed and was carried forward from the 2019/20 financial year. The work continues to progress at Quintin Drive, Te Anau and will be completed pre-Christmas, this project was also carried forward from the 2019/20 financial year. The above variance will be eliminated when the carry forwards approved at the last Council meeting are included in the projection in October.

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Council summary report

Southland District Council Financial Summary
for the period ending 30 September 2020

Operating Income									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	3,487,296	3,272,312	3,272,312	214,983	7%	12,711,309	12,711,306	(3)	(0%)
District Leadership	10,716,125	10,800,341	10,800,341	(84,216)	(1%)	38,190,162	38,190,162	0	0%
Emergency Management	125,132	124,859	124,859	273	0%	499,435	499,435	(0)	(0%)
Regulatory Services	1,597,924	1,624,071	1,624,071	(26,146)	(2%)	5,360,100	5,360,101	0	0%
Roading and Footpaths	7,151,125	6,992,613	6,992,613	158,512	2%	30,551,021	30,551,021	0	0%
Solid Waste	1,359,868	1,367,919	1,367,919	(8,051)	(1%)	5,481,398	5,481,398	0	0%
Stormwater	123,266	122,489	122,489	777	1%	547,110	547,110	(0)	(0%)
Wastewater	1,024,382	1,015,117	1,015,117	9,265	1%	6,074,785	6,074,785	0	0%
Water Supply	964,153	1,035,989	1,035,989	(71,836)	(7%)	4,148,304	4,148,304	0	0%
Total	\$26,549,271	\$26,355,710	\$26,355,710	193,561	1%	\$103,563,624	\$103,563,623	(2)	(0%)
Operating Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	3,188,604	3,316,838	3,316,838	(128,235)	(4%)	13,715,802	13,715,805	3	0%
District Leadership	9,071,103	9,174,150	9,174,150	(103,047)	(1%)	38,976,808	38,976,808	0	0%
Emergency Management	125,668	124,859	124,859	810	1%	499,435	499,435	(0)	(0%)
Regulatory Services	1,616,041	1,464,929	1,464,929	151,112	10%	5,799,218	5,799,219	1	0%
Roading and Footpaths	8,199,070	8,222,452	8,222,452	(23,382)	(0%)	32,903,715	32,903,715	(0)	(0%)
Solid Waste	1,528,101	1,324,818	1,324,818	203,283	15%	5,259,915	5,259,916	1	0%
Stormwater	205,579	232,863	232,863	(27,283)	(12%)	905,065	905,067	2	0%
Wastewater	1,385,473	1,331,898	1,331,898	53,574	4%	5,181,109	5,181,109	(0)	(0%)
Water Supply	1,372,445	1,301,617	1,301,617	70,828	5%	5,193,631	5,193,631	(0)	(0%)
Total	\$26,692,085	\$26,494,424	\$26,494,424	197,660	1%	\$108,434,700	\$108,434,705	5	0%
Net Surplus/Deficit	(\$142,814)	(\$138,715)	(\$138,715)	(4,099)	(0%)	(\$4,871,076)	(\$4,871,083)	(7)	(0%)
Capital Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	483,349	409,542	409,542	73,807	18%	3,258,909	3,258,909	(0)	(0%)
District Leadership	204,252	252,085	252,085	(47,833)	(19%)	734,319	734,319	(0)	(0%)
Emergency Management	-	-	0	0	0%	-	-	0	0%
Regulatory Services	5,859	-	0	5,859	0%	73,116	73,116	0	0%
Roading and Footpaths	3,619,000	3,197,153	3,197,153	421,847	13%	17,489,071	17,489,071	(0)	(0%)
Solid Waste	14,477	35,993	35,993	(21,517)	(60%)	143,974	143,974	0	0%
Stormwater	-	-	0	0	-	20,000	20,000	0	0%
Wastewater	2,294,631	2,843,433	2,843,433	(548,802)	(19%)	12,590,761	12,590,760	(1)	(0%)
Water Supply	1,252,672	550,321	550,321	702,351	128%	5,074,806	5,074,805	(1)	(0%)
Total	\$7,874,238	\$7,288,527	\$7,288,527	585,711	8%	\$39,384,956	\$39,384,954	(2)	(0%)

Activities reporting under Groups listed:

COMMUNITY SERVICES	DISTRICT LEADERSHIP	REGULATORY SERVICES
Community Assistance	Representation and Advocacy	Building Control
Parks and Reserves	Community Development	Resource Management
Cemeteries	District Support	Animal Control
Community Facilities	Corporate Support	Environmental Health
Community Groups	Forestry	
Library Services		
Public Toilets		
Airports		
Electricity Supply		

Statement of comprehensive income

Statement of Comprehensive Revenue and Expenses for the period ending 30 September 2020					
	YTD			FYB	
	Actual Amount	Projection Amount	Budget Amount	Projection Amount	Budget Amount
Revenue					
Rates Revenue	12,124,251	12,624,256	12,624,256	49,531,501	49,531,500
Other Revenue	3,109,122	3,145,030	3,145,030	8,316,238	8,316,238
Interest and Dividends	21,682	18,191	18,191	72,763	72,763
NZ Transport Agency Funding	3,330,420	3,257,577	3,257,577	15,507,078	15,507,078
Grants and Subsidies	1,808,689	1,474,099	1,474,099	5,305,740	5,305,740
Other gains/losses	266,288	7,833	7,833	(258,353)	(258,353)
Vested Assets	0	0	0	0	0
Development and financial contributions	2,139	2,611	2,611	24,416	24,416
	20,662,591	20,529,597	20,529,597	78,499,383	78,499,382
Expenditure					
Employee Benefit Expense	3,819,992	3,619,727	3,619,727	15,279,127	15,279,127
Depreciation and Amortisation	5,964,185	5,933,771	5,933,771	23,815,083	23,815,083
Finance Costs	5,236	105,611	105,611	422,445	422,445
Other Council Expenditure	11,015,992	10,989,203	10,989,203	43,853,803	43,853,810
	20,805,404	20,668,312	20,668,312	83,370,458	83,370,465
Total Comprehensive Income	(142,814)	(138,715)	(138,715)	(4,871,076)	(4,871,083)

Note:

The revenue and expenditure in the comprehensive income statement does not reconcile to the total income and total expenditure reported in Council summary report on page 9 due to the elimination of the internal transactions. However, the net surplus/deficit (as per Council summary report) matches the total comprehensive income (as per the statement of comprehensive income).

The presentation of the statement of comprehensive income aligns with Council's annual report. The annual report is based on national approved accounting standards. These standards require us to eliminate internal transactions. Council is also required to report by activities. A number of Council functions relate to a number of activities, eg finance. To share these costs, an internal transaction is generated between the finance business unit and the activity business units. Within the annual report, Council also prepare activity funding impact statements. These statements are prepared under the Financial Reporting and Prudence Regulations 2014. This regulation requires internal charges and overheads recovered be disclosed separately. Council summary report is a summary of what these activity funding impact statements will disclose for income and expenditure at year end.

Statement of financial position

Council's financial position as at 30 September 2020 is detailed below. The balance sheet below only includes Southland District Council and SIESA financials. This means that the balance sheet for 30 June 2020 differs from the annual report which includes Venture Southland and Wastenet financials. The 30 June 2020 statement of financial position is as presented to the Finance and Audit Committee and has not yet had audit sign off. The audited statement of financial position will be included as the comparative in the October report.

SOUTHLAND DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION as at 30 September 2020		
	Actual 30-Sep-20	Actual 30-Jun-20
Equity		
Retained Earnings	719,143,350	719,286,164
Asset Revaluation Reserves	837,648,066	837,648,066
Other Reserves	41,829,476	41,829,476
Share Revaluation	3,576,565	3,576,565
	<u>1,602,197,459</u>	<u>1,602,340,271</u>
Represented by:		
Current Assets		
Cash and Cash Equivalents	8,330,596	11,498,789
Trade and Other Receivables	9,673,899	10,682,710
Inventories	126,512	126,512
Other Financial Assets	2,516,580	2,017,930
Property, Plant and Equipment	-	-
	<u>20,647,588</u>	<u>24,325,942</u>
Non-Current Assets		
Property, Plant and Equipment	1,578,908,209	1,576,611,461
Intangible Assets	3,565,337	3,618,162
Forestry Assets	12,260,000	12,260,000
Internal Loans	34,957,684	35,396,887
Work in Progress	359,662	713,532
Investment in Associates	944,624	944,624
Other Financial Assets	1,967	2,105
	<u>1,630,997,482</u>	<u>1,629,546,771</u>
TOTAL ASSETS	<u>1,651,645,070</u>	<u>1,653,872,712</u>
Current Liabilities		
Trade and Other Payables	8,055,121	9,377,528
Contract Retentions and Deposits	466,379	449,867
Employee Benefit Liabilities	1,529,737	1,984,447
Development and Financial Contributions	1,804,150	1,789,171
Borrowings	2,600,000	2,500,000
Provisions	14,000	14,000
	<u>14,469,387</u>	<u>16,115,013</u>
Non-Current Liabilities		
Employment Benefit Liabilities	18,631	18,631
Provisions	1,910	1,910
Internal Loans - Liability	34,957,684	35,396,888
	<u>34,978,224</u>	<u>35,417,429</u>
TOTAL LIABILITIES	<u>49,447,611</u>	<u>51,532,441</u>
NET ASSETS	<u>1,602,197,459</u>	<u>1,602,340,271</u>

Statement of cash flows

Statement of Cashflows for the period ended 30 September 2020	
	2020/2021 YTD Actual
Cash Flows from Operating Activities	
Receipts from rates	14,079,060
Receipts from other revenue (including NZTA)	7,528,511
Cash receipts from Interest and Dividends	21,682
Payment to Suppliers	(12,157,866)
Payment to Employees	(4,274,701)
Interest Paid	(5,236)
GST General Ledger (net)	(373,181)
Net Cash Inflow (Outflow) from Operating Activities	4,818,270
Cash Flows from Investing Activities	
Receipts from sale of PPE	266,288
(Increase)/Decrease Other Financial Assets	(498,512)
Purchase of property, plant and equipment	(7,907,064)
Purchase of Forestry Assets	-
Purchase of Intangible Assets	52,825
Net Cash Inflow (Outflow) from Investing Activities	(8,086,463)
Cash Flows from Financing Activities	
Increase/(Decrease) Term Loans	100,000
Increase/(Decrease) Finance Leases	-
Net Cash Inflow (Outflow) from Financing Activities	100,000
Net Increase/(Decrease) in Cash and Cash Equivalents	(3,168,194)
Cash and Cash Equivalents at the beginning of the year	11,498,789
Cash and Cash Equivalents at the end of June	8,330,596

Cash and cash equivalents and other financial assets

1. At 30 September 2020, Council had \$7 million invested in three term deposits with maturities as shown in the table below.

SDC Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
ANZ	\$ 3,000,000	0.48%	31-Aug-20	19-Oct-20
WPC	\$ 2,000,000	1.15%	31-Aug-20	19-Oct-20
WPC	\$ 2,000,000	1.15%	31-Aug-20	19-Nov-20
Total	\$ 7,000,000			

2. At 30 September 2020, SIESA had \$2.07 million invested in five term deposits as follows:

SIESA Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
BNZ	\$ 200,000	2.06%	4-May-20	4-Nov-20
BNZ	\$ 250,000	1.30%	2-Jul-20	2-Dec-20
BNZ	\$ 350,000	2.44%	23-Apr-20	25-Jan-21
BNZ	\$ 250,000	1.74%	2-Jul-20	2-Feb-21
BNZ	\$ 350,000	1.49%	23-Jul-20	23-Feb-21
BNZ	\$ 300,000	1.82%	2-Jul-20	6-Apr-21
BNZ	\$ 370,000	1.31%	2-Sep-20	6-Apr-21
Total	\$ 2,070,000			

3. Funds on call at 30 September 2020:

Funds on Call				
	Amount	Bank	Account	Interest Rate
SDC	\$ 595,526	BNZ	Funds on Call	0.05%
	\$ 10,000	BNZ	Operating Bank Acc	0.05%
	\$ 531,339	BNZ	Restricted Funds Acc	0.05%
SIESA	\$ 191,690	BNZ	Funds on Call	0.05%
Total	\$ 1,328,556			

Council's Investment and Liability Policy states that Council can invest no more than \$10 million with one bank. Investments and funds on call, comply with the SDC Investment Policy.

4. Reconciliation to Statement of Financial Position:

	Amount
Cash and Cash Equivalents	
Note 1 - SDC Investments	\$ 7,000,000
Note 2 - SIESA Investments	\$ 2,070,000
Note 3 - Funds on Call	\$ 1,328,556
Total Cash and cash equivalents	\$ 10,398,556
Add Other Financial Assets	
Cash on Hand	\$ 2,040
Loan Advances - Developers Contributions	\$ 1,967
Loans - Community	\$ 35,759
Civic Assurance Shares	\$ 12,572
Milford Sound Tourism Shares	\$ 398,249
Total Other Financial Assets	\$ 450,588
Total Cash and cash equivalents and other financial assets	\$ 10,849,143
Per the Statement of Financial Position	
Cash & Cash Equivalents	\$ 8,330,596
Other Financial Assets - Current Assets	\$ 2,516,580
Other Financial Assets - Non Current Assets	\$ 1,967
Total per Statement of Financial Position	\$ 10,849,143

Management Report

Record No: R/20/10/64046
Author: Liz Williams, Chief Executive Support
Approved by: Cameron McIntosh, Chief Executive

☐ Decision

☐ Recommendation

☒ Information

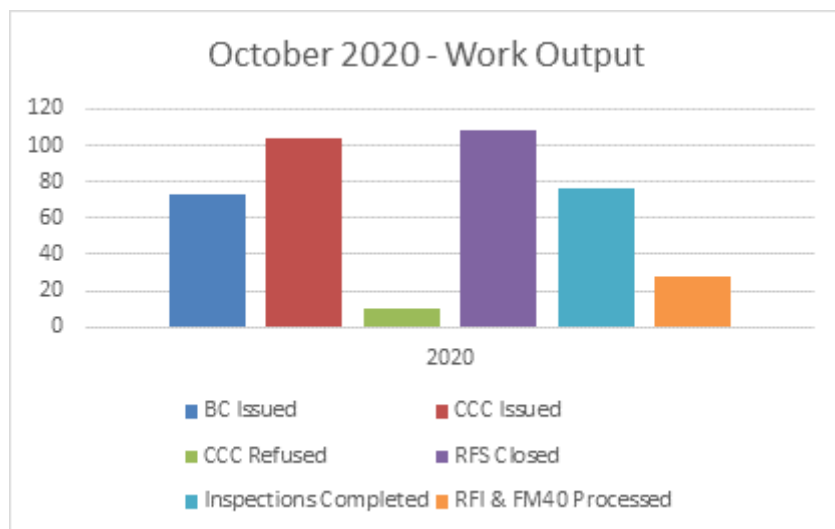
Environmental Services

Group Managers Update

1. Predator Free Rakiura have been successful in receiving funding from central government to assist this project achieve success. We are now in a transition phase preparing to establish a governance and design delivery team. We have lost our project manager and are still supporting the project with significant time from the group manager of environmental services and one of our planners.
2. Emergency Management Southland's Annual Plan 2019-2020 is now out. It was a busy year with the floods in February and Covid responses. Due to the events the budgets went into deficit by \$409,844. Thankfully there was a reserve which had built up over a number of years so that this could be drawn on. Total equity at the end of the financial year 19/20 is \$112,291. At the Co-ordinating Executive Group Emergency Management Southland meeting this month it was recommended that the councils look to re-establish this reserve over the next five years. The emergency management team are hopeful to have more Council team members going through the on-line two hour foundation training which will allow them to assist under supervision in the emergency management centre during an event.
3. The Rakiura museum is still on track for opening in December although there is still a good push to ensure all the final touches are put on the displays.

Building Solutions

4. Council continue to receive a higher volume of consents post Covid-19 lockdown than were received prior with 87 consents received during October 2020 (13% more than were received in October 2019).
5. The team have improved processing timeframes for building consents issued achieving 80.25% compliance for October 2020.
6. Half of the team have attended a two day training course delivered by IANZ to equip and prepare Council staff across all roles in building for the upcoming audit in February 2021.
7. Industry training on the Simpli Portal and GoBuild Inspection Booking App was held in Te Anau and Winton during the month with fantastic feedback from the community.
8. Recruitment for the team leader roles has been very successful with three high calibre applicants now appointed.
9. Recruitment activities for compliance and technical functions will continue in the coming months until all approved roles have been filled.



October building consents received

Primary Property Hk Ey → Property Ward	Count	Sum of Application Val...
Mararoa Waimea	35	NZ\$3,713,520.00
Stewart Island Rakiura	2	NZ\$8,000.00
Waiau Aparima	22	NZ\$2,871,725.00
Waihopai Toetoes	11	NZ\$1,357,040.00
Winton Wallacetown	20	NZ\$2,365,000.00

Dog Control

10. As at 30 October there are only about 100 dogs that remain to be re-registered. Historically, staff have needed to follow up with dog owners well into the New Year. The main reason was a change in process, the use of e-texts to remind dog owners, followed by the usual escalation process of notice to register, then infringement.
11. The team has met twice recently with other internal stakeholders, reviewing the dog registration process. The aim of this review include resolving the various problems that arose this year, improving our customer's experience and encouraging more online registration.

Environmental Health

12. Very good progress is being made with the freedom camping ambassador service:
 - The Department of Conservation (DoC) in Te Anau has appointed a 0.5 FTE ambassador focussing more on conservation land
 - Council has re-appointed Lindsay Stronach as an ambassador focussing on Southland District land in Te Anau and Northern Southland

- Council has appointed Beth Beale for the Catlins area, who had the same role last year, though employed by DoC at that time
 - Jill Munro will have a support role.
13. The team is working in closely with Catlins Coast Inc with regard to signage following being awarded \$29,000 for signage in the Catlins area through TIF funding.

Resource consent

14. Resource consent data for previous few months:
- August – 18 applications received, 29 decisions issued.
 - September – 32 applications received, 27 decisions issued.
 - October - 30 applications received, 26 decisions issued.

Community and Futures

Strategy and Policy

Strategy and development plan

15. Staff have commenced strategy development work and are presenting two reports to the Community and Strategy Committee meeting on 11 November 2020, proposing a slightly different way. Staff are going to discuss with the committee facilitating and developing a 'Vision 2050 Project' for the District as a whole, and then proceeding to finalise Council's internal strategy development plans.

Jetty usage

16. Council are still reviewing the charging method for non-recreational jetty usage on Stewart Island/Rakiura. Staff are continuing discussions with the Stewart Island/Rakiura Community Board on this matter, and are going to present possible charging options to Council on 18 November 2020, so Council can endorse a charging method to be included in the draft Long Term Plan 2021-2031.

Procurement Policy

17. Staff have been revising the Procurement Policy and developing a draft procurement manual. The formal consultation period for the policy is from 4 November to 4 December 2020. Submissions will be presented to Council in early 2021. The executive leadership team will adopt a procurement manual that implements Council's policy approach, following adoption of the policy.

Other policy work

18. A review of the suite of policies that will inform the Long Term Plan is underway. This includes the Revenue and Financing Policy, the Policy on Development and Financial Contributions, and the Significance and Engagement Policy. The formal consultation period for these policies is from 4 November to 4 December 2020. Submissions will be presented to Council in early 2021.

Staff are also working on the asset management, contract management, and risk management policies.

Stewart Island/Rakiura visitor levy

19. Strategy and policy are leading the review of the Stewart Island/Rakiura visitor levy. An update on the progression of this work, and a proposed timeframe for completion, will be presented to the Community and Strategy Committee at its November meeting.

Corporate risks

20. Work began in September 2020 to undertake the in-depth analysis of Council's top corporate risks. Finance and assurance committee members will continue to discuss in detail selected risks from the top 10 corporate risks each quarter. Staff will also begin work on reviewing Council's risk management framework and operational risk register in the up-coming months.

Vision 2050 project

21. Staff are presenting a report to the Community and Strategy Committee at the 11 November meeting seeking endorsement of the facilitation and development of a Vision 2050 project for the District. The "Our Southland District Community – Vision 2050" project is an opportunity to lead an approach for strategic focus on community outcomes and a future vision for the District. This approach can assist Council to determine its own strategic direction that aligns with and supports outcomes to achieve the District vision. For "Our Southland District Community – Vision 2050", success would see Council's vision closely align to the District's vision, and the support of Council and all stakeholders in achieving the outcomes identified.

Annual Report 2019/2020

22. The draft Annual Report and Summary Document have been completed and are going to the Finance and Assurance Committee and Council meetings in November. Audit NZ have completed their on-site work and are currently reviewing the report and summary and finalising the management report. At this stage, everything is on track for adoption at the Council meeting on 18 November.

Long Term Plan

23. The drawn out Annual Report process has put additional pressure on staff over the past month in particular, however the teams have been working well to manage and prioritise workloads to meet the timelines for both processes. We are halfway through the community board direction setting meetings and the process of developing the overall budgets is now underway. The focus now is to complete the necessary work required to get the draft budgets, consultation document, activity management plans, infrastructure and financial strategies complete for December. The Revenue and Financing Policy, Significance and Engagement Policy and Development and Financial Contributions Policy are currently out for public consultation, and close at 5pm on 4 December 2020.

Community Leadership

Rakiura Museum Te Puka O Te Waka

24. The Rakiura Museum, Te Puka O Waka, will be officially opened on Tuesday, 1 December. This is a major milestone for the Stewart Island/Rakiura community who have been working on this project for 20 years. Funding for the museum has been from major grants, public donations and fundraising efforts. Many in-kind donations and volunteer hours have also contributed to ensure the completion of museum.

Thriving Southland

25. Thriving Southland is a community-led project which seeks to create a healthy environment from the mountains to the sea by supporting catchment groups to deliver positive environmental outcomes. The team from Thriving Southland have started to get out and about in Southland connecting with catchment groups and communities to begin the conversation. The community leadership team have been working alongside the Thriving Southland team to make connections in the community, get the word out, and share community board visions and outcomes.

Regional events fund

26. The government has recognised the role that events have in domestic travel and have allocated \$50 million to the Regional Events Fund. This money is to support the tourism and events sector, and replace some of the spend lost from international tourists as a result of Covid-19.
27. The funds are given to International Marketing Alliances (IMAs) and are allocated based on their share of international visitor spending prior to Covid-19. The “Pure Southern Land” IMA (Dunedin, Southland, Waitaki, Clutha) is receiving \$1.5 million and the “Southern Lakes” IMA (Wanaka, Queenstown, Central Otago, Fiordland) is receiving \$8.5 million. The Regional Tourism Organisations (RTOs) within each IMA are responsible for the distribution and spending of this funding.

Sport NZ Tū Manawa Active Aotearoa Fund

28. This is a fund aimed at providing quality play, active recreation and sport opportunities and experiences for tamariki (children aged 5-11) and rangatahi (young people aged 12-18), in particular those groups that are less active and/or missing out on opportunities.
29. \$326,028 of the fund will be available in Southland over the next 12 months, to be managed and distributed on Sport NZ’s behalf by Sport Southland. The fund covers programme or project delivery (eg venue or equipment hire, transport to event), equipment (as part of a programme or project), officials (where these are an essential component for delivery and delivery staff wages (eg activity leader, co-ordinator). Programmes or projects may be new or already operating, and funding will be provided for up to 12 months.
30. For further information contact Sport Southland - tumanawa@sportsouthland.co.nz or 03 211 2150. Check the Sport Southland website to check eligibility, funding guidelines, project planning resources and application form.

Stewart Island/Rakiura Future Opportunities project

31. The final report for the Stewart Island Future Opportunities project has been delivered to MBIE. A report will be presented to the Community and Strategy Committee at their December 9 meeting.

Leadership Academy

32. Following on from the success of the Stewart Island/Rakiura Leadership Academy, the Southland Chamber of Commerce are planning to deliver three Leadership programs across the District in 2021. The locations for the workshops are Edendale, Lumsden and Otautau. The first intake is likely to be in March 2021.

Services and Assets

Stewart Island Electrical Supply Authority (SIESA)

33. The Services and Assets committee approved a new SIESA management agreement with PowerNet, with commencement date 1 October 2020. This contract now has PowerNet board approval and execution is pending final legal review.
34. Progress on securing either of the two preferred sites for the wind power project has faced setbacks. The viability of alternative turbine site location options is currently being evaluated in order to establish a path forward for land access.

Forestry (IFS)

35. The financial year 2020/2021 harvesting programme continues out of Waikaia block 4. The crop age is 30 years and estimated tonnes are 19,000t with a forecast return of \$933,000.
36. Pruning and thinning operations in Gowan Hills are pending.
37. The Ardlussa Community Board have proposed establishing mountain bike trails within the Waikaia forest. An MoU between Council and the trust proposed to develop and operate the trail will be established.

Around the Mountains Cycle Trail

38. The contract for repairs to the trail, associated with the February flood event, was awarded to The Roding Company and work has progressed well but with some weather delays. The original scope is nearing completion.
39. Additional MBIE funding has been gained to repair a flood damaged culvert that was not originally identified and this will be added as a variation to The Roding Company construction contract. The design has been completed.
40. A separate flood event has significantly damaged a section of trail near Centre Hill and a long term solution is being developed to restore the trail and reduce/eliminate the river threat. Given commencement of a new cycle season, a temporary route diversion has been constructed to avoid the washed out section.

41. A community/stakeholder meeting has been held to explore a new governance structure, specific to the trail activity and embark on a 90 day plan to uplift the user experience over the new season.

Te Anau Manapouri Airport

42. A consultant has prepared a 10 year maintenance works programme which indicates \$1.3 million of pavement rehabilitation capital spending is needed over financial years 2021/2022 and 2022/2023.
43. Maintenance spending need of \$192,000 is indicated for the 2020/2021 year and includes items such as patch repairs and crack sealing.
44. A workshop was held with the Fiordland Community Board to discuss options for management of this asset over the next LTP. The board has requested Council consider rating at a District level to address this increase in capital expenditure need.

Property

45. Operating now at 42 Don Street which has meant a change of operating processes being physically separated from many of the other departments, however challenges create opportunities to review and change. Any operational issues will be reduced with the location of further staff to 20 Don Street.
46. With the significant number of Council properties/tenancies to be managed, together with the number of Council and community projects which involve these properties, queries, advice and actions have increased the workloads significantly which means a lot of the work is now required to be prioritised resulting in some work not getting actioned as timely as preferred. This is unfortunate however it's the environment that this and many other departments are working in at the moment.
47. The property disposal of the Ohai bowling club building is almost complete with the acceptance of a tender for removal. Finalising the updated landowner consent for the coastal route boundary adjustments and payment of compensations is also almost complete. Once this is done the legalisation Gazette Notice can be issued. Recently the last two of three electric vehicle (EV) charging stations located on Council land at Tuatapere and Curio Bay became operative to complement the one on Mokonui Street in Te Anau. The other two proposed sites to complete the Southern Scenic Route at Fortrose and Manapouri are to be located on private property.
48. The documents with Landcorp relating to the Kepler disposal field for the pipeline and disposal filed are in the process of being finalised. This includes pipeline and access easements, grazing licences, pasture management agreement and offset area agreement.

Strategic Water and Waste

Te Anau Wastewater Discharge Project

49. Following Council resolutions from 23 October 2018 meeting, when it was resolved to proceed with a sub-surface drip irrigation as disposal route, staff have been progressing work on a number of fronts including development of resource consents for the sub-surface drip irrigation field, as well as advancing towards a detailed design.

- 50. Work on the pipeline element has now been completed with practical completion issued in July.
- 51. Work is also continuing on detailed design of MF plant and SDFI field following Council approval to award contracts to Downer and Fulton Hogan respectively. These designs underwent further HAZOP and value engineering in September with physical works programmed to get underway early October.
- 52. The resource consent application for the discharge to the Upukerora has also been lodged with Environment Southland (ES) and with affected party approval provided by a number of stakeholders. A request for additional information is being prepared and will be forwarded to ES by early November.

Land and Water Plan Implementation

- 53. Environment Southland released their proposed Land and Water Plan in 2017.
- 54. In total 25 appeals were received by Environment Southland of which Council has identified 10, which it will join as a Section 274 party. Council has also lodged an appeal to the decision. The basis of Council's appeal, is largely around the 'non-complying' activity status on wastewater discharges to water. The latest direction issued from the Environment Court outlines a proposed path, where appeals to objectives will be heard ahead of mediation, by grouped topic on policies and rules. Evidence in support of the appeals have been filed with the Environment Court.
- 55. Interim decisions were released by the Environment Court in late December with a recommendation that further expert conferencing be undertaken in early 2019.
- 56. A further hearing was held in mid-June 2020 where evidence was presented on additional information that the courts required Environment Southland to provide based on their interpretation of a number of key principles underpinning the plan. Agreement has now been reached on all outstanding appeals related to the objectives and policies with a further hearing planned to cover all outstanding appeals. At this stage the timing of this is not known.

Review of Solid Waste Contract Arrangements

- 57. Following a series of WasteNet meetings and Council mediation the RFP process was formally ended on 18 December 2019 without any award. At this stage each of the WasteNet councils are considering potential short and longer term options to process recycling post 30 June 2020 when current contract arrangements expire.
- 58. Further recent developments are more closely related to the changing nature of the global recycling markets that have resulted in other councils reviewing how they manage recycling operations. Currently there is no market for low grade plastics and limited markets for fibre (paper/cardboard) with a number of councils across the country now opting to discontinue their collection.
- 59. Agreement was reached with Invercargill City Council in June to handle Council's recyclables through their contract arrangement with their incumbent contractor. This is for an 18 month period, after which alternatives will be considered separate to the ongoing LTP process.

Review of Waste Disposal Levy

60. On 27 November, Associate Minister for the Environment, Eugenie Sage, announced a wide reaching review of the Waste Disposal Levy. The levy introduced through the Waste Minimisation Act 2008 places a charge of \$10 per tonne for all waste disposed at municipal landfill sites. Of the money collected half is returned to TLAs to help fund waste minimisation activities with the remainder going to a contestable fund where any organisation can apply to gain funding to help set up waste minimisation initiatives.
61. The review proposed to both increase the levy (phased over three years) from the current \$10 per tonne to a proposed \$50-\$60 per tonne which brings it more into line with similar levy schemes in Australia and overseas. It is also proposed that the scheme will also be extended to include all landfill types (currently it only applies to those receiving household waste).
62. Revenue raised from the landfill levy is currently around \$36 million per annum. It is estimated that the proposals would result in an increase of levy revenue of around \$220 million by 2023.
63. The consultation document outlined four potential options for transitioning from current arrangements to future arrangements by 2023. The submission prepared by WasteNet was presented to Council on 30 January and formally submitted to MfE on 31 January.
64. In August it was announced that the levy would incrementally increase to \$60 per tonne by July 2024. This has been budgeted for through the LTP process.

3 Water Reforms

65. There is currently a significant amount of work ongoing across the 3 waters reform in New Zealand. Council is currently awaiting DIA sign off on our delivery plan for undertaking the additional stimulus funding and close to finalising a procurement plan to enable delivery.
66. In addition work is ongoing to progress investigation into alternative collaborative work models across Southland and Otago with a view to meeting government expectations that the sector will voluntarily aggregate to a significant scale (most likely cross regional) to deliver long term service delivery benefits.
67. In late October Council also received a significant Request for Information (RfI) from the Department of Internal Affairs in support of the reforms. This will most likely require a significant amount of additional workload across not only water and waste but also others across the organisation within a relatively short timeframe. Deadline for returns is 1 February 2021.

Project Delivery Team (PDT)

68. PDT have a number of key projects in full swing with footpaths on Stewart Island, new water mains in Te Anau and Monkey Island now being completed.
69. Currently working through a standardised reporting structure for services and assets.
70. Core improvement project will be looking at contracts, QA and payment terms.
71. A major shift is now underway with 20 Don Street and Forth Street upgrade planned for December to February 2021.

Community Facilities

72. The Long Term Plan process continues to be at the forefront of the work programme with staff and the finance team adding the final changes to the projects and budgets after the third round of meetings.
73. Rounding out the final direct negotiations with incumbent mowing contractors has been a priority with the growing season well and truly under way. The remaining areas will be going out to tender in November and be in place for 1 July 2021. This provides staff will ample time to meet the governance time frames for community board, committee and Council meetings.
74. The gardening contracts are the next on the list to be renewed. These will also be a mix of direct negotiation with the incumbent contractors and tendering.
75. Good progress is being made towards getting Council's asset management system (IPS) set up to receive the asset data. Data cleansing is progressing so that it can be imported directly into the application.
76. Community facilities staff are completing projects that were carried forward from last year and starting the projects that are in this year's capital works programme. Adverse weather, contractor availability and material supply has been hampering progress on some of these projects.
77. Contractors have started on completing the development of the Monkey Island camping area. A good size group of interested locals were on site to watch the start of the works.

Strategic Transport

National Land Transport Plan

78. The transport team have continued to work and provide input into the Regional Land Transport Plan and refine the transport programme including budget for inclusion in the National Land Transport Plan.
79. This is all part of Council's bid to obtain its share of Waka Kotahi NZ Transport Agency funding for the period 2021-2024.

District Wide Roothing Programme

80. After a testing start to the construction season due to inclement weather, several works programmes are now underway. These include annual road resurfacing programme and seal widening works. Contracts have been awarded for all pavement rehabilitation sites with the last contract covering the central area has been awarded to The Roothing Company.
81. Further meetings have been held between Council, Waka Kotahi NZ Transport Agency, Ngai Tahu and DOC on the future of the last section of the Lower Hollyford Road. Following further discussions around future risk including a geotechnical engineering presentation, Waka Kotahi NZ Transport Agency have agreed to provided additional funding to reinstate the road as best as possible back to the original road end.
82. It was also agreed that ongoing discussions around the long term future of the road needs to continue.

- 83. The annual district wide Roadroid survey is due to commence mid-November. This survey provides a snapshot of the gravel road roughness condition.
- 84. WSP as Council's new structures service provider has also commenced the next round of bridge inspections. This information will be used to help refine work programmes priorities as well as the annual bridge posting restrictions.

Customer Delivery

Customer Support

- 85. A little quieter this month with 3,514 calls – although 5 October was incredibly busy after the flooding. Only 97 dog registrations remain outstanding.

Libraries

- 86. October has seen a quieter time as dog registration season nears an end, although infringement notices have been served to a minority of dog owners.
- 87. Area office staff in Winton supported the Blair Vining 'pack the park' promotion with a colourful display.
- 88. Staff are supporting elderly customers to apply for rates rebates, and a steady stream of Environment Southland rates invoices have been received in our offices.
- 89. The introduction of a web based roster system and a monthly reporting tool for staff have simplified and streamlined those processes. It also provides a channel for area office staff to set goals for personal development and celebrate community connections for the month. Planning is now being undertaken to ensure that staff cover is adequate over the Christmas holiday period, and this includes working with stakeholders to provide on call staff for interments over this time.
- 90. Our Te Anau staff have been busy planning a week of events to celebrate the Te Anau library's 30th birthday, we have a number of speakers, workshops and readings planned over the course of the first week of November.

Knowledge Management

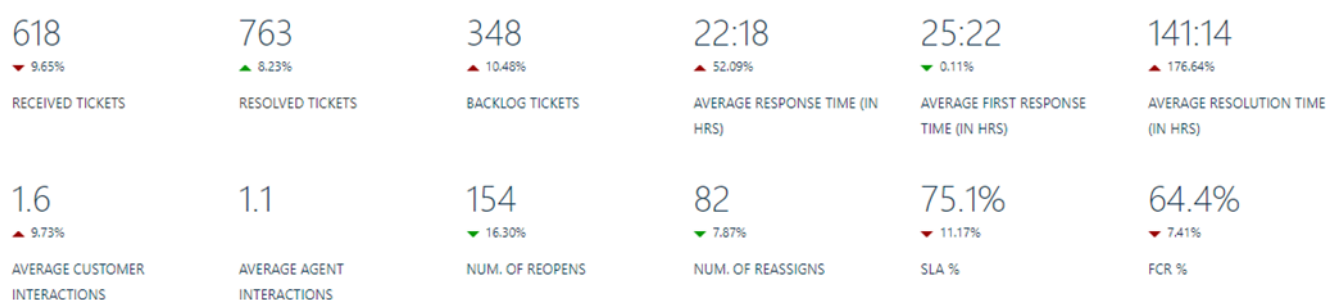
- 91. LIM numbers continue the upwards trend from previous months with 47 LIMs lodged in October and 40 issued. At the end of October there were six LIMs still in processing. 150 property files were requested in October with several properties requested multiple times.
- 92. Applications (building consents) integration between Pathway and Records Manger is currently being implemented in the production environment. NAR integration in the test environment is ready for further testing in preparation for moving to production.
- 93. Other work in the team includes ongoing data cleansing and monitoring and development of disposal schedules. Archives research continues with an increase in public requests this year.

Business Solutions

94. October was a very productive month for the service desk. Although we still continue to get in excess of 600 requests per month we were able to resolve a significant number of older tickets and have reduced our overdue tickets to less than 30. We are also targeting to reduce our backlog tickets below 300 by the end of the year.

Service Desk: 1 August 2020 – 31 August 2020

Summary



95. Deployment of new laptops continued in October with a dedicated person focused on getting this project completed by the end of the year. This has been a significant undertaking as we move away from Citrix at the same time as we upgrade to Windows 10 while still supporting the organisation's business as usual.
96. RM8 to Pathway integration continues with the application module now ready to be deployed to production.
97. Work started on decommissioning our Citrix environment and retiring our old servers. This is a complex piece of work which will continue for the next eight months.
98. Cyber security has become a bigger focus for the team and we are looking at different ways to protect ourselves as well as providing ongoing education to staff. We are in discussion with our neighbouring councils on a shared initiative around cyber security and the adoption of the same frameworks.
99. A new private network fibre connection (dark fibre) was approved for the Don Street sites to address the network slowness that has been experienced when using some of our applications. This fibre should be available by the New Year.

Recommendation

That the Council:

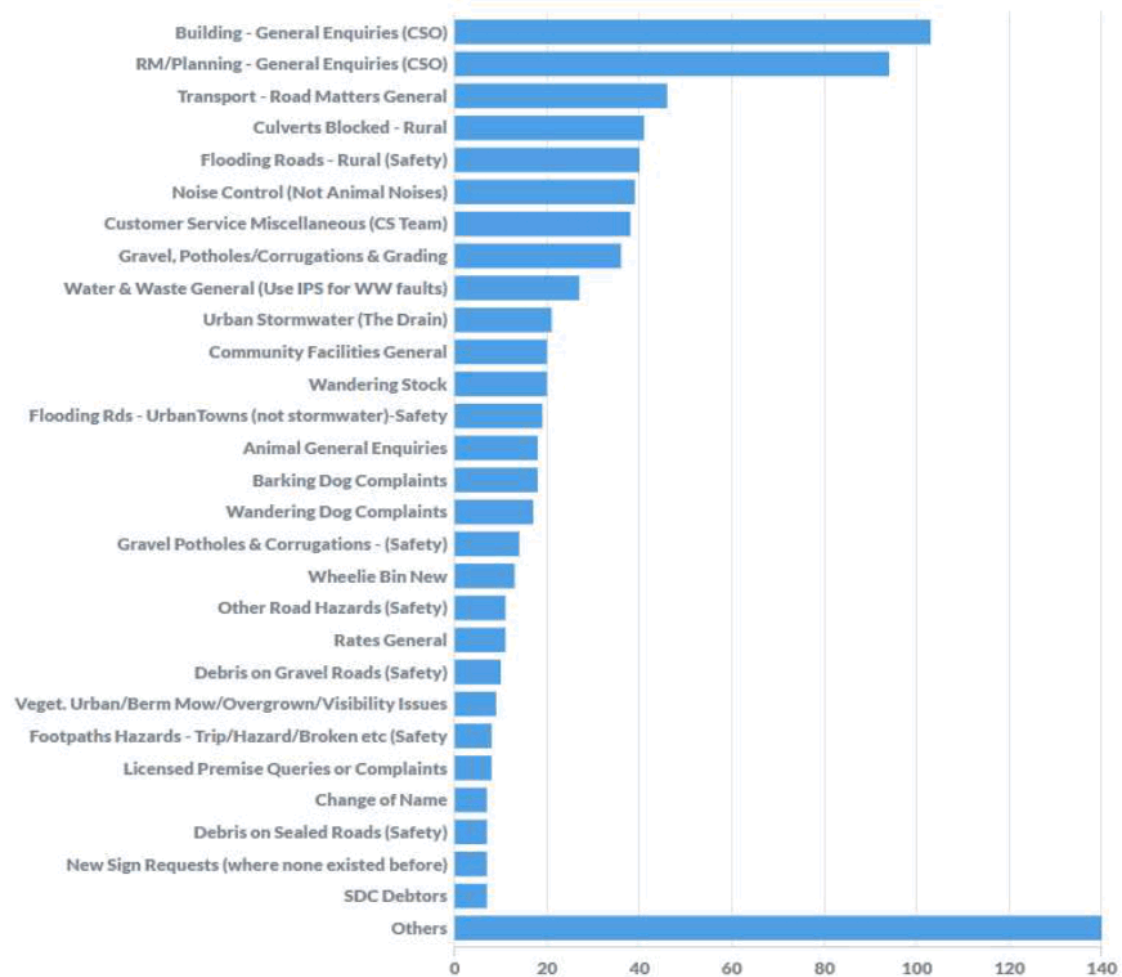
- a) **Receives the report titled "Management Report" dated 12 November 2020.**

Attachments

- A RFS Count by Type - October 2020 [📄](#)



RFS by type – October 2020



Predator Free Southland - Request for Southland District Council Involvement

Record No: R/20/10/63276
Author: Scott Dickson, Graduate Planner
Approved by: Fran Mikulicic, Group Manager Environmental Services

☒ Decision ☐ Recommendation ☐ Information

Purpose

1. The purpose of this report is to seek Council's endorsement of the Predator Free Southland Memorandum of Understanding (MOU), and to seek delegation to the chief executive to sign the document on behalf of Council.

Executive Summary

2. Predator Free Southland is part of the national Predator Free 2050 initiative, and seeks to achieve the eventual eradication of introduced predators on mainland Southland. The project was established in 2018 as a joint initiative involving Environment Southland, Invercargill City Council, Gore District Council, Department of Conservation and Te Runanga o Ngai Tahu.
3. The Predator Free Southland governance group has sought to ensure visibility of the project's progress with the Southland District Councillors, to outline why Southland District Council is considered to be an essential partner to the project. Outgoing Project Co-Ordinator, Dr Ini-Isabee Gunn presented to Council on 29 September 2020.
4. There is not currently any funding commitment in Council's Annual Plan 2020/2021 to support the project. The provision of additional support from Southland District Council would need to be considered under Council's Long Term Plan 2021-2031.

Recommendation

That the Council:

- a) **Receives the report titled “Predator Free Southland - Request for Southland District Council Involvement” dated 12 November 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees to endorse the Predator Free Southland Memorandum of Understanding and delegates authority to the chief executive to sign the document on behalf of the Southland District Council.**

Background

- 5. Predator Free Southland is part of the national Predator Free 2050 initiative which aims to rid New Zealand of rats, stoats, and possums by 2050. Anticipated benefits of Predator Free 2050 include the protection of precious species, biodiversity improvement, greater ecological resilience, and the restoration of unique ecosystems.
- 6. Predator Free Southland focuses on the advancement of predator free goals for mainland Southland, excluding Fiordland and the Catlins. The Predator Free Southland governance group was formed in 2018. The following agencies are currently signatories to the Predator Free Southland MOU:

Te Runanga O Ngai Tahu

Gore District Council

Invercargill City Council

Southland Regional Council

Department of Conservation
- 7. Dr Ini-Isabee Gunn was appointed as Predator Free Southland Project Co-ordinator in 2019. The role is currently hosted by Environment Southland, with co-funding for the role committed by Gore District Council, Invercargill City Council, Department of Conservation and Environment Southland. Gore District Council has committed \$5,000 per year for 5 years to co-fund the Project Co-ordinator position and a further \$2,000 per year for operational costs. Invercargill City Council has committed \$10,000 per year to co-fund the Project Co-ordinator position and a further \$2,000 per year for operational costs.
- 8. Southland District Council was represented at the initiation of the Predator Free Southland project, however a change of roles within the organisation has resulted in a lack of capacity to

continue attending meetings. During the formation of the Predator Free Southland governance group, it was unclear what role Southland District Council was expected to play. No funding commitment has been made in the Annual Plan 2020/2021 to support the project.

9. Pest eradication programmes are not identified as core business for territorial authorities. Any decision to provide additional support would need to be considered under Southland District Council's Long Term Plan 2021-2031.
10. Southland District Council is a signatory to the Memorandum of Understanding for the Predator Free Rakiura project. The Predator Free Rakiura Leadership Group has been operating since 2014, and has received support, input and commitment of resources from Southland District Council since its inception.
11. In relation to Predator Free initiatives, Council's focus has been with Predator Free Rakiura. Predator Free Rakiura sits under the wider banner of Predator Free Southland. Council's Group Manager Environmental Services presently commits approximately 4 hours per week to Predator Free Rakiura. Resource Management staff commit a further 2 hours per week to support the project.
12. Dr Gunn's attached report identifies a close link between Predator Free Rakiura and Predator Free Southland and outlines that a successful Predator Free Southland project will be essential to maintaining biosecurity on Rakiura.
13. Dr Gunn further identifies Southland District Council as an essential partner in any regional Predator Free approach, and states that the continuing absence of Southland District Council from the Predator Free Southland partnership initiative will thwart all partners' efforts towards a regional approach.

Issues

14. The development of a formal MOU between the participant agencies is a key component of cementing the future direction and inter-agency relationships for the project.
15. The MOU demonstrates the commitment of the participant agencies to the project, and this will have value in seeking to obtain both public and private sector funding support for the project in the future.

Factors to Consider

Legal and Statutory Requirements

16. The MOU is not a legal requirement and there is no legal requirement to consult in relation to it. Likewise, the signing of the MOU does not in itself commit Council to formal funding or other future commitments in relation to Predator Free Southland beyond those articulated in the MOU.
17. Any specific funding requests for further Council support, if this were to occur, would need to follow due process through future Annual Plan or Long Term Plan processes.

Community Views

18. There is no requirement for community consultation in relation to the MOU and its content.

Costs and Funding

19. The signing of the MOU does not in itself commit Council to additional costs or funding requirements Council's commitment will need to be determined both in terms of funding and the provision of staff time to the project.

Policy Implications

20. There are no specific policy implications in relation to the signing of the Predator Free Southland MOU.

Analysis

Options Considered

21. The options considered are for Council to endorse and sign the Predator Free Southland MOU or not endorse and sign the Predator Free Southland MOU.

Analysis of Options

Option 1 – Endorse and Sign the Predator Free Southland MOU

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Demonstrates Council's commitment to the Predator Free Southland project.• Demonstrates Council support for biodiversity projects that can have potentially significant ecological and socio-economic benefits for the region.• Strengthens relationships with other agencies.• Council commitment to the project will assist with leveraging further public and private sector funding.• Ongoing biosecurity is a significant aspect of a successful Predator Free Rakiura project. A predator free mainland will make this more achievable.	<ul style="list-style-type: none">• Redirection of some level of Council resources away from other work streams.• Potential for controversy should the project involve the use of controversial pest eradication tools and techniques in the future.

Option 2 – Do Not Endorse and Sign the MOU

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Less involvement will enable Council resources to be directed to other important projects and work streams.• Less potential for Council to be drawn into any future controversy associated with the project, should this occur.	<ul style="list-style-type: none">• Could adversely affect Predator Free Southland's ability to obtain funding in the future.• Council would not be contributing to a project with potentially significant ecological and socio-economic benefits for the region.

Assessment of Significance

22. As per the recommendations above, this matter is not considered significant in terms of the relevant Local Government Act criteria.

Recommended Option

23. Option 1- Council endorses the document and delegates to the chief executive to sign on behalf of Southland District Council.

Next Steps

24. If endorsed, the chief executive would sign the MOU on behalf of Southland District Council. Future funding commitment would be considered under Council's Long-Term Plan 2021-2031.

Attachments

- A Predator Free Southland Report for SDC Councillors [↓](#)
B PFS - Memorandum of Understanding [↓](#)
C PFS Co-ordinator - Job Description [↓](#)

Report To:	Southland District Council
Subject Matter:	Request for an audience with the councillors of SDC, to request SDC join the Predator Free Southland partnership project as a governance group member and co-funding partner.
Report By:	Dr. Ini-Isabée Gunn, Predator Free Coordinator Southland
Date:	20 th August 2020

Purpose

This document aims to update the councillors of Southland District Council (SDC) on the Predator Free (PF) Southland project, and to ask SDC to join this partnership going forward as a governance group member and co-funding partner. PF Southland is a joint initiative – including Environment Southland (ES), Invercargill City Council (ICC), Gore District Council (GDC), DOC, Te Rūnanga o Ngāi Tahu and the four Papatipu Rūnanga ki Murihiku - which aims to advance mainland Southland towards Predator Free goals. Although SDC was represented in the initiation of this project, governance participation and co-funding by SDC has not eventuated to date. The first year of the project is coming to an end and the PF Southland governance group is looking to ensure visibility of the project's progress with SDC councillors, to highlight why we believe SDC is an essential partner to facilitate this regional approach.

Report

The PF Southland project is one of many work programmes that aims to contribute to New Zealand's Biodiversity Strategy, to reverse the rapid decline of our indigenous wildlife. It is also the first trial as part of the national PF2050 Strategy to test a regional approach, and learnings made in Southland will inform the DOC PF2050 programme office and the national investment strategy.

In 2018, DOC and Venture Southland brought together stakeholders in Murihiku to discuss how to progress the region towards Predator Free goals; a strategic plan of action and collaboration among agencies was deemed essential. This led to the formation of the PF Southland governance group, including the four Rūnanga of Ngāi Tahu, DOC, ES, ICC, GDC and SDC. Despite SDC being involved in the initiation of this partnership, SDC did not join the other partners in signing the related MoU, nor did SDC come on board as a co-funder for the Project Coordinator role. Since the Project Coordinator was hired in October 2019, communication with SDC has been inefficient, and it has been relayed that SDC management does not consider our project to be a priority at this time. This report is aimed at raising the visibility of this regional partnership with SDC councillors, to highlight what has been achieved over the past 10 months and why the PF Southland governance group continues to believe that SDC should be part of this initiative.

The aim of the first PF Southland Project Coordinator contract (Oct 2019-20) was to establish a collaborative network between community groups and agencies across Southland; identify ways to build capability and capacity within our community; create a 5-year regional action plan; and to attract funding to the region. The role is being hosted by Environment Southland.

The following key achievements have been made to-date:

- Monthly governance group meetings held, with consistent attendance by partners.
- Ongoing predator control has been mapped and priority sites identified.

- Relationships and communication channels established with community groups and large stakeholders, at a regional and national level.
- Consultation held with community groups and agencies to create a 5-year regional action plan. The plan identifies one large landscape project, to test and showcase mainland pest eradication and to attract large scale funding to the region; it also outlines other priority sites where gains need to be maintained, and outlines strategic priorities including: predators to target, responsible pet ownership, education and training, monitoring and data management, a framework of new jobs to facilitate the plan, and funding opportunities.
- A funding application has been filed with PF2050 Ltd for our large landscape project; PF2050 Ltd funds 1:1, and requires support from local councils to secure funding.
- Further funding applications are being filed for various streams of government funding to create jobs in the environmental sector.
- Co-funding for the Project Coordinator has been committed by GDC for at least 5 years, by ICC for at least 3 years, and by DOC and ES for at least 1 further year. A funding gap remains, to ensure the continuation of the role beyond October 2020.
- Numerous opportunities have been identified to secure environmental outcomes to protect our native biodiversity; social outcomes, such as enhanced community engagement and education; economic benefits, through job creation and tourism attraction; and cultural benefits, by working in partnership with iwi and increasing the understanding and appreciation of kaitiakitanga and māutāranga Māori.

PF Southland is now planning the implementation of its action plan, and is working to secure large scale government funding. We want to take this opportunity to ask the councillors to reconsider the involvement of SDC in this regional partnership going forward. Although SDC has been included in all governance group communications to date, PF Southland continues to lack support from SDC – the governance group therefore wishes to seek an audience with the councillors to discuss this project, to get an insight into their ideas and concerns about SDC's involvement. While the regional pest management plan may be the obligation of Environment Southland, Predator Free 2050 is a national goal that requires the collaboration of everyone. No one agency will be able to achieve this goal alone. SDC is a major territorial authority in Southland and, as for ICC and GDC, they are deemed essential partners in any regional Predator Free approach on the mainland. We acknowledge the great work SDC is doing in supporting PF Rakiura, but it is important to understand how closely these two projects are linked – PF Rakiura and PF Southland must progress hand-in-hand for success. Our mainland efforts will be essential to maintain biosecurity for the Predator Free effort on Rakiura, and the work of PF Southland would also contribute to SDC's obligation to support the enhancement of our region's biodiversity. There is great concern in the PF Southland governance group that the continuing absence of SDC from this partnership initiative will thwart all partners' efforts towards a regional approach.

Conclusion

The regional PF Southland partnership is looking to progress mainland Southland towards Predator Free goals. SDC is the only territorial authority in Southland that has not joined this partnership to date, neither as a governance group member nor as a co-funder. As PF Southland is starting to plan its second year of operation, the governance group seeks an audience with the councillors of SDC to enhance visibility of the work that is being done, and to outline why we believe SDC is needed as a partner in this regional collaboration. We thank you for your time and consideration.

Attachments

1. Job Description of Predator Free Southland Coordinator
2. MoU of the Predator Free Southland governance group

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM is dated the 6 day of September 2019

BETWEEN the following parties:

1. **TE RŪNANGA O NGĀI TAHU.**
2. **GORE DISTRICT COUNCIL.**
3. **INVERCARGILL CITY COUNCIL.**
4. **SOUTHLAND REGIONAL COUNCIL.**
5. **DIRECTOR-GENERAL OF CONSERVATION.**
6. **SOUTHLAND DISTRICT COUNCIL**

**BACKGROUND:**

- A. Stimulated by the N.Z. Government's launch of the Predator Free New Zealand 2050 programme, the parties have begun working collaboratively for the purpose of supporting both government and community led predator control work across Southland. The parties seek to sustain and then progressively expand the predator control efforts already underway with a view to the eventual eradication of most (if not all) of the introduced predators that threaten Southland's indigenous wildlife, its natural taonga and primary sector industries.
- B. Although the parties share common interests in the control of introduced predators, to date they have operated largely independently, particularly when working with community led initiatives. This precludes Southland from gaining any significant cross-project benefits to minimise the problems caused by the mobility of both predators and wildlife. This fragmentation of effort also disperses the knowledge, resources and participation needed to make lasting gains.
- C. While it is accepted that a totally predator-free future ultimately relies on new science and technology, given the rapid immigration of predators into control zones and the equally rapid emigration of wildlife out of control zones, the parties recognise the urgent need for a more co-ordinated and collaborative approach.
- D. The entities have committed to collaborate with each other to plan for Southland's Predator Free future while also realising synergies between their current control efforts. They have agreed to pool their resources and expertise to form a collaborative structure that will support the region's existing efforts continue and also plan for a logical approach for scaling up impact.
- E. The entities have also agreed to fund a temporary support role that will enable the collaborative to undertake the community engagement, strategic planning and fund raising work necessary to secure and then progress Southland's predator control work past its current baseline.

For now
& our future

Predator Free Southland Coordinator MOU Draft.docx

Cnr North Rd & Price St, Invercargill | DX No. YX20175 | Private Bag 90116, Invercargill 9840 | 03 211 5115 or 0800 76 88 45 | service@es.govt.nz | www.es.govt.nz

AGREEMENT

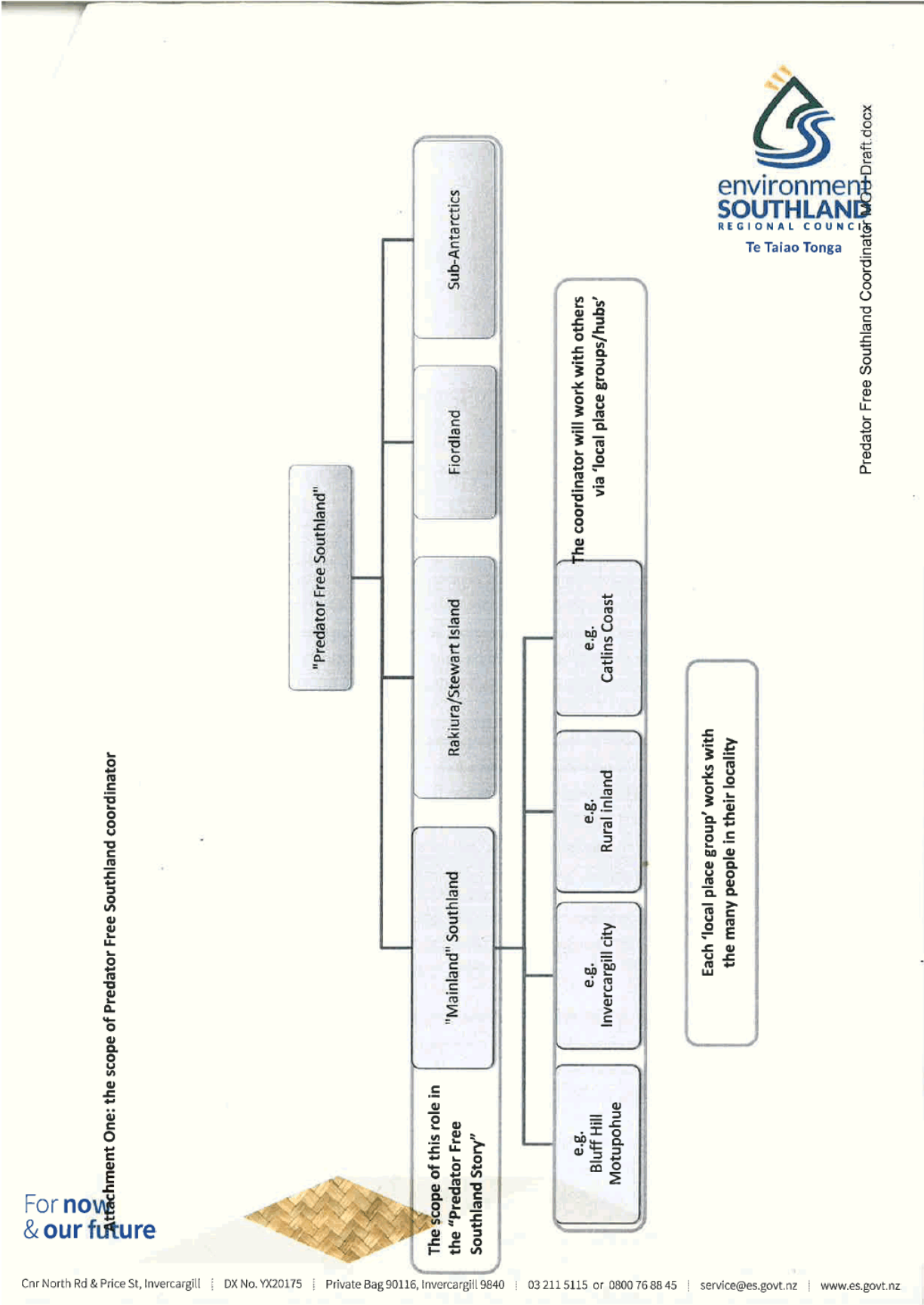
All of the above parties, by their execution of this Memorandum of Understanding;

- i. Confirm their support for creating a Predator Free Southland collaborative support structure and the creation of a temporary support role to enable the collaborative to function, as detailed in the attached scope diagram and position description.
- ii. Confirm their agreement that Environment Southland shall, in consultation with the other parties as necessary, be accountable for the day to day management of the role on behalf of all parties.
- iii. Confirm that the parties will each appoint a representative to a leadership group which will meet no less than monthly. This group will be responsible for setting the role's work programme and provide guidance on implementation of the work. The leadership group will also undertake other support tasks as required to ensure the delivery of the work programme is to the satisfaction of the parties.
- iv. Confirm that each party will enter into their own funding agreement with Environment Southland in accordance with individual organisations requirements. It is recorded that they do not intend this Memorandum to be legally binding.

EXECUTED on behalf of each of the above parties as follows:

	Name	Signature
1. <u>TE RŪNANGA O NGĀI TAHU.</u>	Michael Richard Skerrett	
2. <u>GORE DISTRICT COUNCIL.</u>	IAN DAVIDSON - LUTS	
3. <u>INVERCARGILL CITY COUNCIL.</u>	ZEALAN SIMPSON	
4. <u>SOUTHLAND REGIONAL COUNCIL.</u>		
5. <u>DIRECTOR-GENERAL OF CONSERVATION.</u>	Brent Beaven	
6. <u>SOUTHLAND DISTRICT COUNCIL</u>

Predator Free Southland Coordinator MOU Draft.docx



Job Description

Job Title:	Predator Free Southland Coordinator
Job Evaluation (SP10):	Grade: 16 Pathway: T
Organisation:	This role is a joint initiative of Ngai Tahu, Environment Southland, Department of Conservation, Gore District Council and Invercargill City Council
Location:	The position will be based at Environment Southland
Reports to:	A collaborative governance group – for guidance on the work programme Team Leader Biosecurity (ES) – for day to day work
Supervision of:	Nil
Position Purpose:	To advance Southland towards a predator free future. This will be achieved by supporting existing predator control groups and organisations to establish a collaborative structure that supports existing efforts and builds a shared plan for advancing Southland towards Predator Free 2050.
Date Prepared/Reviewed:	26 June 2019

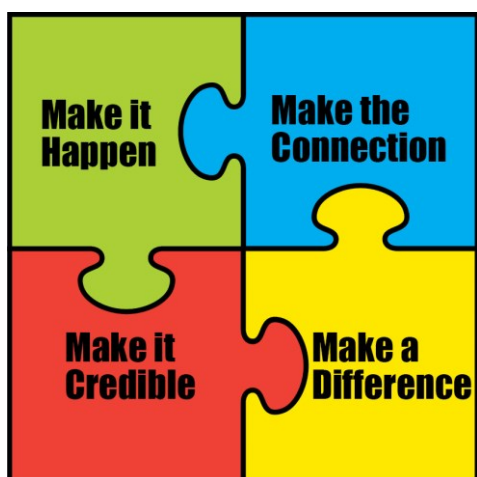
Environment Southland's Vision and Purpose

Vision – A thriving Southland...Te taurikura o Murihiku

Mission – Working with our communities to improve Southland's environment

As a regional council, Environment Southland is responsible for leading the sustainable management of Southland's natural, physical resources – water, land, air and the coast. These resources are vitally important because they underpin both our regional economy and our quality of life. This means our work is about people and working with others to ensure the region's natural resources are in the best possible condition they can be for future generations of Southlanders to use and enjoy

Environment Southland's Values



Background

Predator Free 2050 is an ambitious goal to rid New Zealand of the most damaging introduced predators that threaten our nation's indigenous biodiversity, our taonga species, our economy and primary sector. The programme is bringing people together to work towards a predator free future. Iwi, schools, farmers, businesses, innovators, agencies, non-government organisations and individuals are all helping to support the long term goal.

Southland is no exception and a broad range of predator control efforts are underway. This work is spread over one of New Zealand's largest but least populated regions. Programmes are well underway across Fiordland, Stewart Island/Rakiura and the Sub Antarctic Islands. These areas are outside the scope of this proposal as collaborative support and planning is already in place.

For the remainder of 'mainland' Southland the community and agency predator control projects are working in a stand-alone manner and are all challenged to find sufficient people and funds to continue in the longer term.

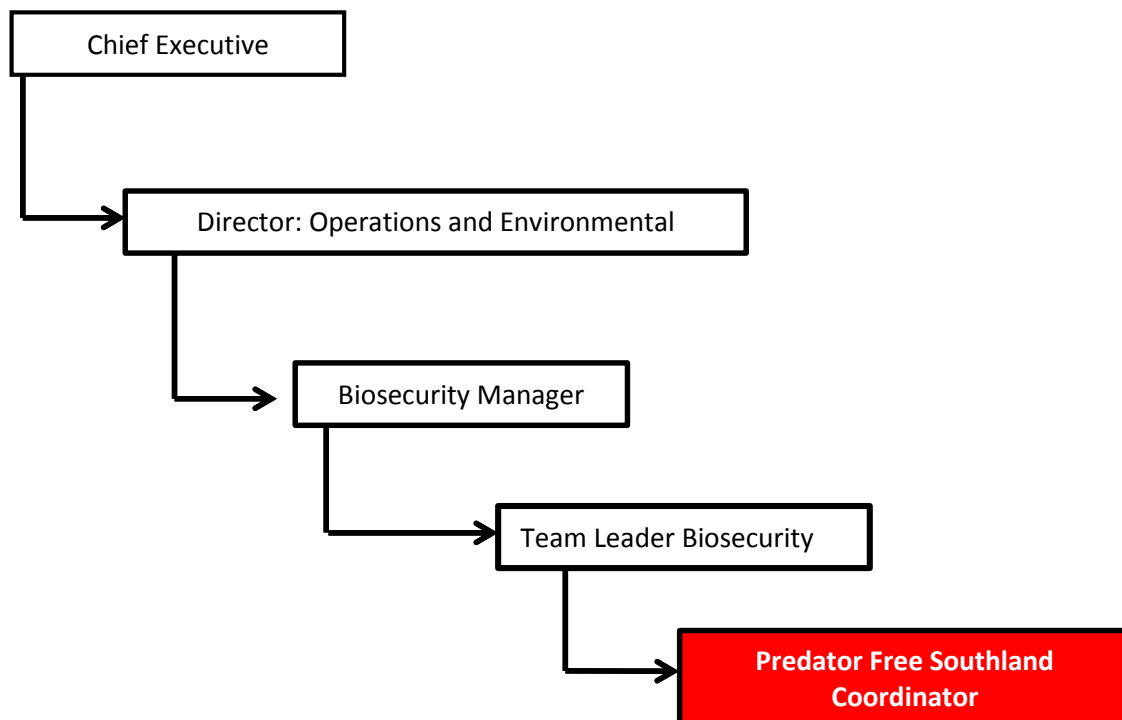
Over the past year an informal group of people and organisations with an interest in Southland's predator control have been discussing how the existing efforts in 'mainland' Southland could be sustained and start to move together towards Predator Free 2050. The group supported the importance of predator control continuing while acknowledging that more cooperation between iwi, community groups and government agencies is needed before striving to make gains.

A strategic plan of action was viewed as essential to progress towards Predator Free 2050. This would inform how to strengthen existing control work and then to grow this in a progressive, measured way. While the plan must account for existing regional pest (suppression) strategies, the purpose of this plan is for eventual eradication. The plan will cover how current (suppression) work can be sustained and progressively grown, while also defining priorities for where and how to start and defend some eradication efforts.

The time needed to create a collaborative support structure and develop a practical, shared action plan is not available within the existing groups and agencies. These are already fully extended with the status-quo. This role has been funded to provide the expertise and focus to undertake this work in cooperation with the many predator control groups and organisations across 'mainland' Southland.

Key Relationships

- The role's core governance group: Ngai Tahu, Environment Southland, Department of Conservation, Gore District Council and Invercargill City Council
- The Department of Conservation Predator Free 2050 programme unit
- Local place groups (hubs): (to be confirmed)
 - These would be drawn from the organisations, groups and individuals that actively controlling predators in their local areas. This would provide a practical way to work across Southland, providing a contact point to direct support.
 - An example of a local place group is the Predator Free Bluff working group. Other local place groups might include Invercargill City and surrounds, inland rural areas, the Catlin's Coast and Fiordland's gateway communities.

Biosecurity Operations Organisational Chart

Work Profile**Establish the collaborative structure (30% of time)**

To support the implementation and start-up of a structure for the coordination of predator control in 'mainland' Southland

- To establish a network of local places groups based on existing 'hubs' of activity, including a regional support group.
- To develop a collaborative charter/terms of reference to clarify objectives and working arrangements.
- Develop an initial work plan to agree on what tasks the coordinator will support.
- To identify how this structure should continue in the longer term after a start-up phase.

Future planning (30% of time)

To coordinate the joint thinking of the collaborative to develop a five year plan that sets out how the region will start its progress towards Predator Free 2050

- To identify and describe resource gaps - outlining what is achievable with existing resources and then what would be possible if resource limitations were removed.
- To apply DOC's landscape project planning methods for pre-assessment of potential ambitious large scale projects.
- To address how to effectively build and sustain public interest.
- To cover scientific knowledge, technology and capacity issues.
- To take an inclusive 'ground up' approach so a wide range of aspirations and perspectives are included.
- The plan should aim to deliver environmental, cultural, social and economic benefits for Predator Free 2050 work.
- To allow for ongoing review to accommodate learning and change.

Building support and knowledge within communities (30% of time)

To work with local place groups/hubs to help them communicate with others, find technical expertise and apply best practice methods.

- To support local place groups (hubs) with their public communication, information sharing and engagement work. This may include attending community events.
- To assist local place groups (hubs) build their knowledge and skills through coaching best practice methods.
- To support local place groups (hubs) upskill for specialist activities (as needed), e.g. applying new technology, engaging contractors, designing new work, wildlife monitoring.
- To represent local place groups (hubs) on area-wide issues, e.g. agency led consultation, to provide a stronger collective voice.

Source funding (10% of time)

To help secure funding for existing control efforts and priority activities from the action plan.

- Support local place groups (hubs) build business cases, write and submit funding applications for their work.
- Directly seek funding for area-wide activities, including continuation of the paid coordinator role.

Health and Safety

- Abide by ES health and safety policy and SOPs.
- Report all incidents, near-misses, new hazards and accidents promptly.
- Preparation (including, but not limited to, information checking and appropriate gear) is completed prior to departure to the field.
- Attend required health and safety training and induction sessions.

- Be responsible for your own safety, and work safely so as not to cause harm to another.

Person Specification

The following capabilities and experience are sought for this position.

Capabilities

- Exceptional communication and interpersonal skills to work collaboratively with others, build effective relationships and influence a wide range of stakeholders.
- A proven ability to engage people, to connect with them, listen and build trust.
- Strong analytical skills and the ability to think strategically, to see the bigger picture and plan for future challenges.
- Situational awareness, displays knowledge and awareness of situations, identifies relevant context to develop robust recommendations and make sound decisions.
- Self-awareness and agility, is development focused, reflects on and adapts their approach in changing circumstances.

Skills and experience

- An ability to work with Ngāi Tahu whānau, hapū and iwi, including knowledge of the Treaty of the Waitangi and the Ngāi Tahu Claims Settlement Act.
- Experience of working with Iwi or Māori groups and organisations or in cross-cultural environments.
- Demonstrates a desire to embrace tikanga Māori, and the values of kaitiakitanga, manaakitanga, rangatiratanga and whanaungatanga.
- Proven abilities and experience in project management, report writing and self-managing work priorities.
- Experience in predator control (or other activities) for protecting New Zealand's indigenous biodiversity.
- A qualification in environmental sciences is desirable.
- A full drivers' licence.

Additional Information

Civil Defence Duties

All staff of Environment Southland may be required to undertake Civil Defence duties in the event of an emergency. Training will be given as appropriate.

Performance Review

We have a Performance Development Programme (PDP) that is the basis for performance assessment at all levels of the organisation. There is at least one informal meetings between the employee and their supervisor/manager and one formal meeting annually.

Remuneration

Salary will be paid within the range for the position, according to the skills and experience of the appointee.

Signed:

_____ Job Holder Date: _____

_____ Manager/Supervisor Date: _____

Appointments to the Milford Community Trust

Record No: R/20/11/65318
Author: Simon Moran, Community Partnership Leader
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 To seek approval from Council to appoint Brad Johnstone and Tim Holland as trustees of the Milford Community Trust.

Executive Summary

- 2 The report provides some background to the trust, a summary of the appointments process and recommends appointing Brad Johnstone and Tim Holland as trustees (both have formerly been trustees).
- 3 Brad Johnstone is again proposed to be appointed as the Milford community representative trustee.

Recommendation

That Council:

- a) **Receives the report titled "Appointments to the Milford Community Trust" dated 12 November 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees to appoint Brad Johnstone and Tim Holland as Trustees of the Milford Community Trust.**

Background

- 4 The Milford Community Trust was established in 2007 by 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.

- 5 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 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.

Issues

- 6 The expiry of a Trustee's term and a resignation by a Trustee from the Trust created two vacant trustee positions that need to be filled. The Trust is considering making changes to its Trust Deed and must have a full complement of trustees in order to do that.

Factors to Consider

Legal and Statutory Requirements

- 7 The Trust Deed sets out the trustee positions, who may qualify for appointment to the trust, and the process for their appointment.
- 8 As part of that process there is a Trustee Appointments Recommendation Panel made up of the chief executives of Southland District Council and Environment Southland, the Department of Conservation's Southland Conservator (now the director of operations under the new structure) and the Milford Community Representative Trustee. In this instance there were two applications received for two vacant positions and both applicants work in tourism operations associated with Milford. Therefore, the recommendations panel was not required to interview and select applicants to recommend to Council.

Community Views

- 9 As stated above the Trust Deed sets out the process and it does not require community input.

Costs and Funding

- 10 The appointment of the trustees will not alter existing costs and funding for the trust or Council.

Policy Implications

- 11 There are no policy implications.

Analysis

Options Considered

- 12 At a basic level the options are straight forward – they are that Council either makes the appointments or it does not.

Analysis of Options

Option 1 – Appoint the Trustees

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">the trust has continuity	<ul style="list-style-type: none">none

Option 2 – Do not appoint the Trustees

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">none	<ul style="list-style-type: none">any significant decisions made by the trust should be made by as many trustees as possible

Assessment of Significance

- 13 The decision sought from Council does not trigger any of the significance criteria.

Recommended Option

- 14 Option 1 is recommended.

Next Steps

- 15 Advise Brad Johnstone and Tim Holland that they have been appointed by Council as trustees of the Milford Community Trust.

Attachments

There are no attachments for this report.