



Notice is hereby given that a Meeting of the Finance and Assurance Committee will be held on:

Date: Tuesday, 10 November 2020
Time: 9am
Meeting Room: Council Chamber
Venue: 15 Forth Street, Invercargill

Finance and Assurance Committee Agenda OPEN

MEMBERSHIP

Chairperson	Bruce Robertson Mayor Gary Tong
Deputy Chair	Ebel Kremer
Councillors	Don Byars John Douglas Paul Duffy Julie Keast

IN ATTENDANCE

Chief Financial Officer	Anne Robson
Committee Advisor	Fiona Dunlop

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

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

Terms of Reference – Finance and Assurance Committee

TYPE OF COMMITTEE	Council standing committee
RESPONSIBLE TO	Council
SUBCOMMITTEES	None
LEGISLATIVE BASIS	Committee constituted by Council as per schedule 7, clause 30 (1)(a), LGA 2002. Committee delegated powers by Council as per schedule 7, clause 32, LGA 2002.
MEMBERSHIP	Mayor, three councillors and one external appointee
FREQUENCY OF MEETINGS	Quarterly or as required
QUORUM	Three members
SCOPE OF ACTIVITIES	<p>The Finance and Assurance Committee is responsible for:</p> <ul style="list-style-type: none"> ensuring that Council has appropriate financial, risk management and internal control systems in place that provide: <ul style="list-style-type: none"> an overview of the financial and non-financial performance of the organisation effective management of potential opportunities and adverse effects reasonable assurance as to the integrity and reliability of Council's financial and non-financial reporting. exercising active oversight of information technology systems exercising active oversight of Council's health and safety policies, processes, compliance, results and frameworks relationships with external, internal auditors, banking institutions and insurance brokers. <p>The Finance and Assurance Committee will monitor and assess the following:</p> <ul style="list-style-type: none"> the financial and non-financial performance of Council against budgeted and forecasted outcomes consideration of forecasted changes to financial outcomes Council's compliance with legislative requirements Council's risk management framework Council's control framework Council's compliance with its treasury responsibilities Council's compliance with its Fraud Policy.
DELEGATIONS	<p>The Finance and Assurance Committee shall have the following delegated powers and be accountable to Council for the exercising of these powers.</p> <p>In exercising the delegated powers, the Finance and Assurance Committee will operate within:</p>

- policies, plans, standards or guidelines that have been established and approved by Council
- the overall priorities of Council
- the needs of the local communities
- the approved budgets for the activity.

The Finance and Assurance Committee will have responsibility and delegated authority in the following areas:

Financial and Performance Monitoring

- a) monitoring financial performance to budgets
- b) monitoring service level performance to key performance indicators.

Internal Control Framework

- a) reviewing whether Council's approach to maintaining an effective internal control framework is sound and effective
- b) reviewing whether Council has taken steps to embed a culture that is committed to probity and ethical behaviour
- c) reviewing whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud.

Internal Reporting

- a) to consider the processes for ensuring the completeness and quality of financial and operational information being provided to Council
- b) to seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council.

External Reporting and Accountability

- a) agreeing the appropriateness of Council's existing accounting policies and principles and any proposed change
- b) enquiring of internal and external auditors for any information that affects the quality and clarity of Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above
- c) satisfying itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie letters of representation), and recommend signing of the financial statements by the chief executive/mayor and adoption of the Annual Report, Annual Plans, Long Term Plans

Risk Management

- a) reviewing whether Council has in place a current, comprehensive and effective risk management framework and associated procedures for effective identification and management of the Council's significant risks

- b) considering whether appropriate action is being taken to mitigate Council's significant risks.

Health and Safety

- a) review, monitor and make recommendations to Council on the organisations health and safety risk management framework and policies to ensure that the organisation has clearly set out its commitments to manage health and safety matters effectively.
- b) review and make recommendations for Council approval on strategies for achieving health and safety objectives
- c) review and recommend for Council approval targets for health and safety performance and assess performance against those targets
- d) monitor the organisation's compliance with health and safety policies and relevant applicable law
- e) ensure that the systems used to identify and manage health and safety risks are fit for purpose, being effectively implemented, regularly reviewed and continuously improved. This includes ensuring that Council is properly and regularly informed and updated on matters relating to health and safety risks
- f) seek assurance that the organisation is effectively structured to manage health and safety risks, including having competent workers, adequate communication procedures and proper documentation
- g) review health and safety related incidents and consider appropriate actions to minimise the risk of recurrence
- h) make recommendations to Council regarding the appropriateness of resources available for operating the health and safety management systems and programmes
- i) any other duties and responsibilities which have been assigned to it from time to time by Council.

Internal Audit

- a) approve appointment of the internal auditor, internal audit engagement letter and letter of understanding
- b) reviewing and approving the internal audit coverage and annual work plans, ensuring these plans are based on Council's risk profile
- c) reviewing the adequacy of management's implementation of internal audit recommendations
- d) reviewing the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

External Audit

- a) confirming the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor at the start of each audit
- b) receiving the external audit report(s) and review action(s) to be taken by management on significant issues and audit recommendations raised within
- c) enquiring of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks.

Compliance with Legislation, Standards and Best Practice Guidelines

- a) reviewing the effectiveness of the system for monitoring Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and best practice guidelines as applicable
- b) conducting and monitoring special investigations, in accordance with Council policy, and reporting the findings to Council
- c) monitoring the performance of Council organisations, in accordance with the Local Government Act.

Business Case Review

- a) review of the business case of work, services, supplies, where the value of these or the project exceeds \$2 million or the value over the term of the contract exceeds \$2 million.

Insurance

- a) consider Council's insurance requirements, considering its risk profile
- b) approving the annual insurance renewal requirements

Treasury

- a) oversee the treasury function of Council ensuring compliance with the relevant Council policies and plans
- b) ensuring compliance with the requirements of Council's trust deeds are met
- c) recommend to Council treasury policies.

Fraud Policy

- a) receive and consider reports relating to the investigation of suspected fraud
- b) monitor the implementation of the Fraud Policy.

Power to Recommend

The Finance and Assurance Committee is responsible for considering and making recommendations to Council regarding:

- a) policies relating to risk management, rating, loans, funding and purchasing

		<p>b) accounting treatments, changes in generally accepted accounting practice, and new accounting and reporting requirements</p> <p>c) the approval of financial and non-financial performance statements including adoption of the Annual Report, Annual Plans and Long Term Plans.</p> <p>The Finance and Assurance Committee is responsible for considering and making recommendations to the Services and Assets Committee on business cases completed under the 'Power to Act' section above.</p>
FINANCIAL DELEGATIONS		<p>Council authorises the following delegated authority of financial powers to Council committees in regard to matters within each committee's jurisdiction.</p> <p>Contract Acceptance:</p> <ul style="list-style-type: none"> accept or decline any contract for the purchase of goods, services, capital works or other assets where the total value of the lump sum contract does not exceed the sum allocated in the Long Term Plan/Annual Plan and the contract relates to an activity that is within the scope of activities relating to the work of the Finance and Assurance Committee accept or decline any contract for the disposal of goods, plant or other assets other than property or land that is provided for in the Long Term Plan <p>Budget Reallocation.</p> <p>The committee is authorised to reallocate funds from one existing budget item to another. Reallocation of this kind must not impact on current or future levels of service and must be:</p> <ul style="list-style-type: none"> funded by way of savings on existing budget items within the jurisdiction of the committee consistent with the Revenue and Financing Policy.
LIMITS DELEGATIONS	TO	<p>Matters that must be processed by way of recommendation to Council include:</p> <ul style="list-style-type: none"> amendment to fees and charges relating to all activities powers that cannot be delegated to committees as per the Local Government Act 2002 and sections 2.4 and 2.5 of this manual. <p>Delegated authority is within the financial limits in section 9 of this manual.</p>
RELATIONSHIPS WITH OTHER PARTIES		<p>The committee shall maintain relationships with each of the nine community boards.</p> <p>Professional advisors to the committee shall be invited to attend all meetings of the committee including:</p> <ul style="list-style-type: none"> external auditor internal auditor/risk advisor (if appointed) chief financial officer. <p>At each meeting, the chairperson will provide the external auditor and the internal auditor/risk advisor (if appointed) with an</p>

	<p>opportunity to discuss any matters with the committee without management being present. The chairperson shall request the chief executive and staff in attendance to leave the meeting for the duration of the discussion. The chairperson will provide minutes for that part of the meeting.</p> <p>The chief executive and the chief financial officer shall be responsible for drawing to the committee's immediate attention any material matter that relates to the financial condition of Council, material breakdown in internal controls and any material event of fraud.</p> <p>The committee shall provide guidance and feedback to Council on financial performance, risk and compliance issues.</p> <p>The committee will report to Council as it deems appropriate but no less than twice a year.</p>
CONTACT WITH MEDIA	<p>The committee chairperson is the authorised spokesperson for the committee in all matters where the committee has authority or a particular interest.</p> <p>Committee members, including the chairperson, do not have delegated authority to speak to the media and/or outside agencies on behalf of Council on matters outside of the committee's delegations.</p> <p>The chief financial officer will manage the formal communications between the committee and its constituents and for the committee in the exercise of its business. Correspondence with central government, other local government agencies or other official agencies will only take place through Council staff and will be undertaken under the name of Southland District Council.</p>

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1 Apologies

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

2 Leave of absence

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

3 Conflict of Interest

Committee Members are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a member 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 committee 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 Minutes

6.1 Meeting minutes of Finance and Assurance Committee, 11 September 2020

6.2 Meeting minutes of Extraordinary Finance and Assurance Committee, 20 October 2020



Finance and Assurance Committee

OPEN MINUTES

Minutes of a meeting of Finance and Assurance Committee held in the Council Chamber, 15 Forth Street, Invercargill on Friday, 11 September 2020 at 9.01am. (9.01am – 10.46am, 11.02am – 12.35pm, 1.05pm – 2.10pm (PE 12.22pm – 12.35pm, 1.05pm – 2.10pm)).

PRESENT

Chairperson	Bruce Robertson Mayor Gary Tong (9.01am – 9.51am, 9.56am – 10.46am, 11.02am – 12.35pm, 1.05pm – 1.54pm))
Deputy Chair	Ebel Kremer (9.01am – 10.46am, 11.02am – 12.35pm, 1.05pm – 1.54pm)
Councillors	Don Byars John Douglas Paul Duffy Julie Keast

APOLOGIES

Mayor Tong (early departure)
Councillor Kremer (early departure)

IN ATTENDANCE

Councillor Menzies (9.02am – 9.46am, 10.45am – 11.54am, 12.13pm – 12.35pm)
Chief Financial Officer - Anne Robson
Committee Advisor - Fiona Dunlop

1 Apologies

Mayor Tong and Councillor Kremer advised that they would be early departures from the meeting.

Moved Cr Douglas, seconded Deputy Chairperson Kremer **and resolved:**

That the Finance and Assurance Committee accept the apologies.

(Councillor Menzies joined the meeting at 9.02am.)

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of Interest

There were no conflicts of interest declared.

4 Public Forum

There was no public forum.

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Minutes

Resolution

Moved Deputy Chairperson Kremer, seconded Cr Douglas **and resolved:**

That the Finance and Assurance Committee confirms the minutes of the meeting held on 22 June 2020 as a true and correct record of that meeting.

Reports

7.1 Finance & Assurance Committee Work plan for the year ended 30 June 2021

Record No: R/20/9/49837

Chief Financial Officer Anne Robson was in attendance for this item.

Resolution

Moved Mayor Tong, seconded Cr Keast **recommendations a and b (with changes as indicated with ~~striketrough~~ and underline) and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled "Finance & Assurance Committee Work plan for the year ended 30 June 2021" dated 4 September 2020.**
- b) **Notes the changes made to the Finance and Assurance ~~Audit~~ Committee Work plan for the year ended 30 June 2021 since the last meeting.**

7.4 Interim Performance Report - Period three - 1 July 2019 to 30 June 2020

Record No: R/20/8/47187

Planning and Reporting Analyst – Shannon Oliver was in attendance for this item.

Miss Oliver advised that the purpose of the report was to provide the Committee with the Interim Performance Report for the period 1 July 2019 to 30 June 2020 for review.

(During discussion on the report Mayor Tong left the meeting at 9.51am and returned at 9.56am.)

Resolution

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled "Interim Performance Report - Period three - 1 July 2019 to 30 June 2020" dated 7 September 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.**

7.3 Draft unaudited Annual Report 2019/2020 for Endorsement

Record No: R/20/8/47696

Planning and Reporting Analyst – Shannon Oliver and Financial Accountant – Sheree Marrah were in attendance for this item.

Miss Oliver and Mrs Marrah advised that the purpose of the report was for the Committee to provide feedback and endorse the release of the draft unaudited Annual Report for the year ended 30 June 2020 to Audit New Zealand for their review.

(During discussion on the report Councillor Menzies left the meeting at 9.46am.)

(During discussion on the report Mayor Tong left the meeting at 9.51am and returned at 9.56am.)

(Councillor Menzies returned to the meeting at 10.45am.)

Resolution

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer **recommendations a to c, d and e with deletions (as indicated) and e with changes (as indicated with strikethrough and underline) and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Draft unaudited Annual Report 2019/2020 for Endorsement” dated 7 September 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 draft unaudited Annual Report for the year ended 30 June 2020; ~~including any amendments agreed at this meeting.~~**
- e) **Approves release of the draft unaudited Annual Report for the year ended 30 June 2020 to Audit New Zealand, ~~once any agreed amendments from this meeting have been incorporated.~~**
- f) **Delegate authority to the chief executive/acting chief executive to approve any further amendments to the draft unaudited Annual Report for the year ended 30 June 2020 subsequent to this meeting, and prior to final review by the Committee when it recommends adoption at its meeting on 16 October 2020.**

(The meeting adjourned for morning tea 10.46am and reconvened at 11.02am.)

(Mayor Tong, Chair Mr Bruce Robertson, Councillors Byars, Douglas, Duffy, Keast, Kremer and Menzies were present when the meeting reconvened.)

7.5 Quarterly risk management report - September 2020

Record No: R/20/6/23169

Policy Analyst – Jane Edwards and Strategy and Policy Manager – Michelle Stevenson were in attendance for this item.

Mrs Edwards advised that the purpose of the report was to advise the of the September 2020 Quarterly Risk Management report for consideration by the Committee

Resolution

Moved Mayor Tong, seconded Cr Douglas **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Quarterly risk management report - September 2020” dated 7 September 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.**

7.6 Draft Policy on Development and Financial Contributions

Record No: R/20/8/32315

Intermediate Policy Analyst – Carrie Adams and Senior Management Accountant – Susan McNamara were in attendance for this item.

Mrs Adams advised that the purpose of the report was for the Committee to consider the draft Policy on Development and Financial Contributions prior to Council agreeing to the draft being released for public consultation.

Resolution

Moved Deputy Chairperson Kremer, seconded Cr Douglas **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Draft Policy on Development and Financial Contributions” dated 7 September 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) **Considers the draft Policy on Development and Financial Contributions and provides feedback.**
- e) **Endorses the draft Policy on Development and Financial Contributions.**
- f) **Recommends to Council that it release the draft Policy on Development and Financial Contributions for public consultation in accordance with section 82 of the Local Government Act 2002, from 4 November to 4 December 2020.**

7.7 Draft Procurement Policy

Record No: R/20/8/47416

Policy Analyst – Robyn Rout and Commercial Infrastructure Manager – Ashby Brown were in attendance for this item.

Mrs Rout advised that the purpose of the report was for the Committee to consider the draft Procurement Policy prior to Council agreeing the release for public consultation.

(Councillor Menzies left the meeting at 11.54am and returned at 12.13pm.)

Resolution

Moved Mayor Tong, seconded Cr Duffy **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Draft Procurement Policy” dated 11 September 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) **Considers the draft Procurement Policy and provides feedback.**

- e) **Recommends to Council that it release the draft Procurement Policy for public consultation in accordance with section 82 of the Local Government Act 2002 from 4 November to 4 December 2020.**

7.2 Health and Safety Update

Record No: R/20/8/32317

People and Capability Manager – Janet Ellis and Health Safety and Wellbeing Advisor – Teri Black was in attendance for this item.

Resolution

Moved Chairperson Robertson, seconded Cr Keast **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Health and Safety Update” dated 21 August 2020.**

Public Excluded

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

Resolution

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer **and resolved:**

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

C8.1 Health and Safety Events

C8.2 Milford Opportunities Project contract update

C8.3 Southland District Council Resurfacing Tender Award - Contract 19/54 and 19/55

C8.4 Award of Contact for the Provision of Power Supply to Stewart Island/Rakiura

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Health and Safety Events	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>s7(2)(d) - The withholding of the information is necessary to avoid prejudice to measures protecting the health and safety of members of the public.</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

Milford Opportunities Project contract update	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Southland District Council Resurfacing Tender Award - Contract 19/54 and 19/55	<p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Award of Contact for the Provision of Power Supply to Stewart Island/Rakiura	<p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

That the Chief Executive – Steve Ruru, Group Manager, Environmental Services – Fran Mikulicic, Group Manager, Community and Futures – Rex Capil, Chief Financial Officer – Anne Robson, People and Capability Manager – Janet Ellis, Group Manager, Communications Manager – Louise Pagan and Committee Advisor – Fiona Dunlop be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the items C8.1 Health and Safety Events, C8.2 Milford Opportunities Project contract update, C8.3 Southland District Council Resurfacing Tender Award - Contract 19/54 and 19/55 and C8.4 Award of Contact for the Provision of Power Supply to Stewart Island/Rakiura. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed and meeting procedure.

That the Health, Safety and Well Being Advisor – Teri Black be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.1 Health and Safety Events. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed.

That the Community Partnership Leader – Simon Moran be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.2 Milford Opportunities Project contract update. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed.

That the Strategic Rooding Manager – Hartley Hare be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.3 Southland District Council Resurfacing Tender Award - Contract 19/54 and 19/55. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed.

That the Commercial Infrastructure Manager – Ashby Brown be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item C8.4 Award of Contract for the Provision of Power Supply to Stewart Island/Rakiura. This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed.

The public were excluded at 12.22pm.

Resolutions in relation to the confidential items are recorded in the confidential section of these minutes and are not publicly available unless released here.

The meeting adjourned for lunch at 12.35pm and reconvened at 1.05pm.

(Councillor Menzies left the meeting at 12.35pm.)

(Mayor Tong left the meeting at 1.54pm.)

(Councillor Kremer left the meeting at 1.54pm.)

The meeting concluded at 2.10pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FINANCE AND ASSURANCE
COMMITTEE HELD ON FRIDAY 11 SEPTEMBER 2020

DATE:.....

CHAIRPERSON:.....

Extraordinary Finance and Assurance Committee

OPEN MINUTES

Minutes of a meeting of Extraordinary Finance and Assurance Committee held in the Council Chamber, First Floor, 15 Forth Street, Invercargill on Tuesday, 20 October 2020 at 4pm (4pm – 5.39pm).

PRESENT

Chairperson	Mr Bruce Robertson (external member)
	Mayor Gary Tong (4.01pm – 5.39pm)
Deputy Chair	Ebel Kremer
Councillors	Don Byars
	John Douglas
	Paul Duffy
	Julie Keast

APOLOGIES

Mayor Tong (for lateness)

IN ATTENDANCE

Chief Financial Officer - Anne Robson
Interim Chief Executive – Ross McNeil
Group Manager Services and Assets – Matt Russell
Group Manager Community and Futures – Rex Capil
Group Manager Customer Support – Trudie Hurst
People and Capability Manager – Janet Ellis
Committee Advisor - Fiona Dunlop

1 Apologies

There were apologies for lateness from Mayor Tong.

Moved Chairperson Robertson, seconded Deputy Chairperson Kremer **and resolved:**

That the Finance and Assurance Committee accept the apology.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of Interest

There were no conflicts of interest declared.

4 Public Forum

There was no public forum.

(Mayor Tong joined the meeting at 4.01pm.)

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Minutes

Resolution

Moved Chairperson Robertson, seconded Cr Duffy **and resolved:**

That the Finance and Assurance Committee confirms the minutes of the meeting held on 11 September 2020 as a true and correct record of that meeting.

Reports

7.1 Draft Revenue and Financing Policy and Rating Review

Record No: R/20/10/60830

Finance Development Co-ordinator – Nicole Taylor was in attendance for this item.

Miss Taylor advised that the report was for the Finance and Assurance Committee to consider the draft Revenue and Financing Policy.

The Committee noted that they were considering the report and making recommendations to Council that the draft policy be endorsed for public consultation.

Resolution

Moved Deputy Chairperson Kremer, seconded Cr Douglas **and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled "Draft Revenue and Financing Policy and Rating Review" dated 15 October 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) **has considered the draft Revenue and Financing Policy and rating review (attachment a of the officers report) and provided feedback**
- ~~d) **considers the draft Revenue and Financing Policy and rating review and provides feedback**~~
- e) **endorses the draft Revenue and Financing Policy and rating review with the following addition:**
 - (i) **inclusion of public consultation on the usage of the general rate (low) to allow for part funding the Te Anau airport**
- f) **agrees to recommend to Council that it release the draft Revenue and Financing Policy and rating review for public consultation in accordance with section 82 of the Local Government Act 2002 from 4 November to 4 December 2020 including any amendments agreed at this meeting in e above.**

The meeting concluded at 5.39pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FINANCE AND ASSURANCE
COMMITTEE HELD ON TUESDAY 20 OCTOBER 2020.

DATE:.....

CHAIRPERSON:.....

Finance & Assurance Committee Work plan for the year ended 30 June 2021

Record No: R/20/11/64663
Author: Anne Robson, Chief Financial Officer
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☐ Recommendation ☒ Information

Purpose

- 1 To update the Committee on the status of the work programme discussed and agreed at the 30 April 2020 meeting for the financial year ending 30 June 2021.
- 2 As noted at the meeting the adoption of the work plan does not preclude the Committee or staff from including additional reports as and when required.
- 3 As the year proceeds the work plan will be updated to incorporate the actual dates reports are being presented where that differs to the work plan adopted. For the committees information the “X” in red shows the date the report was presented, where this differs from what was approved in the work plan or if it is a new report that will be presented on an annual basis. If there is a black “X” on the same line as a red “X”, the black “X” indicates the date agreed by the committee. The “X” in green reflects changes identified to the ongoing work plan since it was adopted.
- 4 The risk report and the health & safety report planned for this meeting were presented in the September meeting.
- 5 It was planned to present the Long Term Plan assumptions and the remission and postponement of rates policy to this meeting. It is now planned to have a workshop over these before presenting the reports to the next meeting in December
- 6 The audit management report will also be tabled in the December meeting however the Audit Director will talk to the meeting over the key points.
- 7 The internal audit report on cyber security will be presented to the next meeting
- 8 In addition to the reports noted in the timetable, this agenda also includes the
 - Financial Report,
 - Finance Transactional update as at 30 June 2020
 - Milford Opportunities contract update - 2

Recommendation

That the Finance and Assurance Committee:

- a) Receives the report titled “Finance & Assurance Committee Work plan for the year ended 30 June 2021” dated 5 November 2020.**
- b) Notes the changes made to the Finance and Audit Committee Work plan for the year ended 30 June 2021 since the last meeting.**

Attachments

- A Finance & Assurance Meeting Content (Nov 2020) [↓](#)

Finance and Audit Committee Workplan to 30 June 2021

Content	11 September 2020	16 October 2020	10 November 2020	15 December 2020	March 2021	June 2021
Long Term Plan – Assumptions, policies and principles	X		X	X		
Long Term Plan – Recommend final to Council						X
Policy – Development & Financial Contributions	X					
Policy – Draft Procurement Policy	X					
Policy – Revenue & Financing Policy		X				
Policy – Remission & Postponement of Rates			X	X		
Policy – Investment & Liability				X		
Risk Report	X		X	X	X	X
Health & Safety Report	X		X	X	X	X
Health & Safety Events	X					
Financial Report	X		X	X	X	X
Annual Report – Audit Arrangements Letter					X	
Annual Report – Financial Policies						X
Annual Report – Interim audit report						X
Annual Report – Agree report ready for audit	X					
Annual Report – Final audit mgmt report			X	X		
Annual Report – Recommend adoption by Council			X			
Analysis of actual results to forecast for 19/20			X			
Work Programme for 2020/21 incl projects c/f from 19/20			X			
Forecast Financial Position				X	X	
Interim Performance Report	X			X	X	
Internal Audit Final Report (Cyber Security, Contract mgmt & Project mgmt)			X	X		X
Internal Audit Terms of Reference	X			X		
Internal Audit Action Points	X				X	
Insurance - Insurance renewal						X
Operational Risk Report			X	X	X	X
Determine Finance & Audit Meeting Content					X	
Other External Audits - Building						X
Other – Finance Transactional Update			X			
Other – Reports on contracts over \$2million – Resurfacing	X					
Other – Reports on contracts over \$2million - SIESA	X					
Other – Reports on contracts over \$2million - Milford	X		X			

Draft Annual Report 2019/2020

Record No: R/20/10/60155
Author: Shannon Oliver, Planning and Reporting Analyst
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☒ Recommendation ☐ Information

Purpose

- 1 To present the draft Annual Report 2019/2020 to the committee for their recommendation to Council that it be adopted on 18 November 2020.

Executive summary

- 2 Council is required 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 December 2020 rather than by 31 October 2020. This extension is to allow for interruptions due to the Covid-19 higher level lockdown restrictions.
- 5 As noted at the meeting on 11 September, Audit NZ were due to start their audit fieldwork on 14 September but may choose to defer the audit fieldwork dates to a later date and that the proposed adoption date may need to be rescheduled.
- 6 Subsequent to the 11 September meeting, the audit dates did change and the length of the Audit was extended so it required seven weeks instead of four weeks to complete. This ~~has~~ meant that the adoption of the annual report will now be 18 November 2020.
- 7 The Annual Report had 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.
- 8 The final draft Annual Report and draft summary document are attached to this report (Attachment A and B).
- 9 Please note this document is subject to change as a result of Audit New Zealand's final review, which is currently being undertaken and is anticipated to be complete by 6 November 2020. If there are any further changes from Audit New Zealand's final review, these will be advised at the meeting.
- 10 The Finance and Assurance Committee is asked to consider the Annual Report and make a recommendation as to whether Council should adopt the Annual Report on 18 November 2020 as presented, and incorporating any further changes as necessary.

Recommendation

That the Finance and Assurance Committee:

- a) **Receives the report titled “Draft Annual Report 2019/2020” dated 5 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) **Recommends to Council the adoption of the Annual Report 2019/2020 incorporating any amendments agreed at this meeting.**

Background

- 11 An Annual Report is intended to outline Council’s actual performance in comparison with its intended performance as outlined in its Annual/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.
- 12 The Local Government Act 2002 requires Council to prepare and adopt an Annual Report within four months of the end of each financial year.
- 13 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 the Covid-19 higher level lockdown restrictions.
- 14 A draft of the unaudited Annual Report was presented to the Finance and Assurance Committee on 11 September 2020.
- 15 The audit by Audit New Zealand will be complete by the date of this meeting, and as at the date of this report, a number of adjustments have been made to the document following audit and staff review.
- 16 The primary financial changes that have occurred subsequent to the version that was provided to the committee and Audit NZ in September are:
 - a) recognition of \$855,000 building consent fees as deferred revenue (refer below for further discussion),
 - b) \$41,000 of internal capital works costs incorrectly coded to operating expenditure, and
 - c) \$42,000 of various minor corrections identified by Council staff during audit.

- 17 The Summary Annual Report document is not required to be adopted by Council. The summary of the Annual Report document is currently being audited. Once the audit is complete and any changes are made, a separate audit opinion will be received and the summary will be approved by the chief executive for distribution.
- 18 The Annual Report and Summary (once confirmed) will be made available to the public via Council's website, by placing printed copies in libraries and service centres and having printed copies available for distribution on request. The availability of the Annual Report will be advertised. Printed copies of the report and summary will also be sent to those on the mailing list of people who have requested a copy.

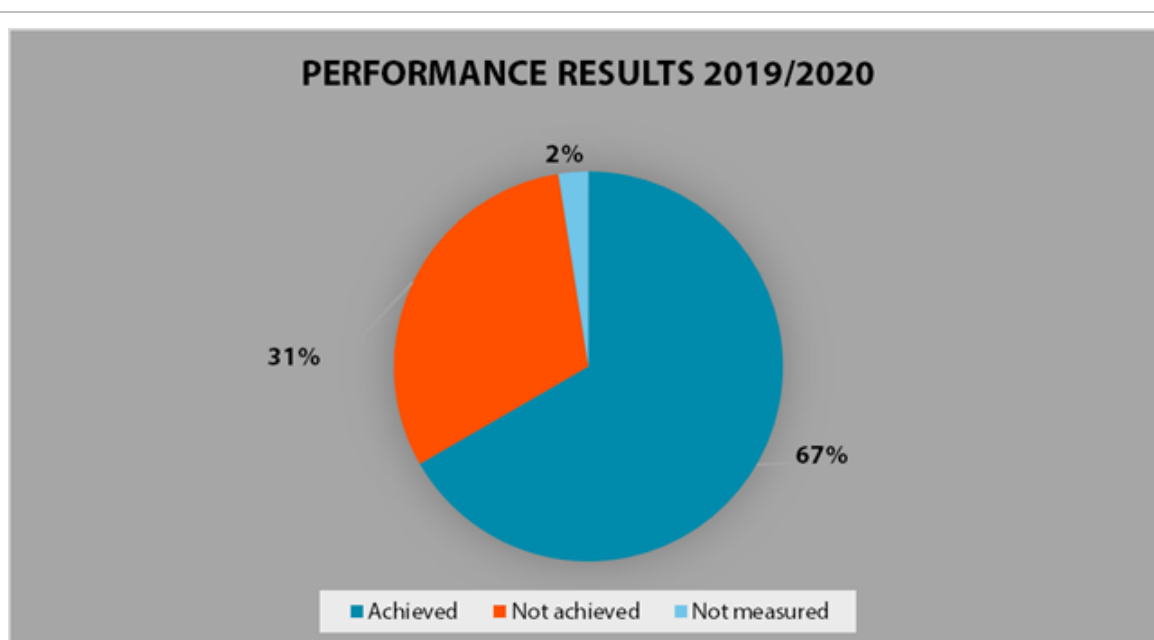
Status of the report

- 19 Audit NZ are predominantly finished their fieldwork as at the date of this report. However, staff are still awaiting notification from Audit NZ that their final audit procedures, including engagement quality control review, are complete.
- 20 The principal matters outstanding include final audit clearance and finalisation of the summary document, and any final changes as a result of the final audit review process to the full Annual Report. Any material changes made to the report will be outlined at the meeting.
- 21 Staff note the draft summary document (Attachment B) is currently being updated for the recommended changes by Audit NZ and hence the some of the financial information and commentary differs from the full Annual Report.
- 22 As at the date of this report, the draft audit opinion, management letter and representation letter were not available from Audit NZ, however they anticipate that these drafts will be available by 10 November. Verbal audit clearance is expected to be received on Friday 6 November 2020.
- 23 To date, the only significant financial change that has occurred as a result of Audit NZ's fieldwork was:
- recognition of \$855,000 building consent fees as a liability (deferred revenue), refer below for further discussion.
- 24 During their procedures, Audit New Zealand made a number of recommendations around changes to disclosures, performance measures and classifications and these have all been implemented to date and included in the final draft document attached. A record of such changes are available if the Committee wish to understand the specific detail, however other than those specified above, they were not significant.
- 25 Dereck Ollsson, Associate Audit Director of Audit New Zealand will be in attendance via video conference at the Finance and Assurance Committee meeting to present the audit opinion, discuss the management letter and answer any questions regarding the Annual Report and/or associated documents.
- 26 Additionally, Council staff made the following minor adjustments as a result of corrections that were identified subsequent to the provision of the draft accounts to Audit NZ on 22 September.
- \$41,000 of internal capital works costs incorrectly coded to operating expenditure, and

- \$42,000 of various minor corrections identified by Council staff during audit.

Organisational Performance

- 27 The Annual Report 2019/2020 details performance of the organisation against the key performance targets that were specified in the 10 Year Plan.
- 28 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.
- 29 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



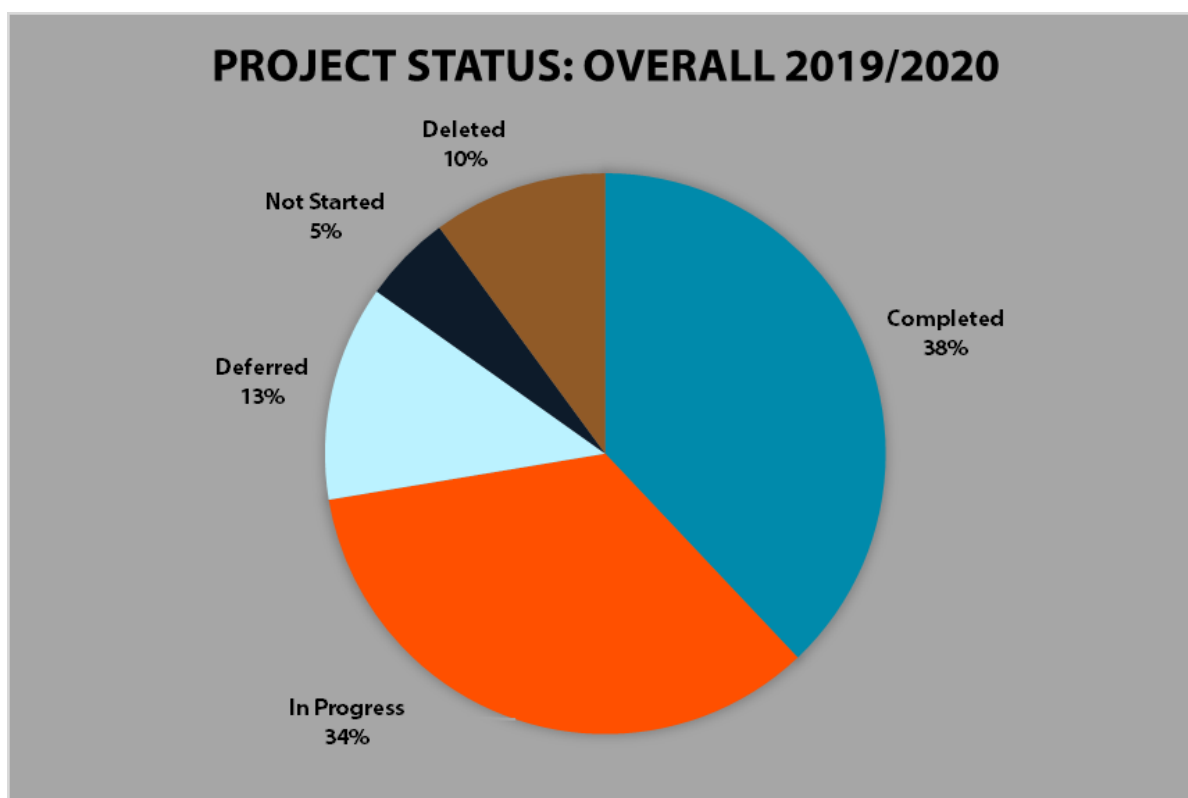
Finance and Assurance Committee

10 November 2020

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

- 30 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.
- 31 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.
- 32 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

- 33 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.
- 34 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

- 35 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.
- 36 A summary of key financial information is set out below.

Statement of comprehensive revenue and expense

- 37 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

- 38 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).

- 39 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).
- 40 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

- 41 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

- 42 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.
- 43 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

- 44 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.
- 45 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

- 46 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

- 47 As at the date of this report the only significant unresolved issue in relation to the Annual Report is regarding a performance measure for three waters customer complaints, specifically those received via the Palmerston North after hours call centre. This matter has been referred to Audit NZ's technical department for consideration and the outcome is yet to be received. An unfavourable outcome could give rise to a modification of Council's audit opinion. Mr Ollsson will give an update on this matter at the meeting.
- 48 There are also some further matters that have arisen during the audit which the committee need to be aware of.

Building consent liability outstanding

- 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 11 September report to the committee on the draft annual report, staff advised that this liability had been recognised in the draft 2019/2020 Annual Report 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 Annual Report.

Management report from Audit NZ

- 53 Due to resource constraints, 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:
- Accounting for outstanding building consents
 - Palmerston North call centre data capturing process
 - Infrastructure asset data quality
 - Unadjusted audit differences (regarding impairment of 15 Forth Street building and timing of recognition of grant revenue)

Emphasis of matter opinion

- 54 It should be noted that staff have been advised that Council's audit opinion will be unqualified, however it will include an emphasis of matter paragraph in relation to the impact of Covid-19.
- 55 Audit NZ informed 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.

Risks

- 56 There is a risk that Audit NZ may not be able to provide their audit opinion by the planned adoption date (18 November). At this stage, Audit NZ have not indicated an issue with completing the necessary work within the required timeframe.

Factors to Consider

Legal and Statutory Requirements

- 57 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 December 2020 rather than 31 October 2020. This is to allow for interruptions due to the Covid-19 higher level lockdown restrictions.

- 58 The Act also requires that Council publishes a summary of the Annual Report within one month of the Annual Report being adopted. Officers are currently finalising the summary document which will be released in November.
- 59 Part 3 of Schedule 10 also outlines a number of disclosures that are required to be included in the Annual Report.
- 60 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

- 61 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.
- 62 No specific community views have been sought on the Annual Report.
- 63 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

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

Policy Implications

- 66 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

- 67 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>
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<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.
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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

- 68 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.
- 69 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.
- 70 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

- 71 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

- 72 The Annual Report will be presented to Council for adoption at its meeting on 18 November 2020.
- 73 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 2019/2020 Annual Report [↓](#)
- B Draft 2019/2020 Annual Report summary document [↓](#)

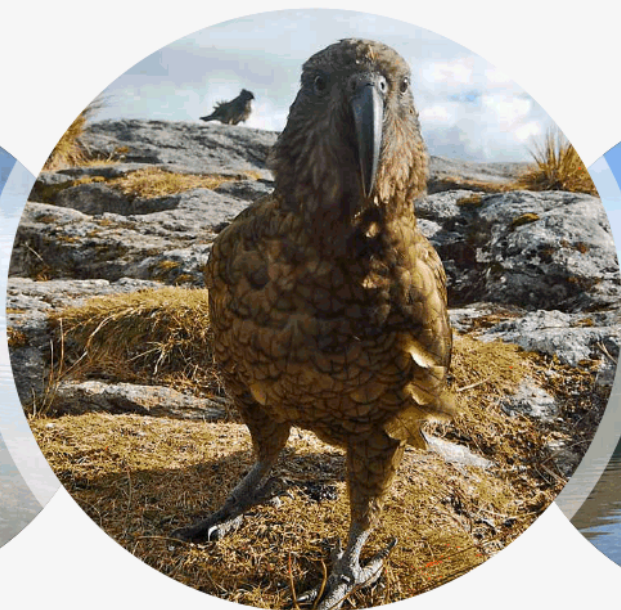
Southland District Council: Statement of cashflows for the year ended 30 June 2020

	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

Annual Report


2019/2020



SOUTHLAND
DISTRICT COUNCIL
Te Rohe Pōtae o Murihiku

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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 Edendale 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 lush 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.

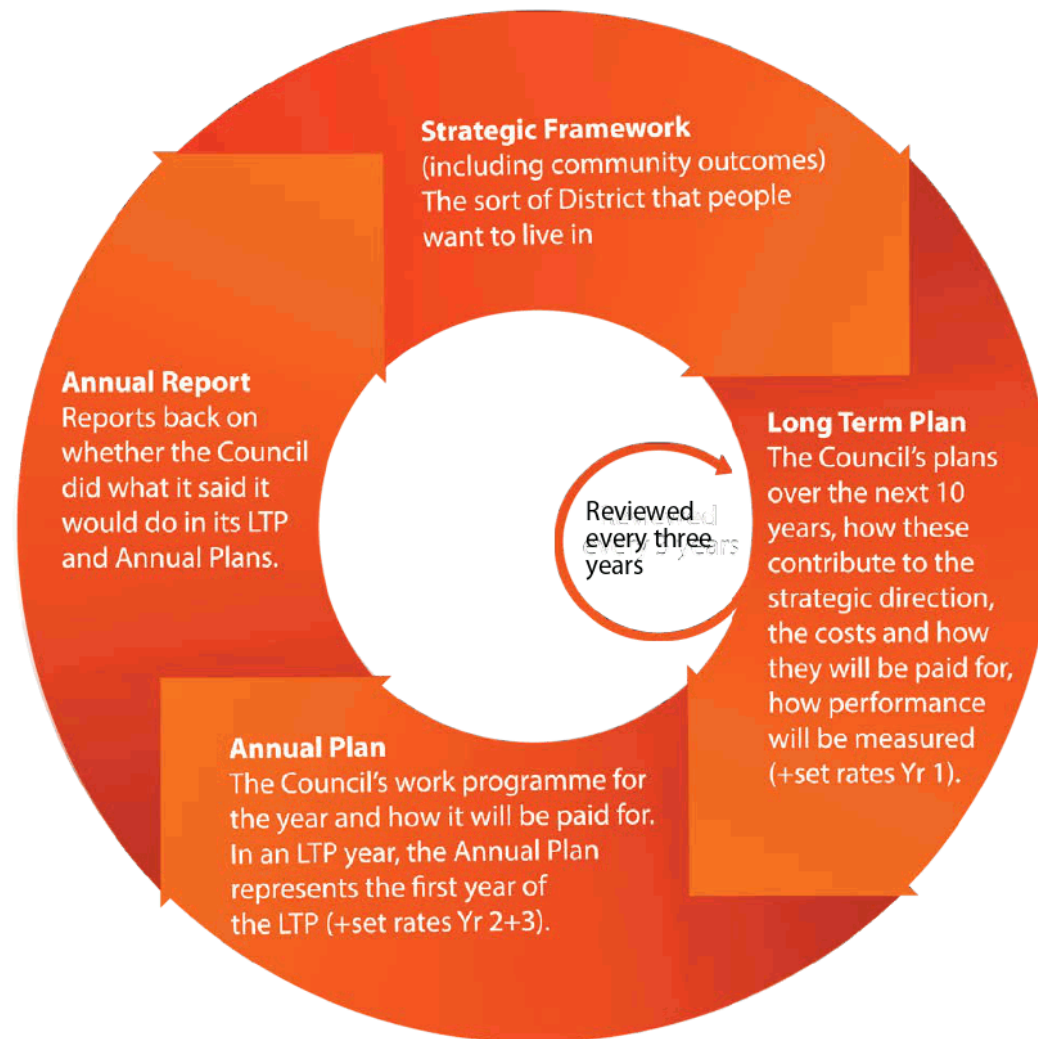
* Please note: Steve Ruru resigned as chief executive on 2 October 2020.

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.

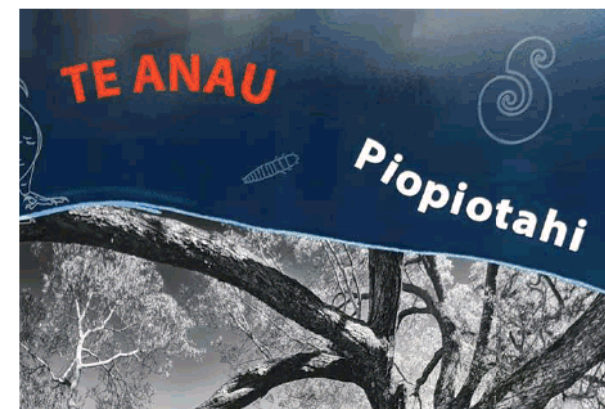


Beautiful loos

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.

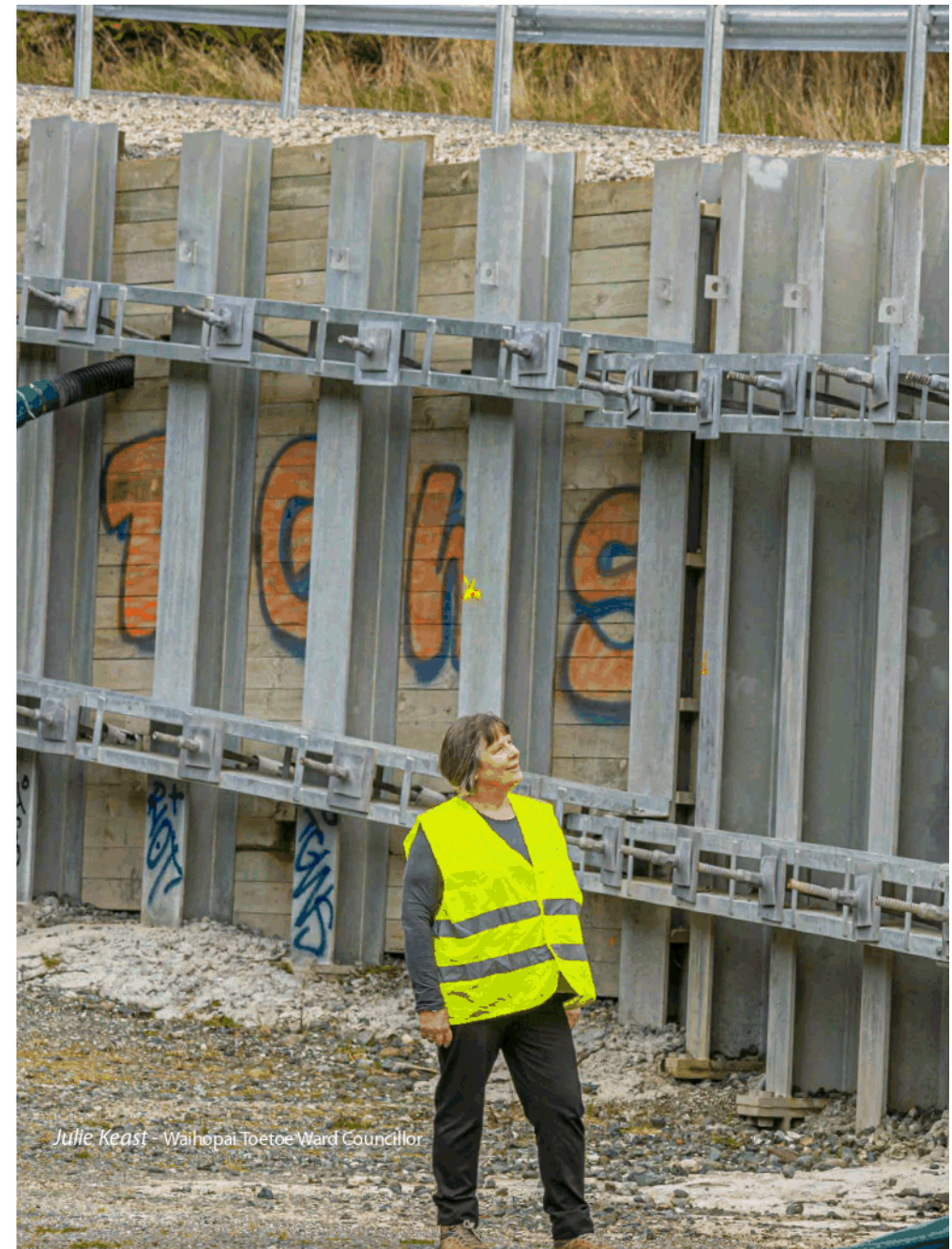


Summary activity report

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 services	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.

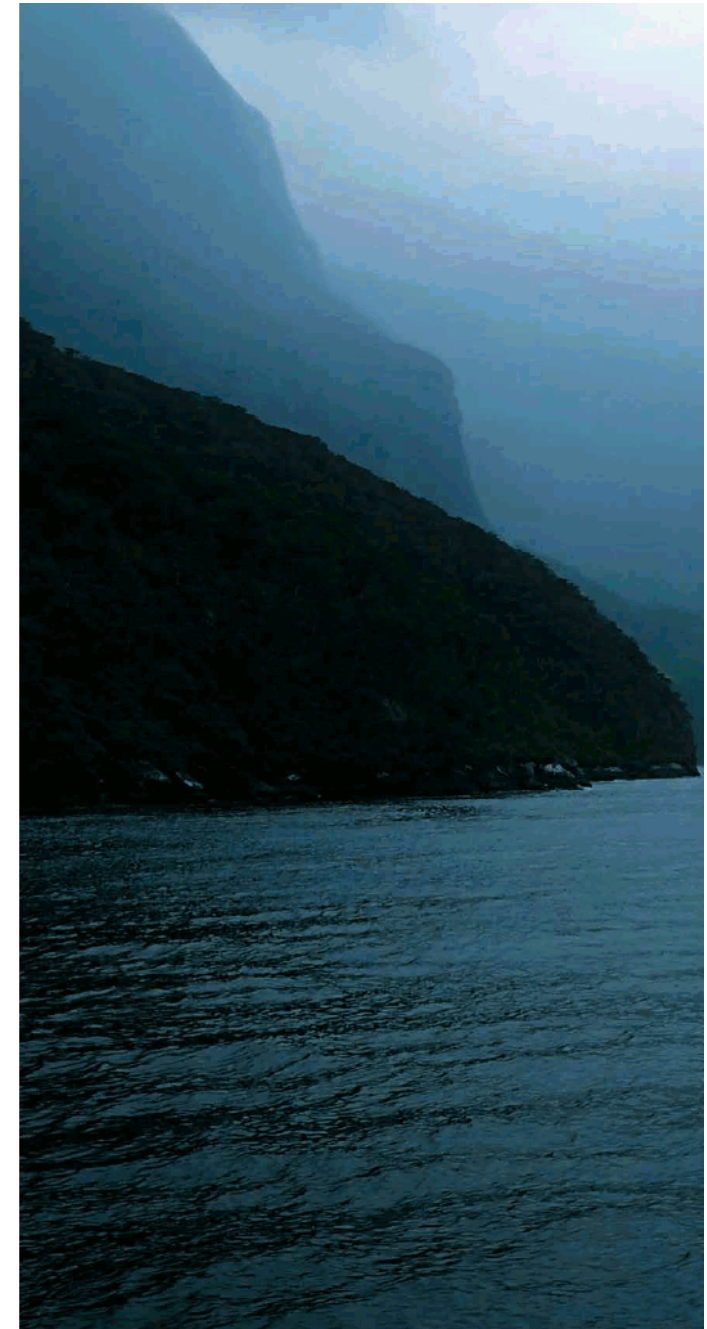
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand.

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

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.



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.

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 1 Rate affordability – Limit on rates

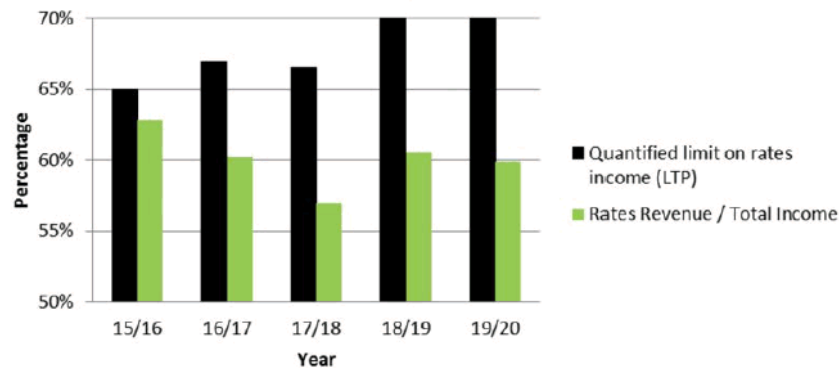
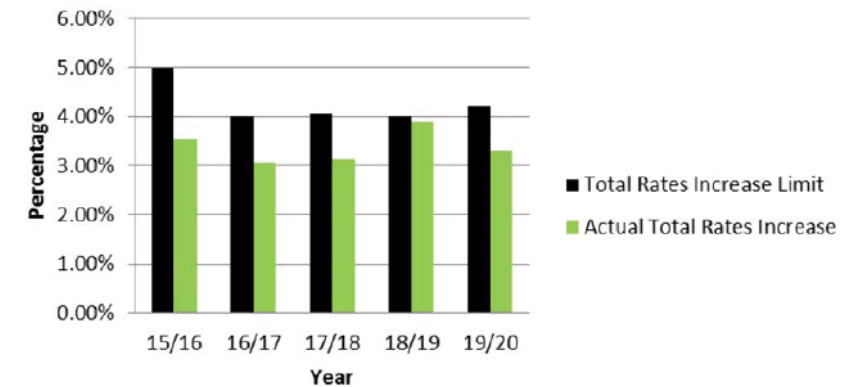


Figure 2 Total rates increase



Debt affordability

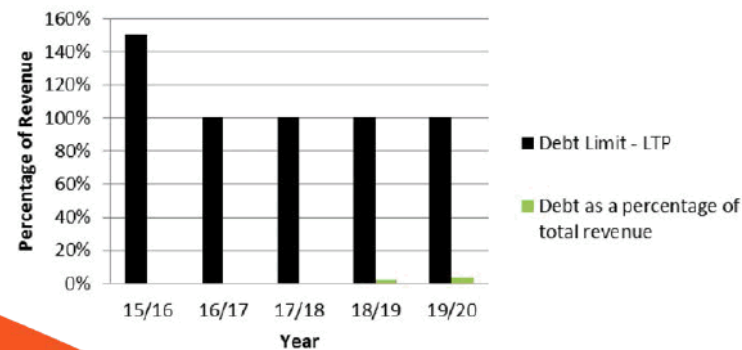
Council meets the debt affordability benchmark if its actual borrowings are within each quantified limit on borrowing.

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



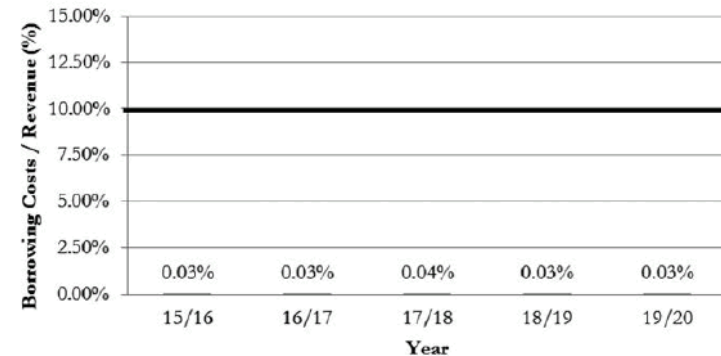
Debt servicing benchmark

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

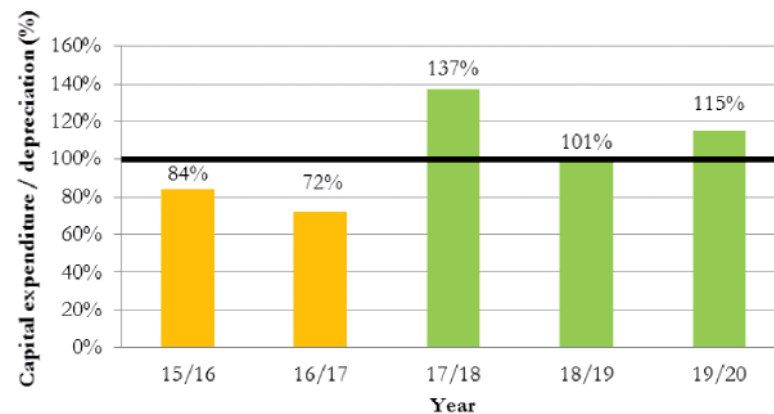
Council's capital expenditure on network services as a proportion of depreciation on the network services.

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

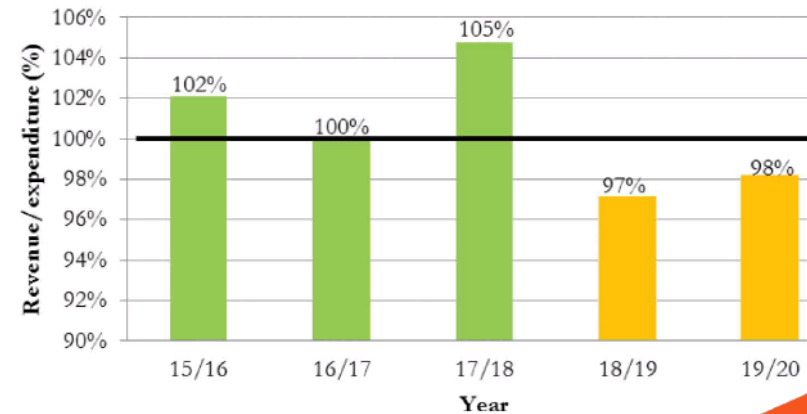
The following graph displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments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

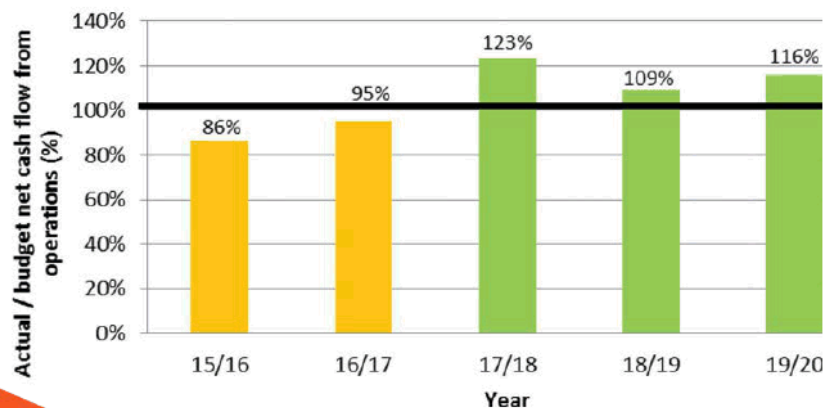
Council meets the operations control benchmark if its actual net cashflow from operations equals or is greater than its planned net cashflow from operations.

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

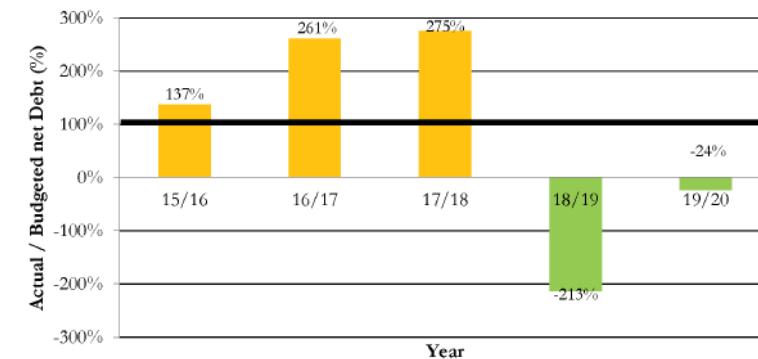
The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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





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 Titī 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



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

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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.

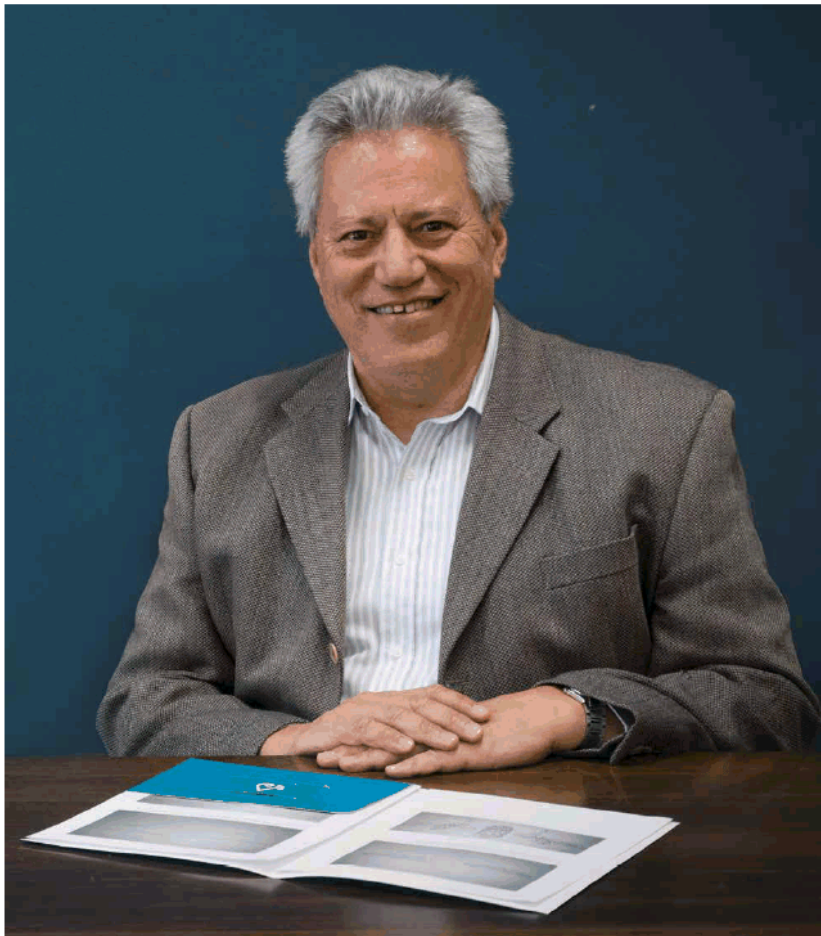


COUNCIL COMMITTEES

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

STEVE RURU - CHIEF EXECUTIVE					
<p>↓ ↓ ↓ ↓ ↓ ↓</p> <p>The Executive Leadership Team (comprising the chief executive, four group managers the chief financial officer and, the people and capability manager) reviews all general organisation issues, providing a link between Council and staff.</p>					
JANET ELLIS	FRAN MIKULICIC	TRUDIE HURST	REX CAPIL	MATT RUSSELL	ANNE ROBSON
Manager People and Capability	Group Manager Environmental Services	Group Manager Customer Delivery	Group Manager Community and Futures	Group Manager Services and Assets	Chief Financial Officer
Health and safety People and capability	Building control Dog and animal control Environmental health Emergency management Iwi liaison Liquor licensing Resource management	Customer Delivery Library services Information technology Knowledge management	Communications and engagement Community leadership Governance and democracy Strategy and policy	Cemeteries Community facilities Community housing Forestry Parks and reserves Public conveniences Roading and transport Sewerage Stormwater Solid waste management Stewart Island Electrical Supply Authority (SIESA) Te Anau Airport Manapouri Water supply Work schemes	Finance

Council activities



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

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

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.

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.



Rob Scott - Mararoa Waimea Ward Councillor



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.





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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.



Bruce Ford
Stewart Island/Rakiura Ward Councillor

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.



	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



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 (IIIMM 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: (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 worked 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, Otautau, Riverton, Te Anau, Winton and Wyndham.

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



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 ¹) 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 – 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).

FUNDING IMPACT STATEMENT – DISTRICT LEADERSHIP

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)
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 4,967km of roads, 852 bridges, 207km of footpaths, 236 stock underpasses and 2,450 streetlights. There are also eight state highways in the District (1, 6, 94, 95, 96, 97, 98 and 99), 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 likeliness of their occurrence. An example of a significant negative effect is fatalities. The possibility of these occurring is reduced through maintenance, renewals and road safety strategies.

Other negative effects that could arise from the 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 Māyaroa 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.

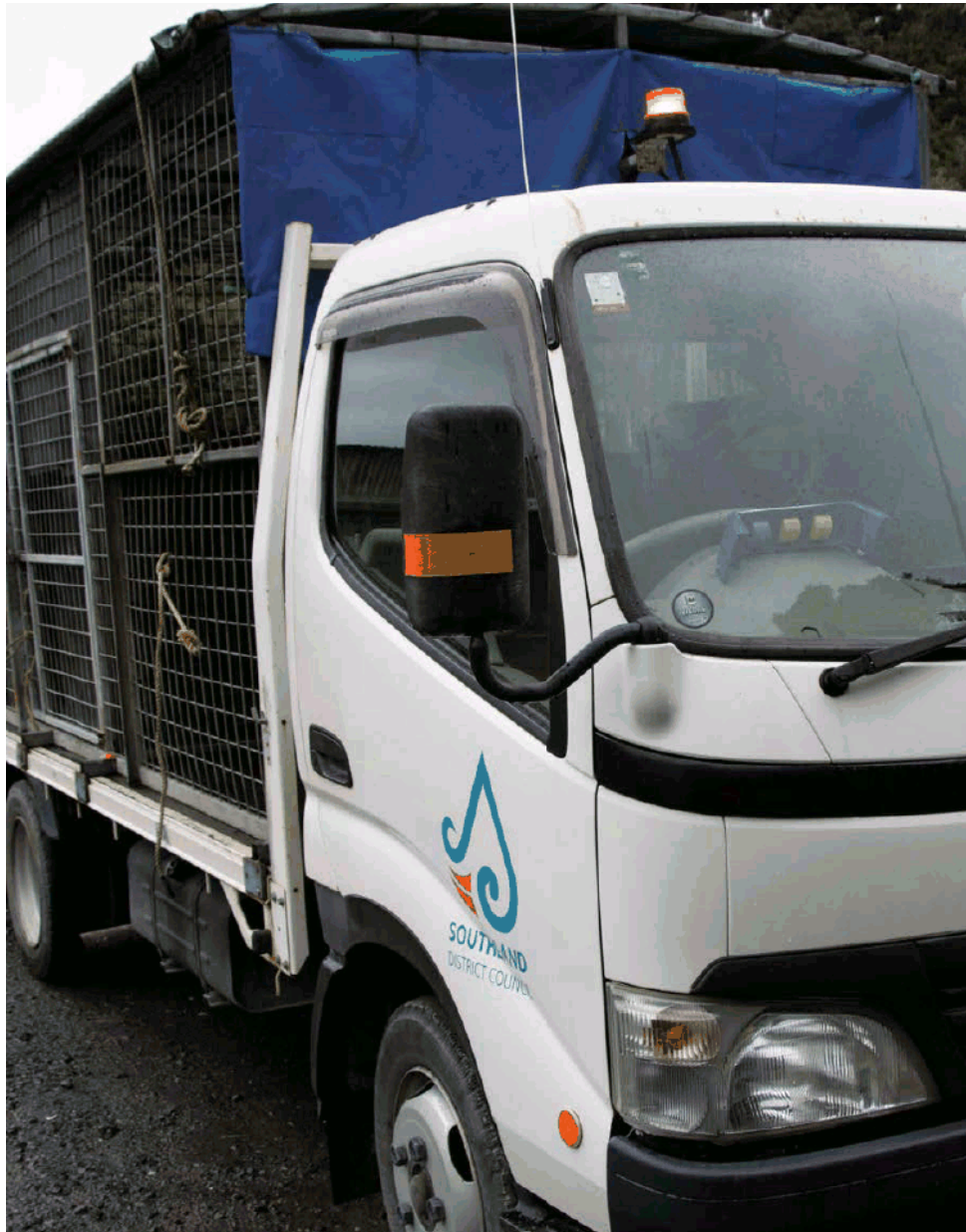
It was confirmed that the contract for kerbside collection and transfer station operation was extended for a further eight years and will now run through to July 2027. The incumbent contractor Bond Contracts will continue to deliver the service.

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

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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	-	-	-



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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.

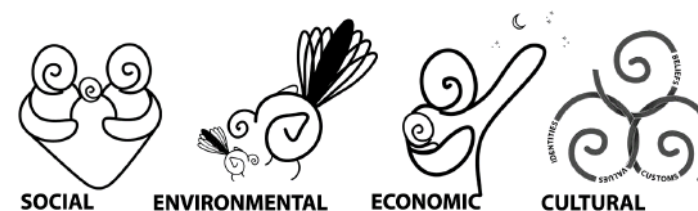
The rural drinking and stock water schemes are trickle-feed supplies to private storage tanks.

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>			

LEVEL OF SERVICE (LOS) 5: Provide safe drinking water																																							
KEY PERFORMANCE INDICATOR	TARGET	RESULT	HOW COUNCIL PERFORMED																																				
KPI 5.1: Extent of compliance with drinking water standards: (a) bacteria (b) protozoal (MM1: safety of drinking water)	a) 100%	a) 82%	Not achieved. Council's testing indicates 82% compliance with standards. See the table below for details reported on a plant by plant basis. Nine out of the 11 plants were compliant. (2018/2019: a) Not achieved – 91%) <table><tr><th>Plant</th><th>Met</th><th>Reason</th></tr><tr><td>Edendale</td><td>Y</td><td></td></tr><tr><td>Eastern Bush/Otahu Flat</td><td>N</td><td>Exceeded number of days allowable between samples on one occasion. A new plant is to be built starting in the 2020/2021 financial year.</td></tr><tr><td>Lumsden/Balfour</td><td>Y</td><td></td></tr><tr><td>Manapouri</td><td>N</td><td>Exceeded number of days allowable between samples on one occasion</td></tr><tr><td>Mossburn</td><td>Y</td><td></td></tr><tr><td>Ohai/Nightcaps</td><td>Y</td><td></td></tr><tr><td>Otautau</td><td>Y</td><td></td></tr><tr><td>Riverton</td><td>Y</td><td></td></tr><tr><td>Te Anau</td><td>Y</td><td></td></tr><tr><td>Tuatapere</td><td>Y</td><td></td></tr><tr><td>Winton</td><td>Y</td><td></td></tr></table>	Plant	Met	Reason	Edendale	Y		Eastern Bush/Otahu Flat	N	Exceeded number of days allowable between samples on one occasion. A new plant is to be built starting in the 2020/2021 financial year.	Lumsden/Balfour	Y		Manapouri	N	Exceeded number of days allowable between samples on one occasion	Mossburn	Y		Ohai/Nightcaps	Y		Otautau	Y		Riverton	Y		Te Anau	Y		Tuatapere	Y		Winton	Y	
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Plant	Met	Reason																																					
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Manapouri	Y																																						
Mossburn	Y																																						
Ohai/Nightcaps	N	Automatic integrity test not completed due to a faulty value. This has now been fixed. Overall Ohai was 98% compliant.																																					
Otautau	Y																																						
Riverton	Y																																						
Te Anau	Y																																						
Tuatapere	Y																																						
Winton	Y																																						

LEVEL OF SERVICE (LOS) 6: a well maintained and managed reticulation network			
KPI 6.1: Percentage of water lost ² from the reticulation network. (MM2: reticulated network maintenance)	≤25%	19.30%	Achieved. Actual leakage measured via surveys and water balance studies. There has been increased leak detection and repairs this year as well as a continuation of renewals in Te Anau and Otautau which has contributed to reduced water loss. (2018/2019: Not achieved – 27.46%)
KPI 6.2: Average consumption of water per resident per day (MM5: demand management)	≤ 850 litres per person per day	889 litres per person per day	Not achieved. The target as assessed using the Department of Internal Affairs methodology as 850 litres per person but does not consider losses across the network. The average has improved over the last year due to continued leak detection and repairs. This work is ongoing. (2018/2019: Not achieved – 924 litres)
KPI 6.3: Annual cost per connection (incl GST) ³	\$645	\$717	Not achieved. Additional costs have been incurred during the year for maintenance across the District for example Curio Bay water supply. (2018/2019: Not Achieved - \$673)

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

2 - The water loss calculation is the weighted averaged percentage loss reduction per urban drinking water supply

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.

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, Otatau 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		
The collection is developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage		
Collection management policies are reviewed as required. 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.



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

Financial Information

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.

Financial Information

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.

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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

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Southland District Council: Funding impact statement for the year ended 30 June 2020 (whole of Council)

COUNCIL 2018/2019 Budget (LTP) (\$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).			

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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)

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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
Road 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.

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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).

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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 (\$000)	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).

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16. Property, plant and equipment

2019/2020 Actual	Cost Reval- uation 1 Jul 2019 (\$000)	Current Year Addi- tions (\$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 n 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.

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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.

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
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	22,718	105,632

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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
- completing facilities for leachate collection and monitoring

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- 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)
<i>Share of:</i>		
Income	-	1,263
Expenses	-	(1,072)
Share of surplus/(deficit)	-	191
<i>Share of:</i>		
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	-	1,489
Stormwater system	668	-
Sewerage system	6,291	15,627
Roading	20,001	13,232
Other	474	1,037
	27,434	31,386

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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	Depredation motor vehicle	Various	Fund motor vehicle fleet replacements	651	336	(196)	791
	Assets and services	Depredation buildings	Various	Fund building replacements	189	103	(5)	288
	Assets and services	Depredation IT	Various	Fund IT replacements	369	250	(421)	199
	Assets and services	Depredation Matuku	Water supply	Fund Matuku water scheme replacements	-	3	-	3
	Assets and services	Depredation public conveniences	Various	Fund public conveniences replacements	-	44	(44)	-
	Assets and services	Depredation Te Anau rural water	Water supply	Fund Te Anau rural water scheme replacements	-	78	(78)	-
	Assets and services	Depredation waste management	Waste management	Fund waste management replacements	23	18	(9)	32
	Assets and services	Depredation water	Water supply	Fund water replacements	-	697	(697)	-
	Assets and services	Depredation wheelie bin	Waste management	Fund wheelie bin replacements	51	41	(3)	89
	Assets and services	Depredation sewerage	Sewerage	Fund sewerage replacements	170	1,006	(1,168)	8
	Assets and services	Depredation 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
	Waihopa/Toetoes Ward	Waihopa/Toetoes Ward	Various	Waihopa/Toetoes Ward	136	12	(31)	117
Council created - special reserves Waihopa 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

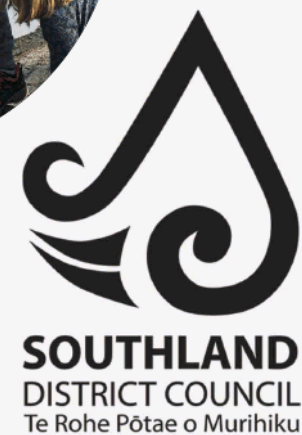
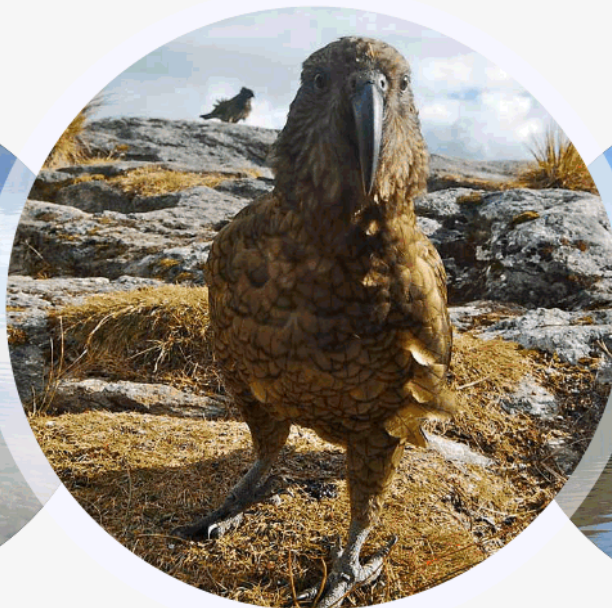
Reserves summary			Opening balance 1/7/2019 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Closing balance 30/6/2020 (\$000)
Total Council created - special reserves			27,582	10,745	(11,456)	26,871
Total Council created - general reserves			11,339	1,380	(1,328)	11,391
Total restricted reserves			3,625	544	(619)	3,550
TOTAL RESERVE FUNDS			42,545	12,669	(13,403)	41,812



www.southland.govt.nz

Annual Report

Summary 2019/2020



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 Edendale 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 hazy.

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.

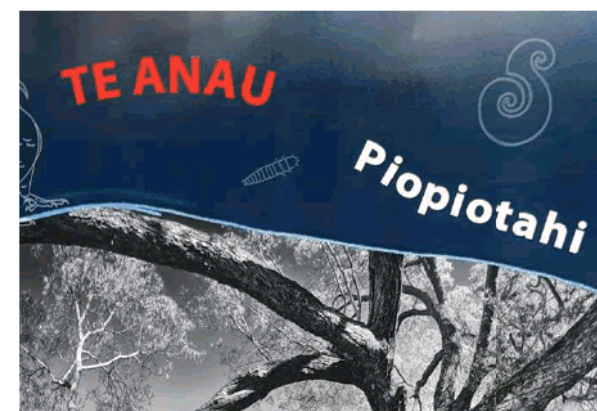


Beautiful loos

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.

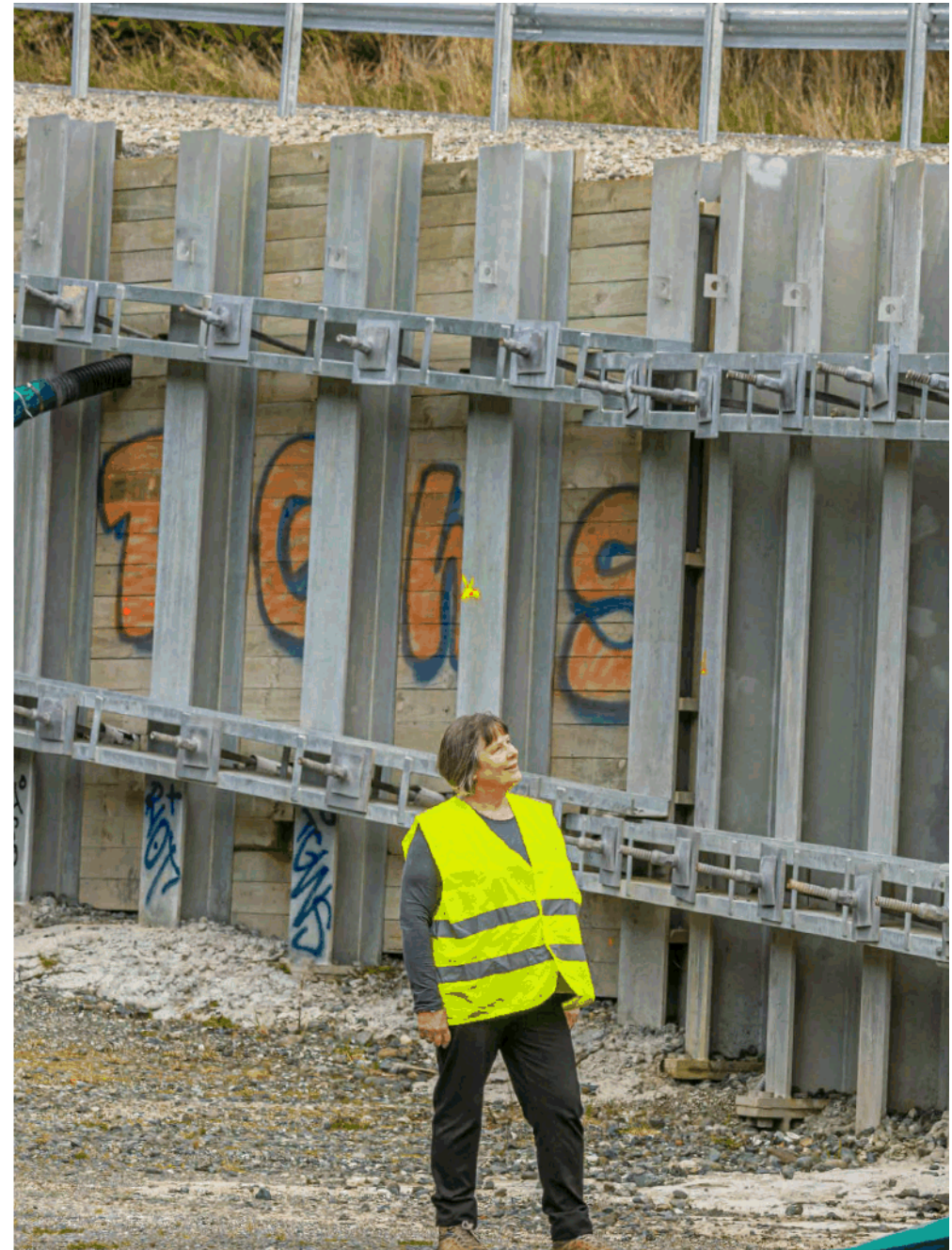


Summary activity report

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 services	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).

An unmodified audit opinion was given on the full Annual Report by Audit New Zealand. 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

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

Auditor's Report 19



A copy of the full Annual Report can be obtained from any Southland District Council office or library, or on our website www.southland.govt.nz. You can also phone Council on 0800 732 732 to request a copy be sent to you.

Analysis of Actual Results to Forecast for the year ended 30 June 2020

Record No: R/20/8/48220
Author: Joanie Nel, Management Accountant
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☐ Recommendation ☒ Information

Background

1. The 2019/2020 annual report compares the actual results to the approved Annual Plan budget.
2. During the year Council considered and approved changes to the 2019/2020 Annual Plan budget as part of forecasting the year-end position.
3. This report compares the actual results of both district and local activities to the approved forecast for the financial year.
4. The comparison is made using the same reporting layout as the annual report. This reflects Council's groups of activities supported by the funding impact statements included in Attachment A.

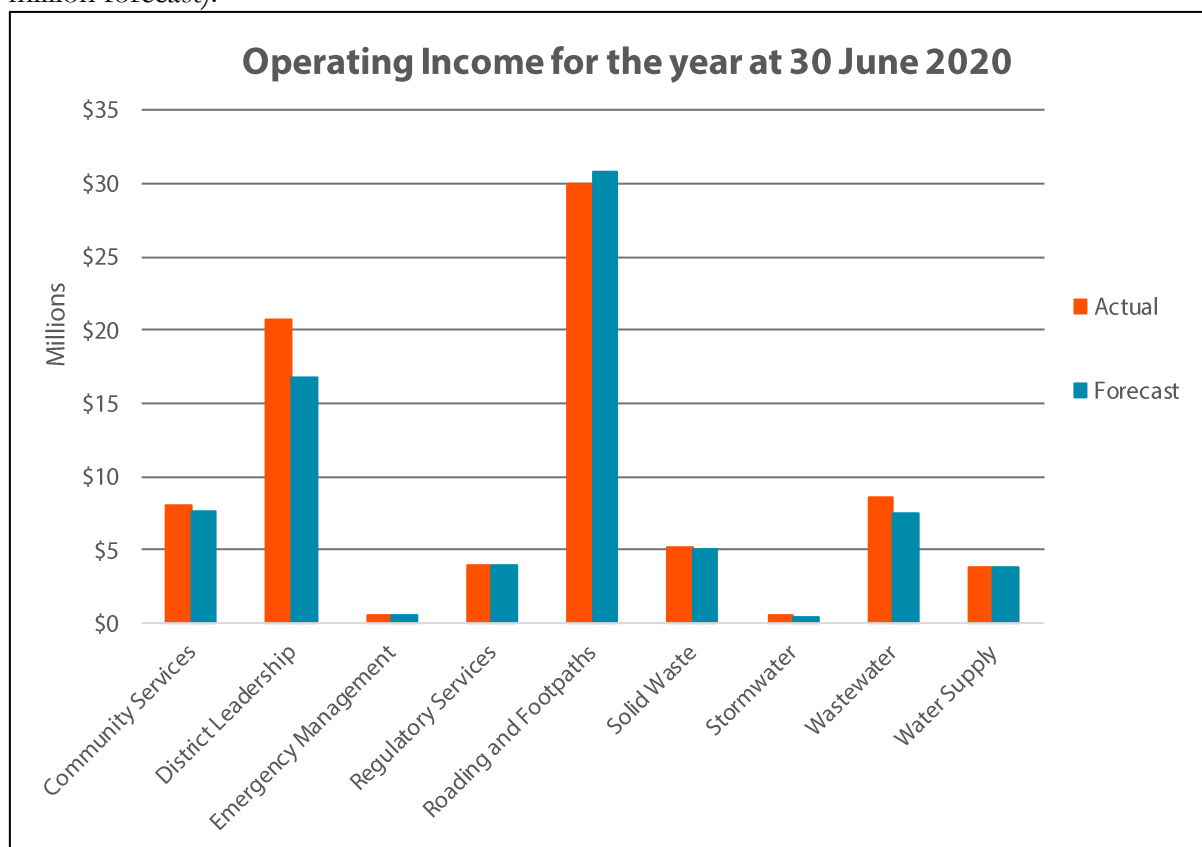
Overview

5. The headings in the funding impact statements attached relate to the following:
 - 2019/2020 actual is the actual result
 - 2019/2020 forecast is the 2019/2020 Annual Plan adjusted for the 2018/2019 carried forward items approved by Council on 27 September 2019 and any budget adjustments as a result of the October 2019 and March 2020 forecasting periods.
 - 2019/2020 budget is the 2019/2020 Annual Plan.
6. The below table is a summary of the actual results compared to forecast for the year. A summary of the detail contained in the appendix is noted below in the report.
7. The presentation of the statement of comprehensive income aligns with Council's annual report. The annual report is based on 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. Whilst these internal transactions are eliminated from the below table, they are included in the information provided in paragraphs 8 to 29 of this report.

INCOME	\$ 80,488	\$ 76,203	\$ 4,285	↑	6%
OPERATING EXPENDITURE	\$ 80,734	\$ 81,224	-\$ 490	↓	-1%
NET SURPLUS / (DEFICIT)	-\$ 246	-\$ 5,021	\$ 4,775	↑	-95%
CAPITAL EXPENDITURE	\$ 28,407	\$ 32,411	-\$ 4,004	↓	-12%

Income

8. Overall operating income is \$4,285,000 (6%) more than forecast (\$80.5 million actual vs \$76.2 million forecast).

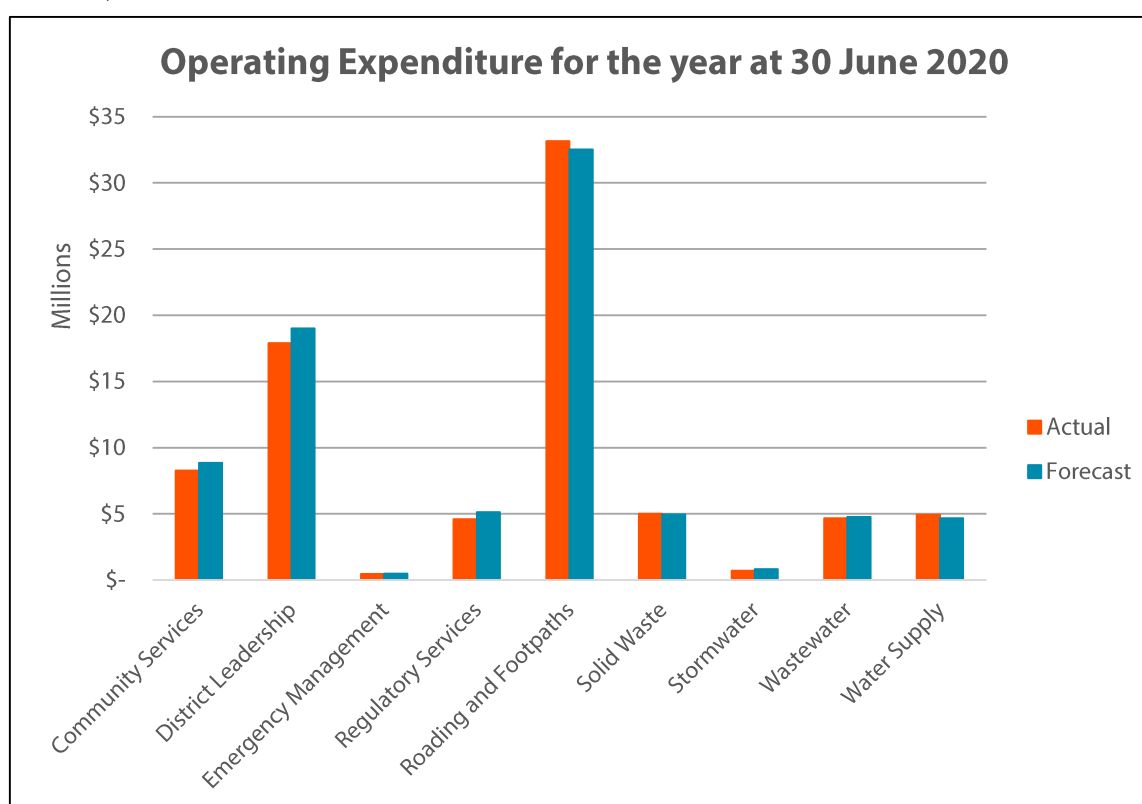


9. Community services is \$419,793 over forecast. Council received \$207,709 in the form of proceeds on the sale of abandoned land. Council also received \$68,710 from of insurance recoveries and the Stewart Island Electricity Supply Authority received \$87,913 more than forecasted in income from electricity charges.
10. District leadership came in at \$3,802,669 over forecast. Forestry income exceeded projection by \$198,058 at \$3,122,066 versus a forecasted income of \$2,924,008, with a full year volume of 28,163 tonnes. \$118,513 was also received in additional emission trading units as well as \$1,929,954 from the increase in the value of the forest for the year. \$300,345 was received from government grants for Milford and Stewart Island/Rakiura Opportunities projects. With a higher cash balance than expected an additional \$287,489 was received from on interest on bank investments.
11. Roads and footpath income was below forecast by \$782,056 due to the timing of work, particularly capital works. The capital works programme directly affects the level of income from NZTA. The work programme not completed will be undertaken in 2020/2021 as part of the final year of the agreed three year work programme.
12. Income for the solid waste activity is \$148,799 ahead of forecast at year-end with increased fees received from the transfer stations and recoveries from additional wheelie bins.
13. Wastewater income is ahead of the forecast by \$1,041,994. Due to the timing of the work being completed, \$1million has been received in the current financial year which had been budgeted for next year (2020/21).
14. Water supply income is below forecast by \$34,968 at year-end as a result of lower than budgeted income received from meter charges.

15. Regulatory services income is below forecast (\$771,423) largely due to a year end adjustment which resulted in \$845 thousand of outstanding building consent revenue being recognised as deferred revenue on the balance sheet. To date, Council have not recognised in its balance sheet the liability associated with building consent inspections. This is because of the difficulty in ascertaining accurate data to support a value. Given the significant work that has been done in this area by the Building Solutions team in the last 12 months, staff have the systems in place to establish the value that should be recognised in the balance sheet. Going forward staff will adjust the accounts through the year to reflect the movement in the liability.

Operating expenditure

16. Operating expenditure is \$490,000 (1%) less than forecast (\$80.7 million actual vs \$81.2 million forecast).

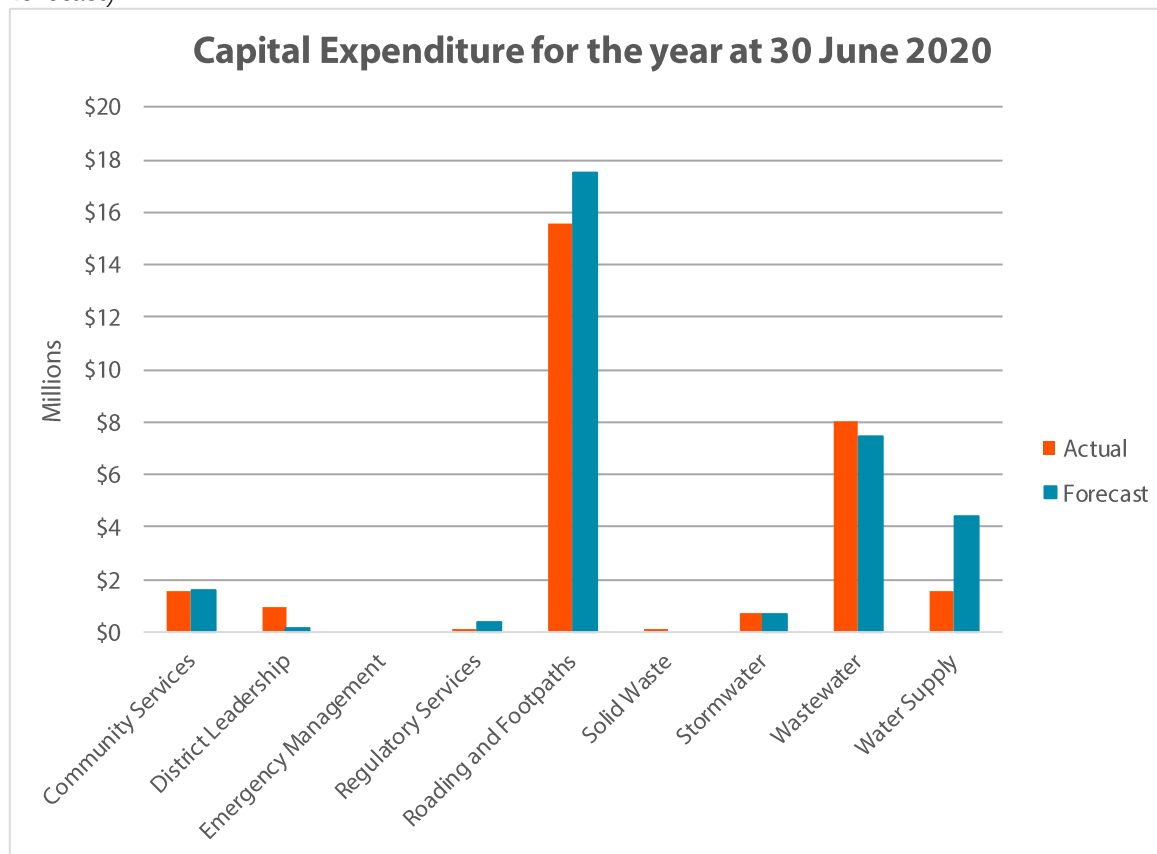


17. Community services expenditure is \$563,369 under forecasted spend.
- cemeteries are \$86,697 under forecast due to less internments than budgeted for. Also included is an underspend in operational maintenance budgets as well as the purchase of new beams which were budgeted under operational expenditure but incurred under capital expenditure
 - community centres are \$107,625 underspend due to the Clifden Hall water connection project not being completed due to a delay in the supply of materials for the project, and the Mokoreta Hall painting project not being undertaken due to on-going negotiations with the hall committee about the future of the hall
 - library services are \$172,780 under forecasted spend due to Covid-19 and the closure of the Winton library

- parks and reserves are \$222,798 underspent due to the delay of a number of projects due to the Covid-19 outbreak
 - SIESA is \$159,599 below forecast. The fuel price decrease resulted in lower fuel costs. Additionally, less capital work completed than planned in previous financial years has resulted in lower depreciation charges.
 - The Te Anau Airport Manapouri is \$61,606 underspent. In review of business operations post Covid-19, a decision was made to defer the work associated with CAA compliance
 - Council facilities are overspent by \$176,504. This is mainly due to the fit out of the leased Council offices in Invercargill. Council had approved the unbudgeted expenditure after the February forecasting round and thus it had not been included in the final forecasted numbers compared to actuals for the year.
18. District leadership expenditure is \$1,121,234 lower than forecasted. The under spend has occurred over a number of the district business units that are included in this activity and across a large number of expense codes. Items of note are:
- Forestry is \$248,107 under forecasted spend due to silviculture activities not undertaken due to Covid-19
 - Council and Councillors are \$173,985 under forecasted spend with various costs being under forecast including travel, training, strategic retreat costs, youth council and general projects. The budget for the removal of the Ouvea premix is being carried forward to the 20/21 financial year
 - Investments Operating Account – less internal interest on reserves of \$209,926 was transferred to reserves.
19. Regulatory services expenditure was \$527,344 below forecast due to staff vacancies not filled during the year, and the scheduled expenditure on regional planning projects in the areas of landscapes, climate change and biodiversity being deferred. Within building regulation demolition costs, legal costs, software and motor vehicle lease costs have been underspent.
20. Roothing and footpath expenditure was \$585,995 over forecast due to costs associated with the emergency repairs as a result of the February flooding.
21. Solid waste is over forecast by \$60,245 largely due to increased costs associated with wheelie bins supplied.
22. Wastewater costs are \$79,509 more than forecast due to the acceptance of a variation claim submitted by Downer and unplanned maintenance expense relating to two significant repairs at the Te Anau rising main and vegetation clearance costs at Monowai.
23. Water supply is over forecast by \$257,750 with maintenance costs in district water being overspent following acceptance of a variation request and additional costs associated with maintaining a water supply to Curio Bay.

Capital expenditure

24. Capital expenditure is \$4,004,000 (12%) less than forecast (\$28.4 million actual v \$32.4 million forecast).



25. Community services is \$135,942 lower than forecast due to the following:
- Library services are \$62,662 under forecasted spend due to Covid-19.
 - water structures are underspent by \$98,472 due to the projected amount of \$100,000 for the replacement of the Ulva Island wharf being deferred to 2020/21.
 - public conveniences are \$280,971 underspent due to the following projects not being undertaken. These have been forward to the 2020/21 financial year:
 - the disposal field project at Athol, due to a temporary alternative solution found
 - the Monkey Island project has been delayed whilst awaiting finalisation of the land exchange for the project
 - the Wyndham toilet project not commencing due to the delays caused by Covid-19
 - parks and reserves is over forecast due to the land acquisition at Curio Bay (\$324,476).
26. District leadership capital expenditure is \$798,525 over forecast.
- district support is \$175,769 below forecast due to unspent budget for vehicles renewals for the Water services department and unspent budget for sealed roads in the Mararoa Waimea ward area

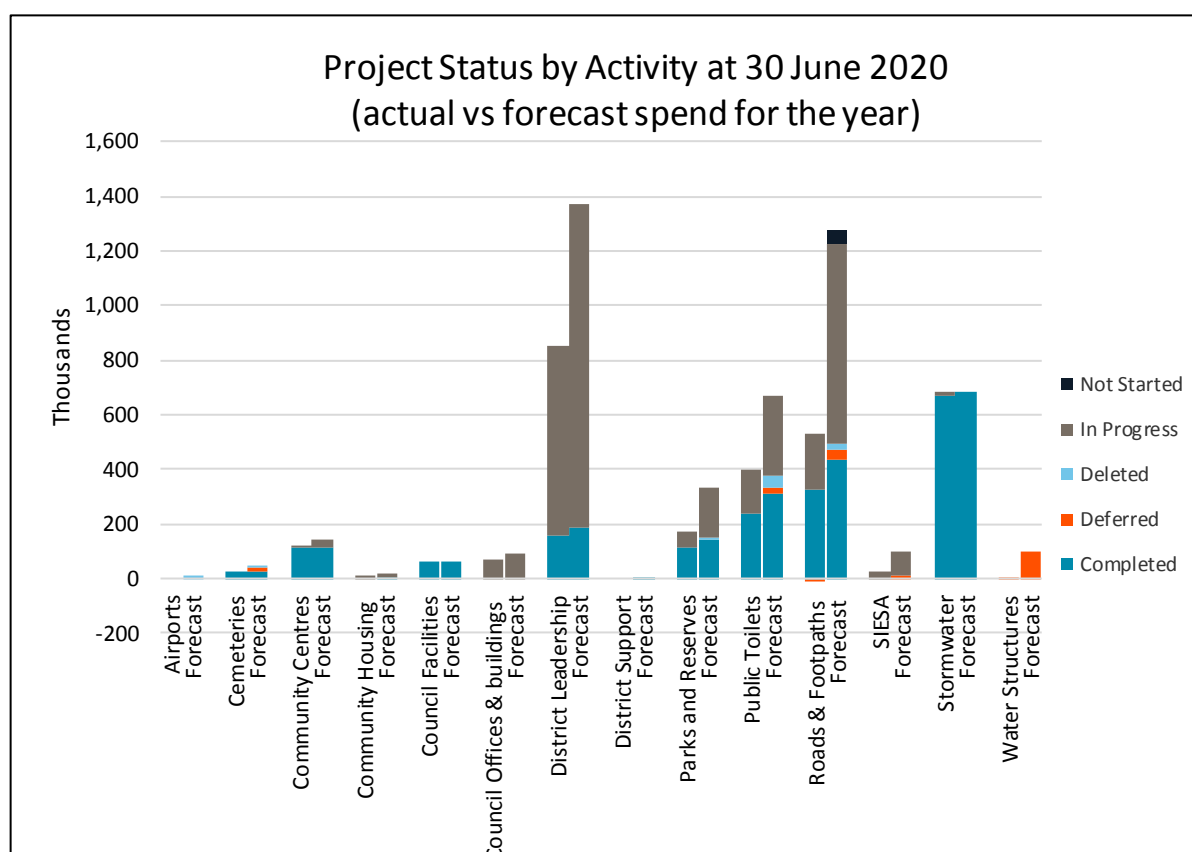
- information management is \$527,879 under forecasted spend due to the delay of the hardware renewal program due to the disruption caused by Covid-19 as well as the core systems project being carried forward to the 2020/21 financial year
 - the forestry revaluation was forecasted as a negative in capital expenditure in the forestry business unit, whereas the actual revaluation accounted for directly in the balance sheet, resulting in a misrepresentation in the graph above.
27. Overall roading and footpath capital expenditure is \$1,993,211 less than forecasted at the end of June due to the following:
- Around the Mountains Cycle Trail – underspend of \$211,235 relates to the various works that are still to be undertaken to bring the trail up to NZ Cycle Trail standard. The remaining budget has been carried forward to the 2020/2021 financial year as the work has been deferred until the remedial work associated with the February flooding event has been completed
 - roading district wide is \$1,278,711 below forecast. Work (and NZTA funding) not completed this year will be transferred through to the third year of the NZTA funding cycle. Items of interest are bridges and reseals, with work already programmed or in completion
 - bridge renewal including structures component is \$551,000 behind on forecast, though not as far behind as initially expected following the delay of the start of construction due to Covid-19.
28. Water supply is \$2,883,216 less than forecast. No work has commenced on the Te Anau Watermain project. All uncompleted works are included in the budgets carried forward to 2020/21.

Projects

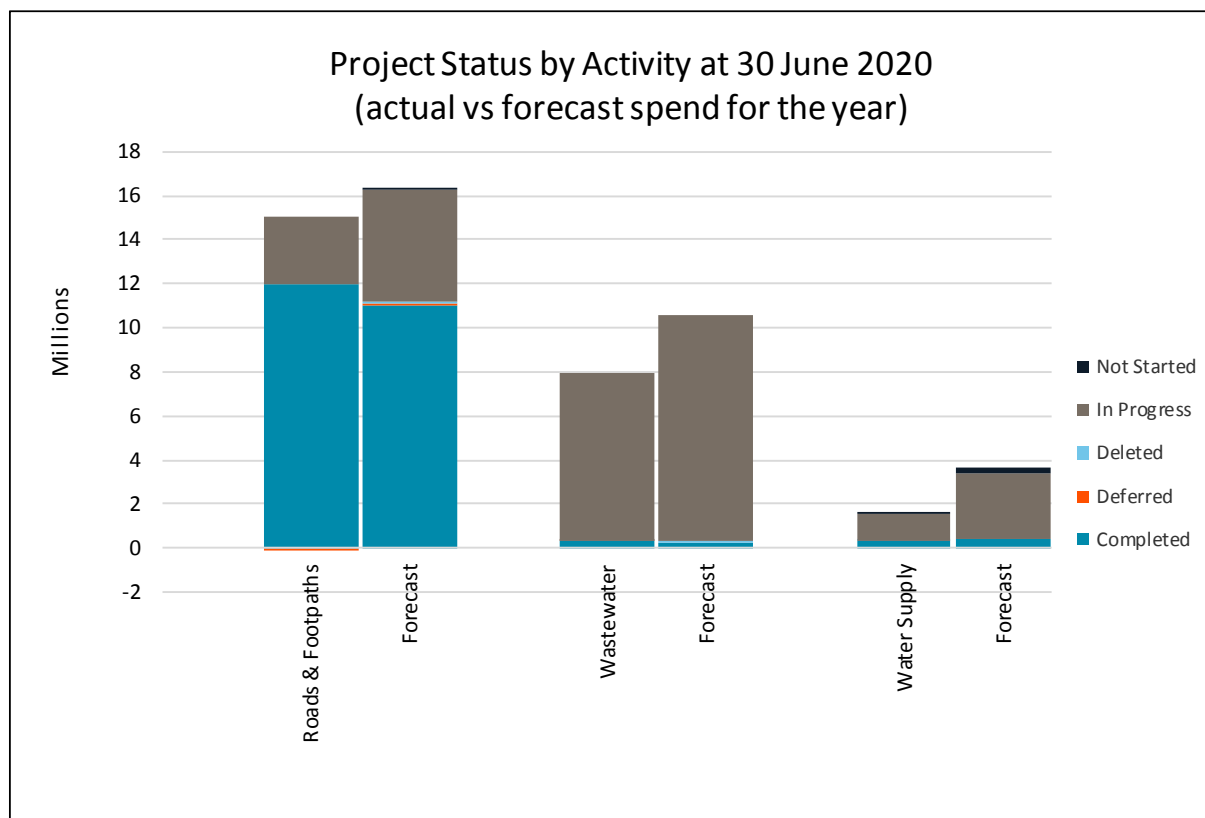
29. The following table and graphs are based on the actual spend on projects for the year and their status as of 30 June 2020 and does not include the roading department.

	# of Projects		Actual costs	
Completed	65	38.46%	\$2,367,959	18.96%
In Progress	61	36.09%	\$10,070,379	80.65%
Not Started	2	1.18%	\$1,305	0.01%
Deferred	23	13.61%	\$4,682	0.04%
Deleted	18	10.65%	\$42,934	0.34%
Grand Total	169	100%	\$12,487,260	100%

30. Specific details of the projects in progress, not started and deferred are included in the “Projects from 2019/2020 to be carried forward into the 2020/2021 financial year” report presented to Council on 21 October 2020.
31. The graphs below show graphically the actual project spend for the year-ended 30 June 2020 compared to the forecast spend by activity. The attached funding impact statements commentary explains the variances.
32. There are a number of projects that have been split as part of the February forecasting round to occur over multiple years and are thus reflected in the number of projects with the status “in progress”.
33. The total actual spend for all projects was \$12.4 million against a forecast budget of \$19.2 million.



34. District leadership projects include the following projects to be carried forward to the 2020/2021 financial year: \$316,430 for the core systems review project, \$155,570 for the computer equipment renewal project and \$29,659 for the upgrades to the phone system.



Statement of comprehensive income

35. The actual versus forecast comparative statement of comprehensive income for the year-ending 30 June 2020 is detailed below:

Comparative Statement of Comprehensive Income for the period ending 30 June 2020
District and Local Activities

Revenue			
Rates	48,355	48,433	(78)
Other revenue	9,888	8,693	1,195
Interest and Dividends	313	68	244
NZTA	14,028	15,271	(1,243)
Grants and Subsidies	6,139	4,761	1,378
Other Gains/(Losses)	494	(1,407)	1,902
Vested Assets	684	0	684
Development and Financial Contributions	587	384	203
	80,488	76,203	4,285
Expenditure			
Employee Benefit Expenses	14,426	13,950	476
Depreciation and Amortisation	23,888	23,183	705
Finance Costs	23	22	1
Other Council Expenditure	42,397	44,069	(1,672)
	80,734	81,224	(490)
SURPLUS/(DEFICIT) BEFORE TAX	-246	-5,021	4,775
Income Tax Benefit	0	0	0
Share of Associate Surplus/(Deficit)	55		
SURPLUS/(DEFICIT) AFTER TAX	(191)	(5,021)	4,830
Financial assets at fair value through other revenue and expense	910	0	910
Gain/(Loss) on Property, Plant and Equipment Revaluations	15,528	2,369	13,159
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	16,247	-2,652	18,899

Recommendation

That the Finance and Assurance Committee:

- receives the report titled "Analysis of Actual Results to Forecast for the year ended 30 June 2020" dated 5 November 2020.**

Attachments

There are no attachments for this report.

Overall programme for 2020/2021 including projects carried forward 2019/2020

Record No: R/20/11/64324

Author: Susan McNamara, Management Accountant

Approved by: Anne Robson, Chief Financial Officer

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 To inform the Committee of the overall programme for the 2020/2021 financial year. This includes a comparison to the two prior financial years.

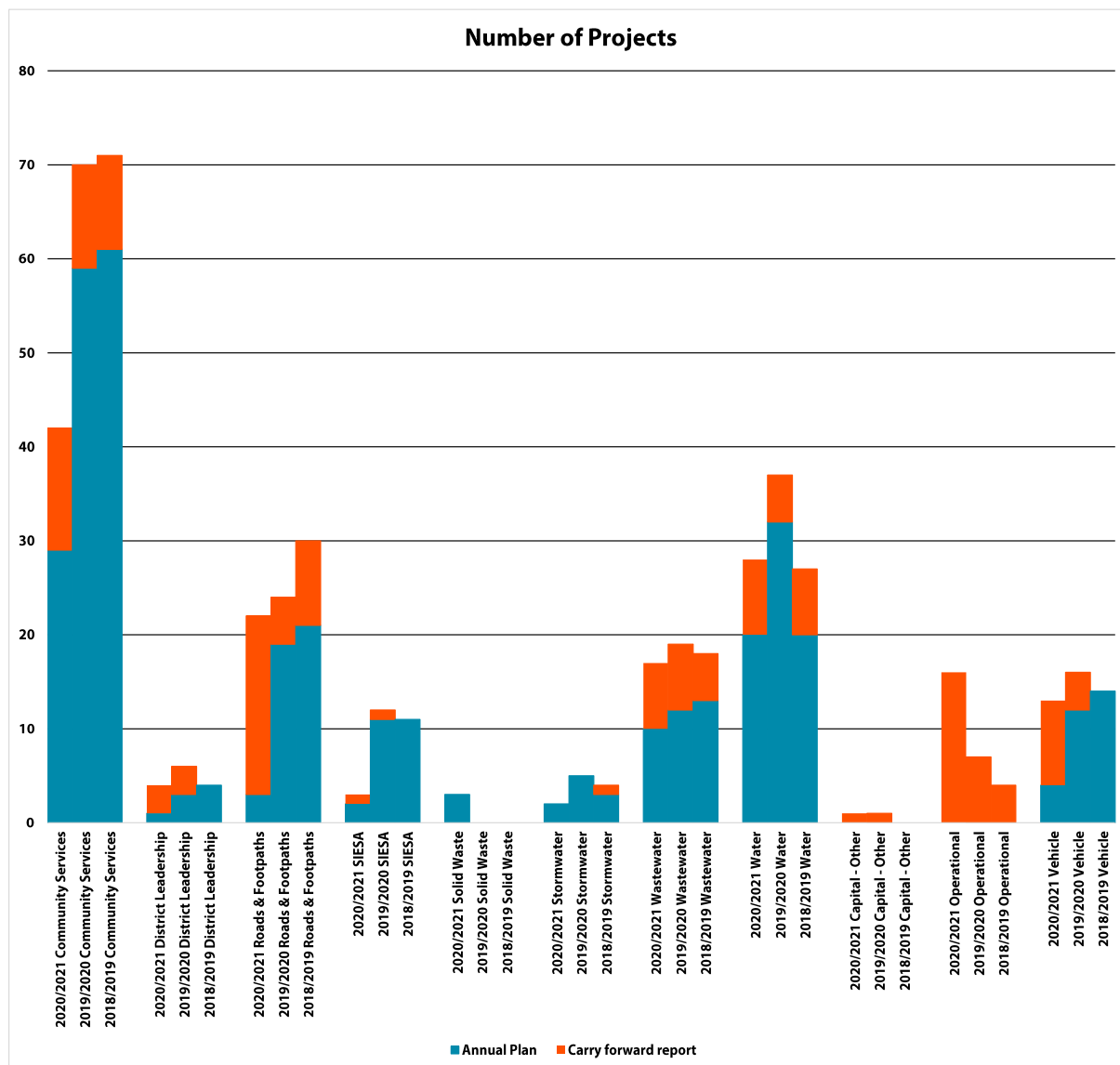
Content

- 2 Every year as part of the Annual Report processes staff are provided with an opportunity to carry forward work not completed or started into the new financial year. Any work carried forward is added to the items planned in the Long Term Plan/Annual Plan (LTP/AP) to form the work program for the next year.
- 3 Items to be carried forward from 2019/2020 to 2020/2021 were approved by Council on 21 October 2020. The full list can be found in Attachment A.
- 4 There were 96 items, totalling \$9,077,044 approved by Council to be carried forward. This includes operational items and motor vehicles.
- 5 A comparison to the two previous years is shown in the table below:

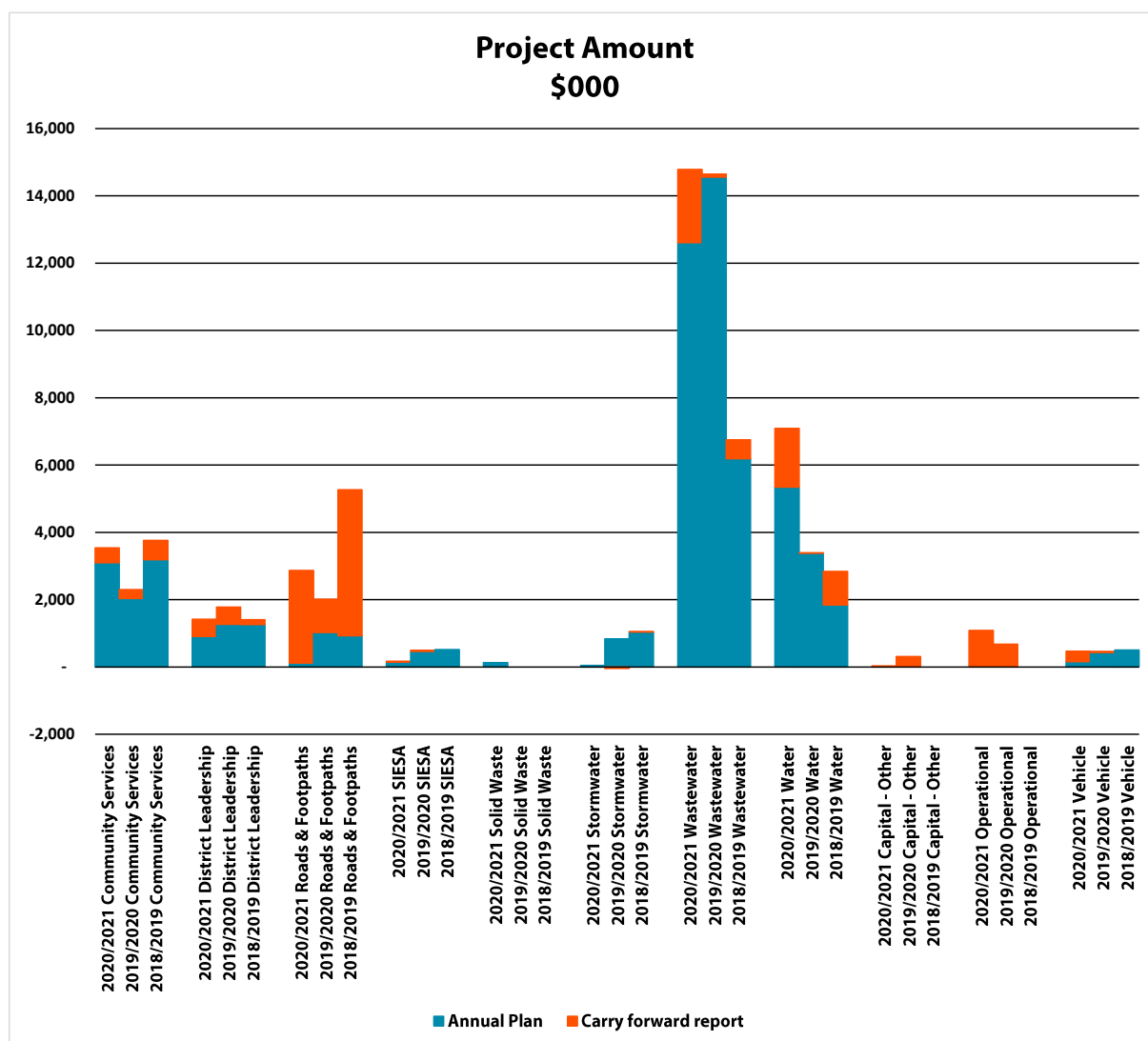
Year	Number of carry forwards	Value of carry forwards
2019/2020 to 2020/2021	96	\$9,077,044
2018/2019 to 2019/2020	87	\$2,861,114
2017/2018 to 2018/2019	58	\$7,078,304

- 6 The carry forward from 2019/2020 to 2020/2021 includes 29 items for roading totalling \$2,541,331. For Te Anau wastewater there is one item totalling \$1,565,490. There is also one water pipeline renewal for \$946,674. This represents \$5,053,495 or 55.67% of the total amount approved to be carried forward. This compares to nine items for roading and Te Anau wastewater totalling \$1,012,226 or 35.38% of the items approved to be carried forward from 2018/2019 to 2019/2020.
- 7 Negative carry forwards are used to ensure that the original project budgets are maintained. In 2019/2020 there were \$23,146 negative carry forwards approved compared to \$832,956 in 2018/2019.

- 8 A breakdown, by activity, is shown in the graph below of the total number of items carried forward combined with projects in the published LTP/AP document. To avoid any projects being counted twice, where there was an existing budget in the relevant LTP/AP the carry forward is counted as part of the LTP/AP.

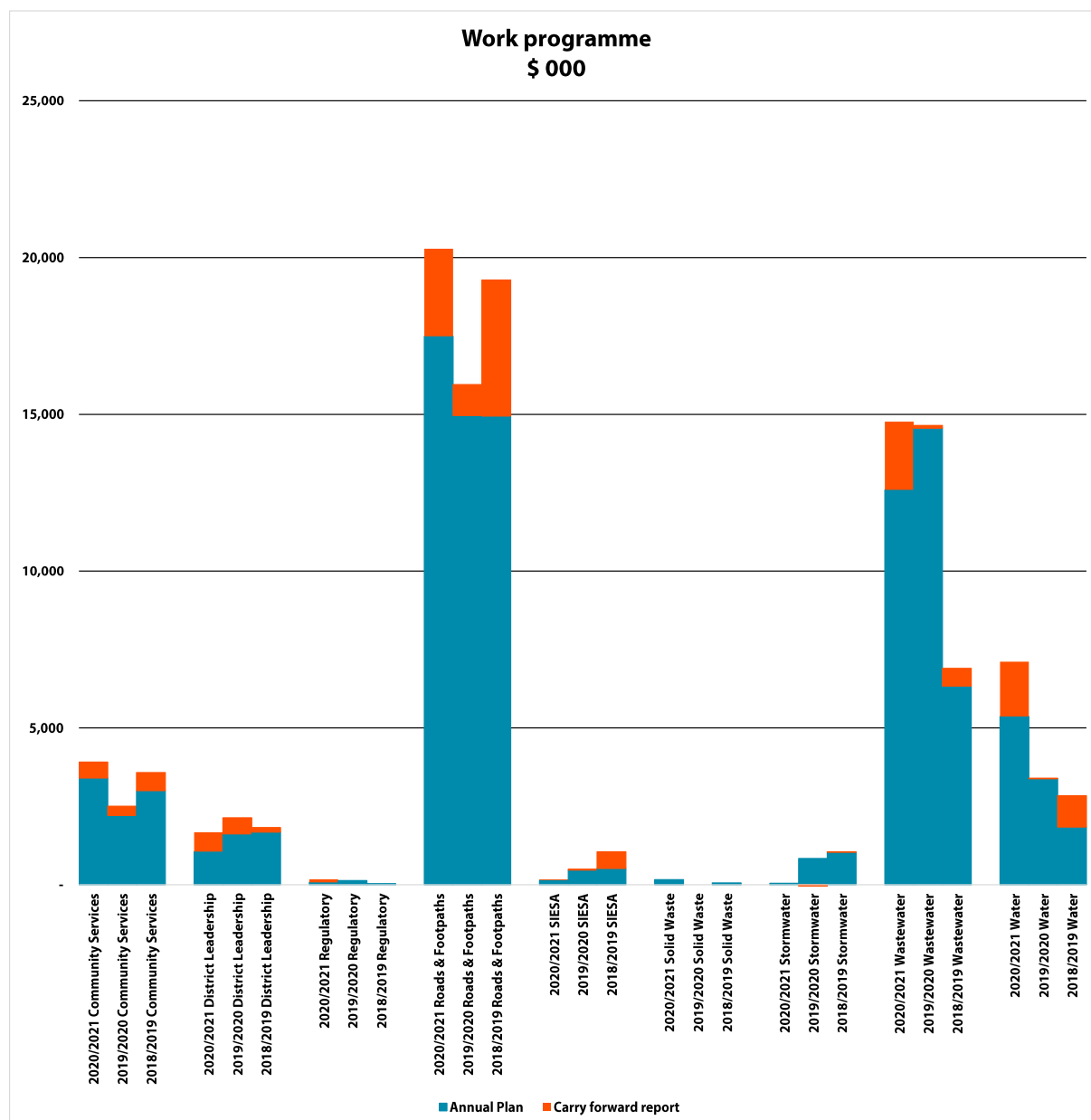


- 9 The dollar value of the projects in the LTP/AP combined with the amounts carried forward is shown below:



- 10 As there is a significant amount of capital expenditure that is not included in the LTP/AP as a project the graph above does not reflect the entire work programme each year. Capital expenditure not included as a project is the majority of the roading programme, library books, and furniture and fittings.

- 11 The programme of capital expenditure and all projects (some of which are classified as operational expenditure) is shown below. This is a combination of the Annual Plan and the carry forwards, but does not include any unbudgeted expenditure that has been approved for the year.



- 12 The budgeted programme shown above and the actual result for the year is:

Year	Budgeted program	Actual capital expenditure
2020/2021	\$48,278,337	
2019/2020	\$40,038,474	\$27,523,833
2018/2019	\$36,606,298	\$23,399,554

- 13 As it is year three of the funding cycle from Waka Kotahi NZTA, roading are expecting to complete all work subject to Waka Kotahi NZTA funding. Te Anau wastewater construction is also expected to be completed this year.
- 14 There are several factors that are important to consider in relation to the works programme:
- The flooding events and inclement weather in February 2020 impacted the works programme in the 19/20 financial year;
 - Covid-19 similarly impacted progress on the capital works programme through what is traditionally the construction season;
 - The SDC committed works programme is ramping up in terms of scale and the team is still coming to terms with resource capacity (internal/external), and scale of commitment;
 - The way in which projects are delivered is seeing significant improvement with greater clarity around project scope, information and workflow tracking. In year 3 of the 2018 LTP, we are on the tail-end of legacy projects subject to delays due to scoping and approvals;
 - There is work to be done to improve the way we track and forecast multi-year projects, particularly in relation to a tightening regulatory and consenting framework in some areas of delivery;
 - As we progress through the first three years of the LTP the carry forwards compound delivery commitments in the respective year; and
 - The growing works programme and three waters stimulus funding will pose significant challenges for the industry on top of 'business as usual' commitments
- 15 There is currently no allowance included in the work programme for 2020/2021 for the three water reform stimulus package. At the time of writing this report Council was still waiting on final approval from the Department of Internal Affairs for the proposed package of work.
- 16 Council staff will have the opportunity through forecasting in February to make adjustment to work that is not expected to be completed. The three waters team have already identified projects in the Annual Plan totalling \$2,583,493 that will not occur in the current year. \$2,429,680 relates to three multi-year projects where the costs have been reallocated into the Long Term Plan 2021-31 to better reflect the timing of when costs are expected to occur in the project cycle.

Recommendation

That the Finance and Assurance Committee:

- a) **Receives the report titled "Overall programme for 2020/2021 including projects carried forward 2019/2020" dated 5 November 2020.**

Attachments

- A 2019 2020 carried forward into 2019 2020 [↗](#)

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Capital - other								
Capital - other	Airport	Community services	Airport	Condition rating of runway		Reserve	Deferred due to completion of inspection report and long term works programme, which replaced this scope.	\$ 30,000
Capital - other	District	Community services	Libraries	Library book renewal		Reserve	Covid has disrupted supply lines and many titles have been pushed into 2021	\$ 30,000
Capital - other	District	Roads & footpaths	Roads & Footpaths	Around the Mountain cycle trail up to NZCT standard		Loan	Final works required to bring the trail up to NZCT standards, including easements, gates, signage and landscaping.	\$ 213,822
Capital - other	District	Roads & footpaths	Roads & Footpaths	Roading network and asset management		Reserve	Structure professional contract work was not completed in 2019/2020 and will now be completed in 2020/2021	\$ 136,131
Capital - other	District	Roads & footpaths	Roads & Footpaths	Accelerated bridge programme		Loan	Delays to the start of construction on contracts due to Covid-19 lockdown	\$ 1,283,759
Capital - other	District	Roads & footpaths	Roads & Footpaths	Alternative coastal route seal extension		Loan	Land legalization has been more complex and time consuming than originally planned; now down to final few properties.	\$ 100,000
Capital - other	District	Roads & footpaths	Roads & Footpaths	Sealed road resurfacing		Reserve	Direct result of Covid-19 lockdown and the work cannot be carried out in winter months	\$ 707,128
Capital - other	District	Roads & footpaths	Roads & Footpaths	Traffic services		Reserve	Combination of weather and covid-19. Pavement marking was not completed due to these and works will need to be completed in 2020/2021	\$ 360,647
Capital - other	District	Roads & footpaths	Roads & Footpaths	Unsealed road metalling		Reserve	Impact of covid combined with increase work programme from February flood repairs has resulted in the need to carry forward works.	\$ 257,196
Capital - other	District	Roads & footpaths	Roads & Footpaths	Sealed road rehabilitation		Reserve	The three year programme has a high final year; with work being completed earlier.	-\$ 962,553
Capital - other	Te Anau Rural Water	Water supply	Water Supply	Flow meter replacements - rural schemes		Loan	Unbudgeted expenditure request was approved in June, but no work was able to be carried out that month to get budget spent.	\$ 29,194
Capital - other	Ohai	Community services	Community Centres	Ohai Hall equipment		Loan	Funds were only granted on 5 June which did not allow time to order the equipment before the end of the 2019/20 financial year.	\$ 10,000
Total Capital - other								\$ 2,195,324
Operational								
Operational	District	Community services	Parks & Reserves	Open spaces planner		Reserves	Open spaces planner position has yet to be filled.	\$ 25,990
Operational	District	District leadership	Corporate services	Community Awards Night		Reserve	Awards night did not happen again because of covid and workload	\$ 10,000

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Operational	District	District leadership	District development	Museum services funding		Reserve	More external funding received in 2019/2020 than budgeted so Council contribution not required and put into District operations, this may need to be available for the 2020/2021 year	\$ 38,105
Operational	District	District leadership	District development	General projects community leadership		Reserve	Volunteered reduction to assist with expenditure decrease for Annual Plan 2020/2021. To carry over of unfinished strategy and research work for 2020/2021 as a result of reprioritisation in March - June 2020.	\$ 64,000
Operational	District	District leadership	District development	Stewart Island Opportunities consultants		Grants Government	MBIE agreed that due to Covid-19 this project completion would be extended to September 2020.	\$ 5,977
Operational	Gorge Road	District leadership	District Leadership	Tree work at Gorge Road reserve		Reserves	Work delayed re Covid waiting on appropriate weather	\$ 9,340
Operational	Waihopai Toetoes	District leadership	District Support	Waituna lagoon grant		Reserve	Ward contribution to Waituna Lagoon to be carried forward as requested by Cr Duffy	\$ 7,458
Operational	Waihopai Toetoes	District leadership	District Support	Wyndham memorial archway		Reserve/other	Ward has funded \$10,000. Contributions have to be sourced from external sources of \$9,372. Additional funding will be required and the work will need to be requested.	\$ 19,372
Operational	Waihopai Toetoes	District leadership	District Support	Tokanui heritage/tramline project		Reserve	Community led project, that hasn't progressed in 2019/2020 so to retain funds to contribute in 2020/2021.	\$ 2,245
Operational	Waihopai Toetoes	District leadership	District Support	Contribution to Gorge Road bell tower installation		Reserve	Funding for project being carried forward to 2020/2021	\$ 10,000
Operational	District	District leadership	Representation and	Removal of Ouvea premiss		Reserves	Agreement to pay share of removal of premiss; removal has not yet been completed	\$ 72,500
Operational	District	Regulatory services	Regulatory management	Resource Management - resourcing e		Fees & Charges	During 2019/2020 financial year we had a developing team (filled roles at a lower level than anticipated) which impacted on our ability to deliver KPIs and also we did not have any capacity to undertake consent, complaint or environmental monitoring or enforcement. A business case has been submitted to add 1 FTE (enforcement officer) and vehicle to the team to improve capability and environmental best practice. By agreeing to this carry forward it will minimise the potential cost of this role in 2020/2021.	\$ 76,604

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Operational	District	Regulatory services	Regulatory management	Regional LIDAR project		Reserves	Council resolution in 2019/2020 for this unbudgeted expenditure however the actual work will be undertaken in 2020/2021 financial year	\$ 111,396
Operational	District	Regulatory services	Regulatory management	Resource management - policy development		Reserves	This amount has been used for undertaking initial policy work which will inform the review of the Southland District Plan. In 2019/2020 financial year Council agreed to bring forward a review of the landscapes section of the district plan which was not anticipated. The budget is anticipated to be used for additional policy staff, projects and the plan change process. Additional significant policy work is anticipated in the 2020/2021 financial year and beyond with implementing incoming national direction such as biodiversity, climate change, water and landscapes.	\$ 248,779
Operational	District	Roads & footpaths	Roads & Footpaths	Around the Mountain cycle trail flood repairs		Grants Government	MBIE funding received at end of 2019/2020. Only a small amount spent on bridge repairs with eh major repairs to be undertaken in 2020/2021	\$ 369,722
Operational	Manapouri	Community services	Parks & Reserves	Grant for replacement of heating of Manapouri pool		Reserve	Unbudgeted expenditure approved that has not yet been spend, as invoice for funds still to be received.	\$ 15,000
Operational	Stewart Island	Community services	Parks & Reserves	Moturau gardens maintenance		Grants	A wall that was thought to be unsafe has been looked at and there is a rock wall behind it. Covid held this work up.	\$ 7,500
Operational	Winton Wallacetown w	District leadership	District support	Grant for Limehills community centre upgrade		Reserve	Funding for the Limeshills community centre kitchen upgrade	\$ 10,242
Operational	SIESA	SIESA	SIESA	Wind power - pre development		Government grants	Negative carry forward as spending in advance of budget in 2020/2021	-\$ 19,851
Total Operational								\$ 1,084,379
Operational - project								
Operational - project	Balfour	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 2,149
Operational - project	Browns	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 3,500
Operational - project	Colac Bay	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 552
Operational - project	Dipton	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 1,075

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Operational - project	Gorge Road	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 966
Operational - project	Mossburn	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 2,149
Operational - project	Nightcaps	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 5,086
Operational - project	Ohai	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 550
Operational - project	Orepuki	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 3,826
Operational - project	Otatutau	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 872
Operational - project	Winton	Roads & footpaths	Roads & Footpaths	Footpath/Kerb and channel replacement		Reserve	Work program to be combined for greater effect	\$ 10,269
Operational - project	Garston	Community services	Parks & Reserves	New Garston fingerpost sign		Reserve	Project delayed due to Covid-19 and waiting on township population numbers from Stats New Zealand.	\$ 2,530
Total Operational project								\$ 33,524
Total Project								
Project	Winton	Community services	Cemetery	New Information Kiosk at East Winton Cemetery	2017/18	Dev Cont	Sign with community for checking and decision on structure	\$ 15,744
Project	Limehills	Community services	Community Centres	Upgrade of Kitchen	2019/20	Internal grant	Delay on local agreement on design etc due to Covid-19	\$ 10,418
Project	Athol	Community services	Parks & Reserves	Railway Project	2016/17	Reserves	Project was delayed due to Covid-19	\$ 6,424
Project	Riverton/Aparima	Community services	Parks & Reserves	Removal of trees and provision of walking track along estuary on railway line	2019/20	Reserve	Project has been delayed due not having a proper scope.	\$ 46,142
Project	Te Anau	Community services	Parks & Reserves	Sign for gateway to Fiordland	2018/19	Reserve	Project is awaiting a response from the Community Board before progressing.	\$ 10,000
Project	District Reserves	Community services	Parks & Reserves	Ivan Wilson Car Park Extension	2019/20	Reserve	Rescoped, repriced and added as a variation to an existing project. Delayed start with Covid shutdown.	\$ 35,770
Project	Tuatapere	Community services	Parks & Reserves	Additional playground equipment	2019/20	Reserve	Project to be completed in August. Delay due to Covid-19 and international freight delays.	\$ 19,946
Project	Mossburn	Community services	Public Toilets	Mossburn toilets upgrade	2019/20	Loan	Budget was approved as part of the February forecasting round and was unable to be completed by year end	\$ 20,000
Project	Monkey Island	Community services	Public Toilets	Monkey Island Toilets	2018/19	Grants Government & Loan	Community consultation took longer than expected	\$ 77,747
Project	Wyndham	Community services	Public Toilets	Wyndham toilet	2019/20	Loan	This project has been held up due to Covid-19.	\$ 55,000

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Project	SIESA	Community services	SIESA	Fuel tanks (2x20,000L) replacement	2015/16	Reserve	Placement of tanks/installation delayed due to Covid.	\$ 26,914
Project	Stewart Island Jetties	Community services	Water Structures	Rebuild Ulva Island Jetty	2019/20	Reserves, grants & contributions	Scope and location could not be agreed, a report was provided to the Community Board at the end of June seeking approval for the revised scope.	\$ 98,473
Project	District	District leadership	District Leadership	Computer equipment Renewal	2018/19	Loan	Lack of available resources to deliver all of the planned activities.	\$ 155,570
Project	District	District leadership	District Leadership	Core Systems Replacement	Multi-Year	Loan	Lack of available resources to deliver all of the planned projects.	\$ 316,430
Project	District	District leadership	District Leadership	Upgrade Phone System	2018/19	Loan	Project has one outstanding item to complete. This is the reporting solution for the RCC component of the project.	\$ 29,659
Project	Gorge Road	District leadership	District Leadership	Install bell at war memorial	2017/18	Internal grant	The Waihopai Toetoe requested confirmation from the community with regards to the scope of work for this project before committing to its continuation.	\$ 10,000
Project	Stewart Island	Roads & footpaths	Roads & Footpaths	Construct new access on Ringa Ringa Road	2018/19	Rates & NZTA	Final completion delayed due to Covid	\$ 132,874
Project	Orepuki	Roads & footpaths	Roads & Footpaths	Footpaths Improvements	2018/19	Reserve	Contract awarded late May. No opportunity to deliver within 2019/2020 year.	\$ 7,589
Project	Riverton/Aparima	Roads & footpaths	Roads & Footpaths	New footpaths in the Riverton township	2019/20	Reserves	Timing between financial years. Works started but not complete	\$ 100,000
Project	Riverton/Aparima	Roads & footpaths	Roads & Footpaths	Footpaths	Multi-Year	Rates	Contract awarded late May. No opportunity to deliver within 2019/2020 year.	\$ 200,992
Project	Riverton/Aparima	Roads & footpaths	Roads & Footpaths	New dump station at Bath Road	2019/20	Reserve	Project has been delayed due to having no scope.	\$ 15,135
Project	Stewart Island	Roads & footpaths	Roads & Footpaths	New walking track horseshoe Bay Road part 1	2018/19	Grants	Construction start delayed due to Covid lockdown	\$ 52,583
Project	Stewart Island	Roads & footpaths	Roads & footpaths	Install new streetlights on the waterfront	2019/20	Reserve	Negotiation with Powernet for installation taking longer than anticipated	\$ 1,686
Project	Stewart Island	Roads & footpaths	Roads & footpaths	Install power point on foreshore, Stewart Island	2019/20	Grants	Negotiation with Powernet for installation taking longer than anticipated	\$ 5,000
Project	Stewart Island	Roads & footpaths	Roads & footpaths	Improving footpath and carparking at Argyle Street, Stewart Island	2019/20	Reserve	Delayed due to Covid	\$ 20,000
Project	Te Anau	Roads & footpaths	Roads & Footpaths	New footpath walkways	2019/20	Reserves	Delayed construction start due to Covid shutdown	\$ 77,100
Project	Te Anau	Roads & footpaths	Roads & Footpaths	CCTV in Te Anau Town Centre	2019/20	Reserve	Project was cancelled by the Community Board but reinstated so procurement and installation has been repriced.	\$ 15,070
Project	District	Wastewater	Wastewater	Inflow project to comply with Consent limits	2018/19	Loan	Residual funds are required to be carried forward to enable project to be completed.	\$ 105,740

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Project	Ohai	Wastewater	Wastewater	New UV/Treatment Plant upgrade	2017/18	District Funding - Loan	Project was deferred in 2019/2020 but still incurred some minor spend. Negative carry forward to cover this cost.	-\$ 3,295
Project	Ohai	Wastewater	Wastewater	Seals and arms to both trickling filters	2019/20	District Funding - Loan	Residual funds are required to be carried forward to enable project to be completed. Necessary mechanisms have been built, just needing installation.	\$ 61,500
Project	Stewart Island	Wastewater	Wastewater	Scheme Capacity Upgrade	2012/13	District Funding - Loan	Residual funds are required to be carried forward to enable the project to be designed and completed.	\$ 32,498
Project	Te Anau	Wastewater	Wastewater	Scheme Capacity Upgrade Demand Portion	2018/19	District Funding - Loan	Length of time for procurement has resulted in no construction for membrane & SDI field. Now expected in 2020/2021	\$ 1,565,490
Project	Te Anau	Wastewater	Wastewater	Consent - Upukerora extension	2018/19	District Funding - Loan	Work is ongoing on the required consent renewal; to be combined with the main project budget	\$ 81,809
Project	Tokanui	Wastewater	Wastewater	Embankment work to ponds	2018/19	District Funding - Loan	Residual funds are required to be carried forward to enable project to be completed in conjunction with treatment upgrade	\$ 42,433
Project	Tokanui	Wastewater	Wastewater	Consent renewal preparation & treatment upgrade	2019/20	District Funding - Loan	Residual funds are required to be carried forward to enable project to be completed in conjunction with embankment work to ponds	\$ 47,468
Project	Winton	Wastewater	Wastewater	Consent Renewal Preparation	2018/19	District Funding - Loan	Residual funds are required to be carried forward to enable project in progress.	\$ 58,988
Project	District	Wastewater	Wastewater	District wide oxidation pond security fencing	2019/20	Loan	Residual funds are required to be carried forward to enable project to be completed. Covid-19 halted project which was due to be awarded in March.	\$ 182,758
Project	District	Water supply	Water supply	Well head improvements and seal off old wells	2018/19	Loan	Residual funds are required to be able physical works to be completed	\$ 137,977
Project	Manapouri	Water supply	Water supply	Lateral to Possum Lodge replace with 50mm to assist pressure	2019/20	District Funding - Loan	Budget is required to be carried forward to enable project to be complete. Covid-19 delayed the project starting in the 2019/2020 year.	\$ 100,000
Project	Riverton/Aparima	Water supply	Water Supply	Additional UV disinfection	2019/20	District Funding - Loan	Intended multi-year project. Residual funds are required to be carried forward to enable physical works to be completed. Temporary UV unit installed still requires permanent building and manifold work to be completed.	\$ 243,996

Type	Town	Activity Group	Activity	Project Name	Financial Year/Start Year	Funded From	Reason for carry forward (ex form)	Actual Carry forward
Project	Te Anau	Water supply	Water supply	Te Anau water main renewal	2019/20	District Funding - Loan	Residual funds are required to be carried forward to enable project to be completed. Project was delayed due to Covid-19.	\$ 946,674
Project	Te Anau Rural Water	Water supply	Water Supply	Consent Renewal Preparation (Ramparts)	2018/19	Loan	Consent has been applied for to Environment Southland, consent conditions have been agreed, just waiting for and invoice and finalised consent.	\$ 7,063
Project	Te Anau Rural Water	Water supply	Water Supply	Consent Renewal Preparation (Kakapo)	2018/19	Loan	Consent has been applied for to Environment Southland, consent conditions have been agreed, just waiting for and invoice and finalised consent.	\$ 1,499
Project	Otautau	Water supply	Water supply	Otautau Main Street watermain	2019/20	District Funding - Loan	Residual funds are required to be carried forward to enable project to be completed that are underway.	\$ 207,676
Project	Lumsden	Water supply	Water supply	Lumsden Falling Main Replacement	2019/20	District Funding - Loan	Residual funds are required to be carried forward to enable project to be completed. Covid-19 halted project which was underway in March.	\$ 71,858
Total Project								\$ 5,454,397
Vehicle renewal								
Vehicle renewal	District	District leadership	District Support	Nine vehicle replacements		Reserve	Replacements during 2019/2020 have been delayed due to covid-19 and ensuring the appropriate vehicle use.	309,400
Total vehicle renewal								\$ 309,400
Total carry forward								\$ 9,077,024

Monthly Financial Report - September 2020

Record No: R/20/11/64798
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 to date by the nine activity groups of Council, as well as the financial position, and the statement of cash flows.
2. This report summaries Council financial results for the three months to 30 September 2020.

Recommendation

That the Finance and Assurance Committee:

- a) **Receives the report titled “Monthly Financial Report - September 2020” dated 5 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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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.

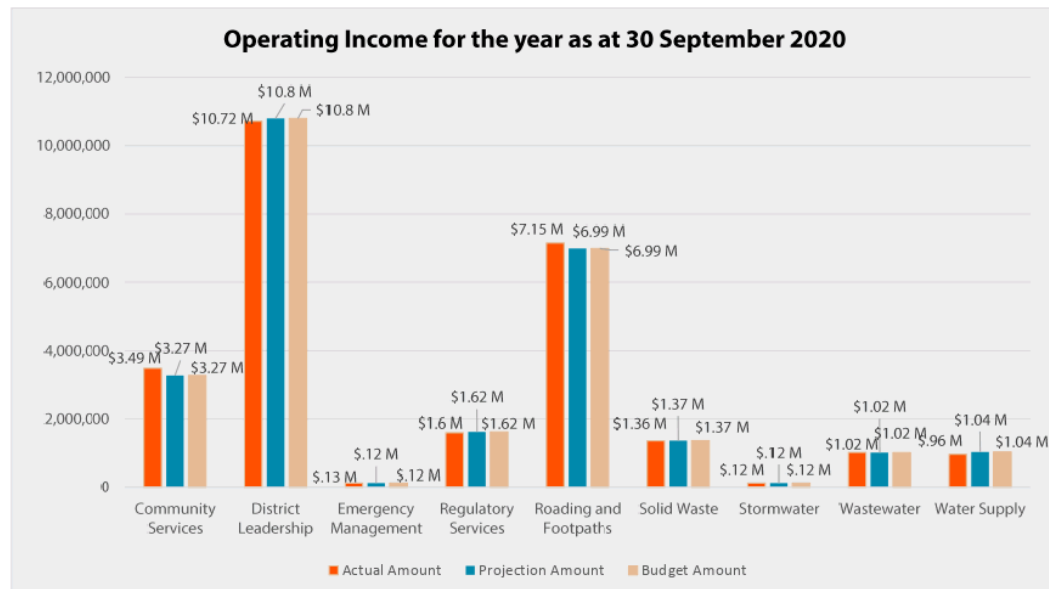
Abbreviation Explanation

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

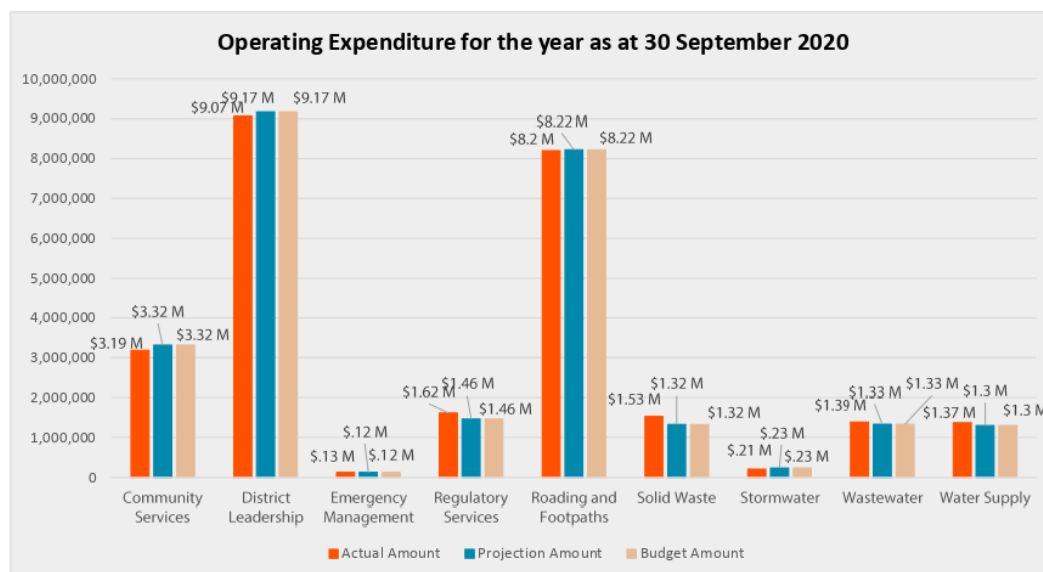
Operating income is \$193,561 (1%) above budget YTD (\$26.5 million actual vs \$26.4 million budget).



- **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

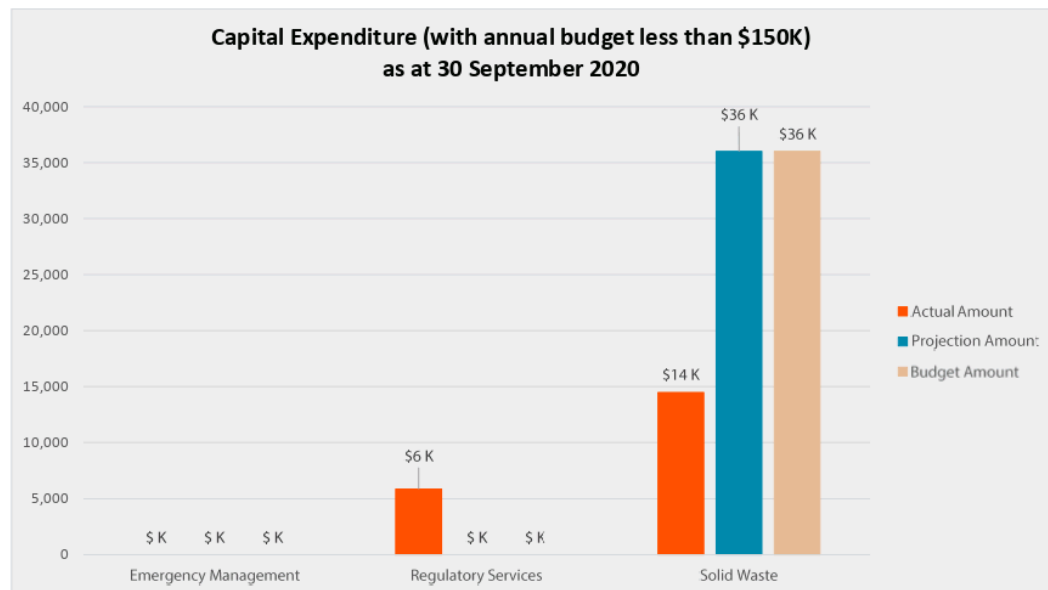
Operating expenditure is \$197,660 (1%) over budget for the YTD (\$26.7 million actual vs \$26.5 million budget).



- 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.

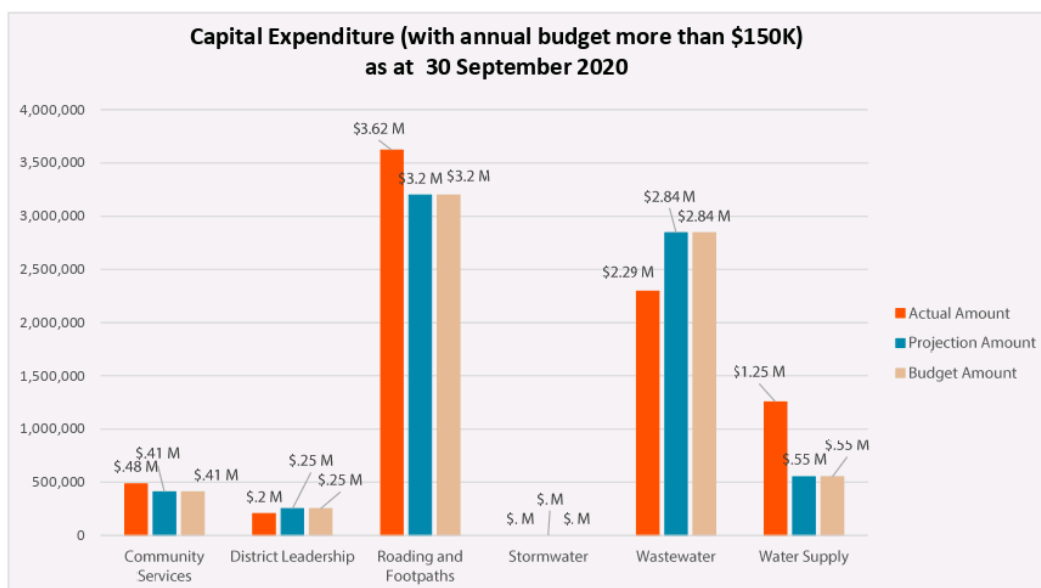
Capital expenditure (CAPEX)

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 Councils 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



- **Roding 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	5,360,100	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	(1)	(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	5,953,771	5,953,771	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

Finance Transactional Update as at 30 June 2020

Record No: R/20/8/47674
Author: Shelley Dela Llana, Accountant
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☐ Recommendation ☒ Information

Overview

- 1 This report provides a summary of the activities of the finance transactional team during the financial year to 30 June 2020.
- 2 Going forward the Finance team will provide the committee with an annual update on the status of the outstanding balances of each revenue stream and details of any system improvements planned or occurring.
- 3 Council's balances as at 30 June 2020 (sundry debt includes building consent, licencing fees, rentals etc) are noted below along with the comparative year. All figures included in this report are GST inclusive and include any credit balances.

	30 June 2019		30 June 2020		Variance	
	\$	No's	\$	No's	\$	No's
Rates	\$1,437,349	2,768	\$1,566,207	3,254	\$128,858	18%
Water charges^	\$91,853	159	\$22,139	33	-\$69,714	-79%
SIESA Electricity	\$123,644	434	\$132,530	403	\$8,886	-7%
Sundry	\$1,156,860	538	\$922,712*	476	-\$234,148	-12%
Total	\$2,809,706	3,899	\$2,643,588	4,166	-\$166,118	7%

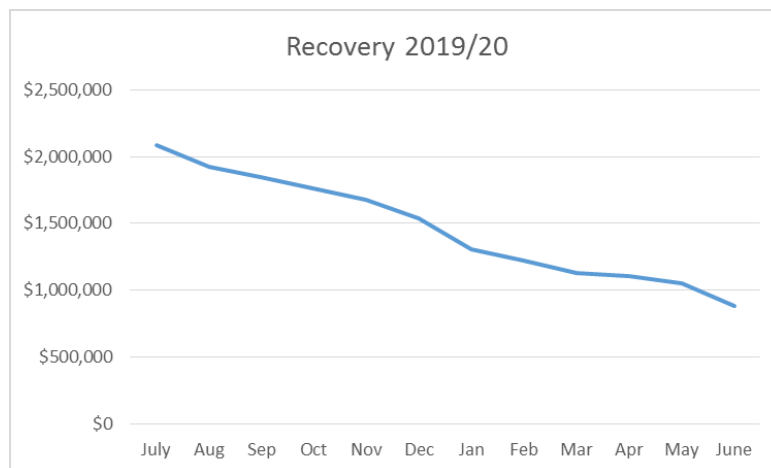
* This excludes \$5,433,750 invoiced to Ministry of Innovation & Employment invoiced on 30 June 2020

^ Water has decreased due to the realignment of invoicing to rate payment dates.

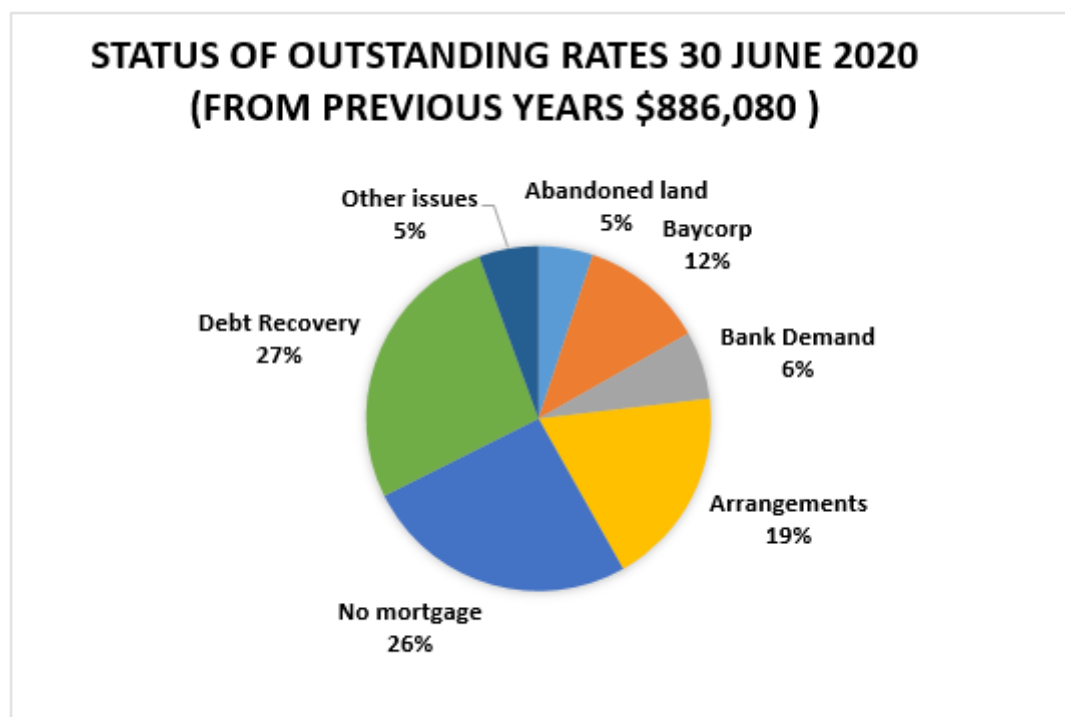
- 4 Further analysis of each of these outstanding debt types is outlined below.

Rates

- 5 The rates amount at the 30 June 2020 of \$1,566,207 (2019:\$1,437,349) is the net amount owing. The gross amount is \$2,354,728, (2019: \$2,189,494) after adding back revenue received in advance of \$788,521 (2019:\$752,145). We have written to customers whose credit exceeds the total amount of rates owing this financial year, to refund their credit or adjust their automatic payments.



Of the \$2,354,728 outstanding, \$886,080 relates to previous financial years debt. An analysis of the status of the debt is shown in the graph below.



- 6 **Abandoned land:** Land can only be deemed abandoned after 3 years of no payment, and the ratepayer can't be found or the ratepayers has given us notice to abandon.
- 7 During the year, 11 properties went through the abandoned land process and were sold. Not all rates are recovered during this process. A substantial amount of work goes into identifying the whereabouts of these ratepayers including electoral roll review, online searches, contacting neighbours etc, with no success. We have refined the process with the property department and will continue to progress abandoned land in a timely manner
- 8 **Rates rebates:** The number of properties obtaining the rates rebate has remained steady as noted below, the maximum of the rates rebate has increased to \$655 and the thresholds of

income/rates have also adjusted. Changes to legislation mean the rebate forms will no longer need to be witnessed and new forms will come out soon. This should encourage more people to fill in the forms and post rather than come in to get it witnessed. Finance Officers are also working towards a promotion of the scheme for the start of 2021. Currently officers are working with community groups to identify the best places and times to go out to communities. We will advise councillors when we are in your areas.

Years	17/18	18/19	19/20
Amount Outstanding	604	646	627

- 9 **Emailing rates:** The number of ratepayers on email is 20% (3,421) with only a third of our overseas ratepayers on posted invoices. Each year we have been contacting these ratepayers via email to promote this service, for a faster invoice delivery for the customer and a reduced cost to Council. We are still continuing to promote direct debit and email with a \$500 prezzy card and we get about 150 responses each August
- 10 **Direct debit:** We continue to actively promote direct debit as the preferred form of payment for our ratepayers. The staff and ratepayer time it saves from ensuring the payments go to the correct place from the start is considerable. Currently we have 37% on direct debit. A survey of 24 Councils in 2018 showed an average of 40% of ratepayers are on direct debit (ranging from 25% - 55%). To further improve our uptake, last year we started sending a welcome to the district letter with rating information and a direct debit form on the purchase of a property, this has definitely been well received.
- 11 **Solicitors portal:** A major milestone this year was getting a shared solicitors portal with Environment Southland working. For every sale in the district a solicitor does an enquiry to Council to see how much rates is outstanding, this was a manual process that involves a review of the property, compilation of a report and email response to the solicitor. As a result of introducing this, officers are now able to spend more time looking for further system improvements and it has given solicitors a better quality service for any time of the day or night, especially when they can access Environment Southland rates information as well. ICC and GDC have been approached by Environment Southland to see if they would be keen to join as well.

Water charges

- 12 Water charges outstanding at 30 June 2020 are summarised in the table below:

	Last instalment (April 2020)	Older debt	Total
Amount outstanding	\$6,307	\$15,832	\$22,139
Number of debtors	33	10	33

- 13 Water invoicing occurs quarterly and has now been realigned with rates due dates so invoices go out July, October, January and April. After each instalment a 10% penalty goes on the outstanding instalment and we also send out a reminder letter after each penalty is applied to

follow up payments. In July 2021 a second arrears penalty of 10% on total outstanding will go on for the first time. At the end of the financial year water rates arrears will be progressed through debt recovery processes exactly like rates.

- 14 In 2018 we started offering direct debit and emailing of invoices and 38% of customers are now receiving there notices via email and 22% are on direct debit.

15 Electricity charges (SIESA)

- 16 Electricity charges outstanding at 30 June 2020 are summarised in the table below:

	June-current	May	April	March	Feb and earlier	Total
Amount outstanding	\$112,255	\$18,235	\$3,007	\$286	-\$1,253	\$132,530
Number of debtors	388	57	14	5	6	403

- 17 Council staff are following policy and actioning disconnection notices to arrears older than 60 days. No disconnections have been required in the last financial year as most customers pay up on notice. The debt currently relating to March and most of April is one consumer with multiple properties having allocation and payment issues that are currently being worked on.
- 18 Emailing invoices for electricity is at 44% and 35% of customers are on direct debit.

Sundry debt

- 19 Sundry debt outstanding at 30 June 2020 is summarised in the table below:

	June-current	May	April	March	Feb	Jan and earlier	TOTAL
Amount Outstanding	\$268,913	\$67,065	\$542,229	\$29,649	\$6,201	\$8,655	\$922,712
Number of Debtors	210	71	18	3	16	30	476

The debt also includes \$91thousand of credit balances that also get followed up each month to allocate or refund.

- 20 We are actively progressing debt collection and resolving outstanding issues.
- 21 A project we are currently undertaking is the ability to email invoices/statements and thanks to the Council Information Technology team it is progressing well.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled “Finance Transactional Update as at 30 June 2020” dated 5 November 2020.**

Attachments

There are no attachments for this report.

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

Recommendation

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

C8.1 Milford Opportunities contract update - 2

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Milford Opportunities contract update - 2	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.