



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

Date: Wednesday, 22 June 2022
Time: 9am
Meeting room: Council Chamber
Venue: Level 2
20 Don Street
Invercargill

Council Agenda OPEN

MEMBERSHIP

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

IN ATTENDANCE

Chief executive	Cameron McIntosh
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.

Health and safety – emergency procedures

Toilets – The toilets are located outside of the chamber, directly down the hall on the right.

Evacuation – Should there be an evacuation for any reason please exit down the stairwell to the assembly point, which is the entrance to the carpark on Spey Street. Please do not use the lift.

Earthquake – Drop, cover and hold applies in this situation and, if necessary, once the shaking has stopped we will evacuate down the stairwell without using the lift, meeting again in the carpark on Spey Street.

Phones – Please turn your mobile devices to silent mode.

Recording - These proceedings are being recorded for the purpose of live video, both live streaming and downloading. By remaining in this meeting, you are consenting to being filmed for viewing by the public.

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1 Apologies

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

2 Leave of absence

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

3 Conflict of Interest

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

4 Public Forum

Notification to speak is required by 12noon at least one clear day before the meeting. Further information is available on www.southlanddc.govt.nz or phoning 0800 732 732.

5 Extraordinary/Urgent Items

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

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

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

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

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

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

6 Confirmation of Council Minutes

6.1 Meeting minutes of Council, 11 May 2022



Council

OPEN MINUTES

Minutes of a meeting of Council held in the Council Chamber, Level 2, 20 Don Street, Invercargill on Wednesday, 11 May 2022 at 9am. (9am – 10.28am, 10.51am – 12.46pm)

PRESENT

Mayor	Mayor Gary Tong (11.52am – 12.46pm)
Deputy Mayor	Ebel Kremer
Councillors	Don Byars (video link) (9am – 10.28am, 10.51am – 11am, 11.09am - 12.35pm)
	John Douglas
	Paul Duffy
	Bruce Ford
	Darren Frazer
	George Harpur (video link)
	Julie Keast
	Christine Menzies
	Karyn Owen
	Margie Ruddenklau
	Rob Scott

APOLOGIES

Mayor Gary Tong (lateness)

IN ATTENDANCE

Group manager infrastructure and environmental services – Matt Russell
Committee advisor – Fiona Dunlop

1 Apologies

There was an apology for lateness from Mayor Tong.

Moved Cr Kremer, seconded Cr Owen and resolved:

That Council accept the apology.

2 Leave of absence

Leaves of absence were requested as follows:

- Councillor Harpur – 1 to 31 July 2022
- Councillor Keast – 4 August 2022 to 20 September 2022
- Councillor Menzies – 14 to 22 June 2022
- Councillor Ruddenklau – 19 May 2022 to 30 June 2022

Resolution

Moved Cr Kremer, seconded Cr Scott and resolved:

That Council approves the requested leaves of absence.

3 Conflict of Interest

Councillor Kremer declared a conflict of interest in relation to item 9.1 - Milford Community Trust - Statement of Intent 2022-2025 and advised that he would not take part in discussion or voting on the item.

4 Public Forum

There was no public forum.

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Council Minutes

Resolution

Moved Cr Frazer, seconded Cr Owen and resolved:

That Council confirms the minutes of the meeting held on 27 April 2022 as a true and correct record of that meeting.

8.1 Amendment to Forecasted Financial Position for the year ending 30 June 2022

Record No: R/22/4/16108

Chief financial officer – Anne Robson was in attendance for this item.

Miss Robson advised that the purpose of the report was to advise Council of an amendment to the expected year-end financial result from what was adopted by Council on 29 March 2022 and seek approval from Council to approve the resulting forecasted position.

Resolution

Moved Cr Kremer, seconded Cr Douglas and resolved:

That the Council:

- a) **Receives the report titled “Amendment to Forecasted Financial Position for the year ending 30 June 2022” dated 5 May 2022.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) Approves unbudgeted expenditure for interest costs incurred from LGNZ borrowing of \$210,000.
- e) Approves the use of the District Operations Reserve to fund any shortfall in funding/borrowing activities in line with Councils policies as a result of the delay in the commencement of Councils Investing approach, currently forecast at \$286,087.
- f) **Notes the forecasted amendments to Council’s year-end financial performance and position as detailed in attachments A and B (of the officer’s report).**

Reports - Policy and Strategy

7.1 Draft Stewart Island/Rakiura Visitor Levy policy and bylaw - deliberations

Record No: R/22/3/10448

Policy analyst – Jane Edwards, Strategy and policy manager – Michelle Fowler-Stevenson and Chief financial officer – Anne Robson were in attendance for this item.

Mrs Edwards advised that the purpose of the report was to provide information and to present options to Council, to make a decision on the draft Stewart Island Visitor Levy Policy and the draft Stewart Island/Rakiura Visitor Levy Bylaw 2022 following the consideration of oral submissions and the written submissions.

Councillors discussed raising the levy in a staged approach. Officers advised that they would need to seek advice.

See further down the minutes for the final resolution.

(The meeting adjourned for morning tea at 10.28am and reconvened on 10.51am.)

(Councillors Byars (via video link), Douglas, Duffy, Ford, Frazer, Harpur (via video link), Keast, Kremer, Menzies, Owen, Ruddenklau and Scott were present when the meeting reconvened.)

7.2 Draft TAB and Gambling Venue Policies

Record No: R/22/4/16002

Corporate performance lead – Jason Domigan and Acting manager environmental health/Team leader monitoring and enforcement – Erin Keeble was in attendance for this item.

Mr Domigan advised that the purpose of the report was for Council to endorse the draft TAB and Gambling Venue policies, and an associated statement of proposal, for public consultation.

Resolution

Moved Cr Keast, seconded Cr Duffy and resolved:

That Council:

- a) **Receives the report titled “Draft TAB and Gambling Venue Policies” dated 5 May 2022.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) Endorses the draft TAB Venue Policy, the draft Gambling Venue Policy and the associated Statement of Proposal for public consultation in accordance with the Special Consultative Procedure, from 8am on 13 May 2022 to 5pm on 13 June 2022.

- e) Considers the following actions constitute making the Statement of Proposal as widely available as is reasonably practicable in accordance with section 83 of the Local Government Act 2002 –
- **having the Statement of Proposal accessible on Council's website,**
 - having copies of the Statement of Proposal available at all Council offices.

Reports - Operational Matters

8.2 Bridge weight restriction postings 2022/2023

Record No: R/22/4/14141

Senior roading engineer – Rob Hayes and WSP Senior structural engineer – Ian Sutherland were in attendance for this item.

Mr Hayes advised that the purpose of the report was to comply with the Transport Act 1962 and Heavy Motor Vehicle Regulations 1974. The road controlling authority for any territorial area is required to confirm, at a minimum annually, any posting weight limit necessary for bridges on the roading network and to revoke any restrictions which no longer apply.

(During discussion, Councillor Byars left the meeting at 11am and returned at 11.09am.)

Resolution

Moved Cr Kremer, seconded Cr Douglas and resolved:

That Council:

- Receives the report titled "Bridge weight restriction postings 2022/2023" dated 5 May 2022.**
- Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- 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.
- Agrees to confirm that in accordance with the Transport Act 1962 and Heavy Motor Vehicle Regulations 1974, the maximum weight and speed limits for heavy motor vehicles on bridges as listed on the schedule below (also **attachment A of the officer's report**) be imposed.

Table A-1 Southland District Council notification of weight and/or speed limits on bridges June 2022

NO	STRUCTURE NUMBER	NAME OF ROAD	WEIGHT LIMITS MAX WT ON ANY AXLE(KG) POSITION ON BRIDGE	AXLE WEIGHT / % CLASS 1	MAX SPEED LIMIT (KM/HR)
1	2861.001	Anderson Road 4	Central on bridge	80%	10
2	2459.001	Argyle Otahuti Road	Central on bridge	Light vehicles only	
3	1253.001	Badwit Road	Central on bridge	50%	10
4	2865.001	Benmore Otapiri Road	Central on bridge	80%	10
5	2865.003	Benmore Otapiri Road	Central on bridge	70%	10
6	2865.004	Benmore Otapiri Road	Central on bridge	80%	10
7	2895.002	Benmore Road	Central on bridge	80%	10
8	1186.001	Birch Road	Central on bridge	80%	10
9	2494.001	Breeze Road	Central on bridge	70%	10
10	1606.001	Bridge Inn Road	Central on bridge	100%	10
11	1056.001	Buckingham Road	Central on bridge	60%	30
12	3353.001	Carter Road	Central on bridge	50%	10
13	2563.001	Channel Road 1	Central on bridge	Light vehicles only	10
14	3654.001	Cumming Road	Central on bridge	100%	10
15	3047.001	Cunningham Road	Central on bridge	100%	10
16	1565.002	Davidson Road 3	Central on bridge	80%	10
17	2371.002	Dunearn Road	Central on bridge	80%	10
18	3363.001	Duthie Road 2 (Boundary Road)	Central on bridge	80%	10
19	2115.003	Feldwick Road	Central on bridge	80%	10
20	1373.001	Frazer Road (Boundary Road)	Central on bridge	70%	10
21	1992.001	Fryer Road	Central on bridge	80%	10

22	2373.002	Harbour Endowment Road	Central on bridge	90%	10
23	2373.001	Harbour Endowment Road	Central on bridge	100%	10
24	3626.003	Hillas Road	Central on bridge	100%	10
25	3902.002	Horseshoe Bay Road	Central on bridge	80%	10
26	3736.001	Hume Road	Central on bridge	100%	10
27	1658.001	Kirkbride Street	Central on bridge	40%	10
28	1332.001	Klondyke Road	Central on bridge	90%	10
29	3407.002	Lake Monowai Road		Axles 7,000 kg, Gross 28,500 kg Heavy vehicles cross bridge one at a time	10
30	3407.004	Lake Monowai Road		80%	10
31	3004.002	Lang Road 2	Central on bridge	50%	10
32	1376.001	Lauderdale Bush Road	Central on bridge	100%	10
33	3026.001	Level Street		Light vehicles only, 3500kg Gross	
34	2623.001	Mandeville Road	Central on bridge	70%	10
35	1008.001	Manse Road	Central on bridge	50%	10
36	1065.001	Marinui Road	Central on bridge	70% Class 1 Axles 6,600kg	10
37	1281.001	Mataura Island Titiroa Road	Central on bridge	Light vehicles only, Gross 3,500 kg	10
38	1334.002	Matheson Road 2	Central on bridge	80%	10
39	2868.002	Matthews Road	Central on bridge	100%	10
40	2868.003	Matthews Road	Central on bridge	60%	10
41	3002.002	McDonald Road 4	Central on bridge	70%	10

42	1584.001	McKerchar Road 1	Central on bridge	70%	10
43	2515.001	McKinnon Road 2	Central on bridge	70%	10
44	1086.001	Morrison Road West	Central on bridge	100%	30
45	3158.002	Murphy Road		50%	10
46	9576.001	Off Webb Road	Central on bridge	60%	10
47	1206.001	Orr Road 1	Central on bridge	80%	10
48	2828.007	Otapiri Mandeville Road	Central on bridge	90%	10
49	2055.005	Papatotara Coast Road	Central on bridge	80%	10
50	1002.001	Progress Valley Road	Central on bridge	100%	10
51	2128.001	Purvis Road	Central on bridge	100%	10
52	2897.001	Riverside School Road	Central on bridge	70%	10
53	2897.002	Riverside School Road	Central on bridge	50%	10
54	1054.001	Scrubby Hill Road	Central on bridge	100%	10
55	2555.001	Sharks Tooth Road	Central on bridge	70%	10
56	3652.005	Sutherland Road	Central on bridge	70%	10
57	3144.001	Tomogalak Rd	Central on bridge	100%	10
58	2856.002	Turnbull Road	Central on bridge	100%	10
59	1168.001	Waghorn Road	Central on bridge	50%	10
60	3617.001	West Dome Station Road	Central on bridge	70%	10
61	3147.001	Wilson Road 7	Central on bridge	80%	10
62	2858.001	Winton Channel Road	Central on bridge	90%	10
63	1355.001	Woods Road 1	Central on bridge	90%	10

Table A-2 Southland District Council bridges replaced before June 2022 – posted weight restrictions to be revoked

NO	STRUCTURE NUMBER	NAME OF ROAD
1	2861.001	Caird Road
2	2459.001	Dipton Flat Road
3	1253.001	Dipton Mossburn Road
4	2865.001	McBride Road
5	2865.003	McLeod Road 2

- e) Agrees to continue to rely on the central on bridge restriction to limit posting restrictions and continues to mitigate this risk through ongoing promotion of posting compliance.
- f) Agrees to notify the weight limits to the New Zealand Police, New Zealand Transport Agency, Road Transport Forum New Zealand (Inc.) and by public notice in daily newspapers, social media and our website.

8.3 Financial Report for the period ended 31 March 2022

Record No: R/22/4/16043

Accountant – Brie Lepper was in attendance for this item.

Miss Lepper advised that the purpose of this report was to provide the Council with an overview of the financial results for the nine months to 31 March 2022 by the seven activity groups of Council, as well as the financial position, and the statement of cash flows as at 31 March 2022.

During discussion on the report, Council requested a report on the impact of current staff vacancies on the organisation.

Resolution

Moved Cr Kremer, seconded Cr Owen recommendation a and a new b (as indicated) and resolved:

That the Council:

- a) **receives the report titled “Financial Report for the period ended 31 March 2022” dated 5 May 2022.**

New b) requests the Chief executive to report to the next Council meeting (22 June 2022) on current staff vacancies.

7.1 Draft Stewart Island/Rakiura Visitor Levy policy and bylaw – deliberations (CONTINUED)

Record No: R/22/3/10448

Following further discussion, option 1 – **“that Council make decisions** now on all the issues identified in the submissions, and proceed with a new Stewart Island/Rakiura Visitor Levy **Policy and Bylaw” was the option that Council wished to proceed with but with increasing** the levy to \$10 not \$15 as recommended in the staff report.

Moved Councillor Kremer, seconded Councillor Scott, the following recommendations from the officers report.

That the Council:

-
- a) receives the report titled "Draft Stewart Island/Rakiura Visitor Levy policy and bylaw - deliberations" dated 5 May 2022.
 - b) determines that this matter or decision be recognised as significant in accordance with Council's significance and engagement policy under section 76AA 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 feedback received on the draft Stewart Island/Rakiura visitor Levy Policy and Bylaw
 - e) notes that it needs to have a clear rationale of the funds required over the course of the Long Term Plan to better provide services, facilities and amenities for visitors while they are on Stewart Island/Rakiura.
 - f) ~~considers the options on how it could proceed and endorses one of the following options:~~
 - i. ~~Option 1 – That Council make decisions now on all the issues identified in the submissions, and proceed with a new Stewart Island/Rakiura Visitor Levy Policy and Bylaw~~
 - ii. ~~Option 2 – That Council decides not to make decisions on the issues identified for the draft Stewart Island/Rakiura Visitor Levy Policy and Bylaw and to continue with the current policy and bylaw~~
 - g) ~~agrees that should Council endorse Option 1 (Recommendation f(i)), and wishes to make decisions now on the issues identified for the draft Stewart Island/Rakiura Visitor Levy Policy and Bylaw, that it endorses the following options (these options are fully discussed in a separate Issues and Options report):~~
 - i. increasing the amount of the levy to ~~\$15~~ \$10
 - ii. allowing multi-year funding of up to 30 years for Council and community owned infrastructure, in exceptional circumstances
 - iii. removing the requirement to consult via the Annual Plan/LTP process, in the event a change in the levy amount is considered, noting that consultation procedures under the Local Government Act will always be applied
 - iv. continuing to undertake the communication measures agreed at the 22 February 2022 meeting to publicise the Stewart Island/Rakiura visitor levy
 - v. retaining the levy eligibility requirements outlined in the draft policy
 - vi. not seeking a change to the Empowering Act as to who pays the visitor levy

- vii. no change to the current Stewart Island/Rakiura Visitor Levy Allocation Subcommittee
- viii. other minor changes to the draft bylaw and policy as outlined:
 - clarifying that the Stewart Island/Rakiura Visitor Levy Allocation Subcommittee may only allocate funding once a year, at its annual allocation meeting
 - adding examples to the descriptions of the three allocation categories (Council/community infrastructure, operational costs, community costs)
 - adding that for applications made by Council (including community boards), the inclusion of a project in Council's long term plan indicates that it has gone through a community engagement process, and Council has endorsed the project as supporting the community's long term objectives
 - updates to improve legal accuracy and clarity of the policy, including titles and delegations.

~~h) — Agrees that should Council endorse Option 2 (Recommendation f(ii)), agrees that no changes will be made to the Stewart Island/Rakiura Visitor Levy Policy and Bylaw at this time.~~

Note that because option 1 was chosen, recommendation h was not required.

Moved Councillor Menzies, seconded Councillor Ford the following amendment to recommendation g(i):

- g(i) increase the amount of the visitor levy to \$10 on 1 October 2023, and then increase the amount of the levy to \$15 on 1 October 2025.

The amendment was put and declared CARRIED.

The recommendations moved by Councillor Kremer and seconded by Councillor Scott with the amendment to g(i) were put and declared CARRIED.

Final resolution

That the Council:

- a) receives **the report titled "Draft Stewart Island/Rakiura Visitor Levy policy and bylaw - deliberations " dated 5 May 2022.**
- b) determines that this matter or decision be recognised as significant in **accordance with Council's significance and engagement policy under** section 76AA 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 feedback received on the draft Stewart Island/Rakiura visitor Levy Policy and Bylaw.
- e) notes that it needs to have a clear rationale of the funds required over the course of the Long Term Plan to better provide services, facilities and amenities for visitors while they are on Stewart Island/Rakiura.
- f) make decisions now on all the issues identified in the submissions, and proceed with a new Stewart Island/Rakiura Visitor Levy Policy and Bylaw.
- g) endorses the following options:
 - i. increase the amount of the visitor levy to \$10 on 1 October 2023, and then increase the amount of the levy to \$15 on 1 October 2025.
 - ii. allowing multi-year funding of up to 30 years for Council and community owned infrastructure, in exceptional circumstances.
 - iii. removing the requirement to consult via the Annual Plan/LTP process, in the event a change in the levy amount is considered, noting that consultation procedures under the Local Government Act will always be applied.
 - iv. continuing to undertake the communication measures agreed at the 22 February 2022 meeting to publicise the Stewart Island/Rakiura visitor levy.
 - v. retaining the levy eligibility requirements outlined in the draft policy.
 - vi. not seeking a change to the Empowering Act as to who pays the visitor levy.
 - vii. no change to the current Stewart Island/Rakiura Visitor Levy Allocation Subcommittee.
 - viii. other minor changes to the draft bylaw and policy as outlined:
 - clarifying that the Stewart Island/Rakiura Visitor Levy Allocation Subcommittee may only allocate funding once a year, at its annual allocation meeting.
 - adding examples to the descriptions of the three allocation categories (Council/community infrastructure, operational costs, community costs).

- adding that for applications made by Council (including community boards), the **inclusion of a project in Council's long term plan** indicates that it has gone through a community engagement process, and Council has endorsed the project as supporting the **community's long term objectives**.
- updates to improve legal accuracy and clarity of the policy, including titles and delegations.

(Mayor Tong joined the meeting at 11.52am.)

8.4 Dog registration fees for 2022/2023

Record No: R/22/4/16299

Acting manager environmental health/Team leader monitoring and enforcement – Erin Keeble and Chief financial officer –Anne Robson were in attendance for this item.

Council at the meeting on 27 April 2022 laid the report on the table to enable officer's to answer questions over the reasons for the substantial increase in reserves.

Officers were asked by Council to provide further information as to why the reserve was so high and if this could mean a reduction in the fees proposed.

Council noted that the reserve balances presented were based on the 2021/2031 Long Term Plan budgets amended for only the changes to the 2022/2023 financial year annual plan.

Resolution

Moved Cr Owen, seconded Cr Menzies and resolved:

That the Council:

- a) **Receives the report titled "Dog registration fees for 2022/2023" dated 5 May 2022.**
- b) Receives the report **titled "Dog Registration Fees for 2022/2023" dated 27 April 2022** (previously on the agenda for the 27 April 2022 meeting).
- c) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- d) 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.

- e) Agrees to set the dog control fees (effective 1 July 2022 and inclusive of GST) for the 2022/2023 registration year as follows:

REGISTRATION - DOG (NON-WORKING)	\$110.00
DISCOUNTS	
(a) the dog is spayed or neutered	-\$10.00
(b) the dog is in a fenced or controlled property	-\$20.00
(c) responsible owner (according to Council's criteria) and microchipped dog	-\$30.00
REGISTRATION FEE (NON-WORKING) INCLUSIVE OF (A), (B) AND (C) DISCOUNTS	\$50.00
REGISTRATION - WORKING DOG	\$40.00
LATE REGISTRATION - ALL DOGS	+50%
A dog impounded by SDC released to SDC authorised rehoming provider for either fostering or rehoming (initial registration only)	Free
A dog received by SDC authorised rehoming provider for the purpose of rehoming, that is either from Southland District, or to be rehomed in Southland District (initial registration only)	Free
DOG CONTROL FEES	
(a) dog hearing lodgement fee	\$100.00
(b) multiple dog licence application fee	\$50.00
(c) sale of collars	\$10.00
(d) sale of leads	\$12.00
(e) withdrawal of infringement fee, per infringement	\$30.00
MICROCHIPPING	
(a) microchipping of a dog registered by SDC	Free
(b) commercial breeders that require more than four pups to be microchipped per registration year	\$30.00 per dog for the fifth and subsequent dogs
DOG IMPOUNDING FEES	
(a) impounding of dogs	\$150.00
(b) sustenance of impounded dog per day or part thereof	\$25.00
(c) euthanasia	Actual cost

- f) Agrees to publicly notify the fees during the weeks starting 30 May 2022 and 27 June 2022.

(Councillor Kremer withdrew from the table due to a conflict of interest.)

9.1 Milford Community Trust - Statement of Intent 2022-2025

Record No: R/22/4/12823

Strategic project lead – Simon Moran was in attendance for this item.

Mr Moran advised that the purpose of the report was to seek endorsement of the Milford **Community Trust's 2022-2025 Statement of Intent**.

Resolution

Moved Mayor Tong, seconded Cr Scott and resolved:

That the Council:

- a) **Receives the report titled "Milford Community Trust - Statement of Intent 2022-2025" dated 2 May 2022.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) **Endorses the Milford Community Trust's Statement of Intent 2022-2025.**

(Councillor Kremer returned to the table.)

9.2 Tourism Infrastructure Fund - Round 6 (Matariki Wayfinders and supporting infrastructure)

Record No: R/22/4/15994

Strategic project lead – Simon Moran was in attendance for this item.

Mr Moran advised that the purpose of the report was retrospectively endorse the application that was made to the Ministry of Business Innovation and Employment for Round 6 of the Tourism Infrastructure Fund and to seek approval of the consequential unbudgeted expenditure of the funding if the application is successful.

Resolution

Moved Cr Menzies, seconded Cr Duffy and resolved:

That the Council:

- a) receives **the report titled “Tourism Infrastructure Fund - Round 6 (Matariki Wayfinders and supporting infrastructure)” dated 2 May 2022.**
- b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) endorses the Southland District Council application to the Tourism Infrastructure Fund (Matariki Wayfinders and supporting infrastructure) as submitted.
- e) agrees in principle the local co-funding component of the application of \$427,500 from existing budgets including the open spaces strategy capital development budget in the Long Term Plan 2021-2031.
- f) approves the unbudgeted expenditure of up to \$427,500 that will be received from the Tourism Infrastructure Fund if the application is successful.

8.5 Management report

Chief executive – Cameron McIntosh was not available for the management report.

Group manager infrastructure and environmental services – Matt Russell was present and highlighted the following issues:

- Covid
- Staff numbers and the impact of vacancies on the organisation
- Elections
- Three Waters
- Waka Kotahi Road to Zero campaign
- Future of local government

(Councillor Byars left the meeting at 12.35pm.)

The meeting concluded at 12.46pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE COUNCIL HELD ON WEDNESDAY
11 MAY 2022.

DATE:.....

CHAIRPERSON:.....

Draft TAB and Gambling Venue Policies - Submissions and Hearings

Record No: R/22/6/29107

Author: Jason Domigan, Corporate performance lead

Approved by: Fran Mikulicic, Group manager democracy and community

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of this report is to provide information to councillors on the feedback that was received through submissions on the draft TAB and Gambling Venue Policies (the draft policies).
- 2 This report also outlines the speakers who have requested to be heard, and the order in which they will speak.

Executive Summary

- 3 All councils are required to have both TAB and Gambling Venue policies. These policies are a way to manage racing/sports betting venues, and electronic gaming machine venues in the District.
- 4 On 11 May 2022 Council endorsed a statement of proposal, which included the draft policies, for public consultation. A copy of the statement of proposal is included with this report as Attachment B. Submissions were accepted between 8am 13 May and 5pm 13 June 2022.
- 5 Seven submissions were received on the draft policies, and these are included with this report in Attachment A. Most of the feedback received related to the draft Gambling Venue Policy.
- 6 Three submitters opposed the Gambling Venue Policy and are seeking a cap on the number of gaming machines as opposed to a soft sinking lid approach that the draft policy outlines and stressed the important role that proceeds from gaming machines plays in relation to community funding.
- 7 Three submitters opposed both the TAB and Gambling Venue Policy and generally support a true 'sinking lid' policy which would not allow licences for new machines and would prohibit machine licences being transferred or relocated to a different venue. They also seek that no new TAB venues can be established.
- 8 One submitter supported the draft policies but highlighted a need for more to be done to reduce gambling harm and initiatives to reduce online gambling.
- 9 Three submitters have requested to be heard on this matter, and will speak at this meeting.
- 10 At the Council meeting on 13 July 2022, staff are proposing to present the draft policies to Council for it to consider and adopt.

Recommendation

That Council:

- a) **Receives the report titled “Draft TAB and Gambling Venue Policies - Submissions and Hearings” dated 17 June 2022.**
- 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) Receives all written submissions and hears the submitters who wish to be heard on the draft TAB and Gambling Venue Policies.

Background

- 11 Council is required under the Racing Industry Act 2020 to have a policy on TAB venues. ‘TAB Venue’ refers to a venue that is owned or leased by TAB New Zealand (formerly New Zealand Racing Board) and where the main business carried out at the premise is providing racing-betting or sports-betting services. The policy does not relate to outlets in pubs and clubs – only stand-alone TAB premises, such as one that is currently operating in South Invercargill. A TAB venue policy is applied when Council considers a consent application for a TAB venue.
- 12 There are currently no TAB venues operating in the District.
- 13 Council is also required under the Gambling Act 2003 to adopt a policy on class 4 venues. Electronic gaming machines (pokies) in pubs and clubs (not in a casino) represent ‘class 4’ gambling. Council’s policy is called the Gambling Venue Policy, and it is applied when Council receives a consent application in relation to a class 4 venue. These applications are quite rare – Council has not received any applications in the last three years. Council cannot alter consents that have already been given, nor can the consents lapse or expire.
- 14 Both Council’s current TAB Venue Policy and Gambling Venue Policy were adopted on 21 August 2019, and are due to be reviewed by 21 August 2022.
- 15 On 11 May 2022, Council endorsed policies for consultation in accordance with the special consultative procedure, and submissions were received from 8am 13 May to 5pm 13 June 2022.
- 16 The draft policies are largely the same as Council’s current Gambling and TAB Venue policies. Only minor changes to wording/styling are proposed, rather than changes to policy content. The draft TAB Venue Policy would require any new stand-alone TAB venue to comply with the provisions of the Southland District Plan. The draft Gambling Venue Policy would allow venues to continue operating existing machines (and replace/update the existing machines when necessary), but it would not permit licences for new machines. The draft policy also states that if a venue closes, the licence to have machines can be transferred to another venue in particular circumstances. This approach is sometimes referred to as a soft sinking lid approach.

- 17 Staff placed newspaper advertisements in the Southland Express and the Ensign, posted on social media, had the Statement of Proposal accessible on Council's website and hard copies of the Statement of Proposal available at Council offices.

Issues

Written submissions received

1. Council received seven submissions on the draft policies of which three submitters have requested to be heard.
2. Three submitters gave feedback on the draft TAB Venue Policy. All three are generally seeking a similar outcome that prohibits/restricts the establishment of any new TAB venues. One submission supported the approach taken in the draft policy, but did not provide any relevant feedback relating to TAB venues
3. A summary of the feedback received on the draft TAB Venue Policy is given below.

Submitter	Position	Request
Zana Gavan-Smith	Support	None
Asian Family Services	Oppose	Not allowing new TAB venues
Nga Kete Matauranga Pounamu Charitable Trust	Oppose	Restrict any new TAB venues
Problem Gambling Foundation	Oppose	Not allowing new TAB venues

4. All the submitters gave feedback on the Gambling Venue Policy. Six submitters opposed the draft policy and one supported the current policy.
5. Three submissions were received from submitters seeking a more liberal approach to the policy. All three submitters supported capping the number of electronic gaming machines and venues at the current number.
6. Three submissions were received from submitters seeking a more restrictive approach to the policy. All of those submissions generally supported a true sinking lid approach, including a ban on new venues, no ability to relocate electronic gaming machines to any venue in the District, and no merging of gambling venues.
7. One submitter supported the current policy approach but wanted more done to reduce gambling harm and electronic gaming machine numbers as well as initiatives to reduce online gambling.
8. A brief summary of the submissions received on the draft Gambling Venue Policy is given below.

Submitter	Position	Request
Zana Gavan-Smith	Support	More to reduce gambling harm and reduce electronic gaming machine numbers. Initiatives to reduce online gambling.

Submitter	Position	Request
Gaming Machine Association of New Zealand	Oppose	The sinking lid policy be replaced with a cap at the current numbers of venues and machines.
New Zealand Community Trust	Oppose	The sinking lid policy be replaced with a cap at the current numbers of venues and machines and maintain the relocation provision.
Bluesky Community Trust	Oppose	The sinking lid policy be replaced with a cap at the current numbers of venues and machines.
Asian Family Services	Oppose	Amend the current sinking lid policy to not allow relocations, club mergers or new venues.
Nga Kete Matauranga Pounamu Charitable Trust	Oppose	Amend the current sinking lid policy but amendments to the policy relating club mergers, new venues and relocations.
Problem Gambling Foundation	Oppose	Amend the current sinking lid policy to not allow new venues, relocations or club mergers.

Hearings

The speakers and timetable for today's hearings are as follows:

Speaker No.	Time speaking	Organisation	Individual speaking	Pages in agenda for written submission
1	9:10am	The Gaming Machine Association of New Zealand	Jarrod True	33-60
2	9:20am	Asian Family Services	Ivan Yeo	85-93
3	9:30am	The Problem Gambling Foundation	Kristy Kang	103-118

Factors to Consider

Legal and Statutory Requirements

9. In the draft TAB Venue Policy, Council must specify whether or not new TAB venues may be established in the District and, if so, where they may be located.

10. In the draft Gambling Venue Policy, Council must specify whether or not Class 4 venues may be established in the District and, if so, where they may be located. Council may also specify any restrictions on the maximum number of gaming machines that may be operated at a Class 4 venue, and any relocation policy.
11. Both the TAB and Gambling Venue Policies are required to be reviewed by 21 August 2022.
12. In adopting a policy, Council must have regard to the social impact of gambling within the District. As the draft Gambling Venue Policy allows gaming machine relocations in some circumstances, Council also must consider the social impact of gambling in high-deprivation areas in the District. This information was presented to Council in the report provided to Council on 11 May 2022 (and can be viewed by the public at <http://southland.infocouncil.biz/>).
13. Council will be required to notify the Secretary for Internal Affairs and TAB New Zealand, if it adopts/amends/replaces the TAB and Gambling Venue Policies.

Community Views

18. The community views captured on the draft policies have been outlined in the issues section of this report.

Costs and Funding

14. Costs associated with this work, such as staff time and advertising, are proposed to be met within current budgets. There are no proposed changes to current operational practice.

Policy Implications

15. If the draft policies are adopted, there would not be any change to the operation/establishment of TAB and gambling venues in the District.
16. The soft sinking lid approach assists in the gradual decline in the numbers of electronic gaming machines. It is not clear whether this approach will help reduce gambling related harm, and what the long-term impacts of this approach will be on community funding.

Analysis

Assessment of Significance

19. Staff have assessed hearing and receiving submissions as not being significant in accordance with the Local Government Act 2002 and Council's Significance and Engagement Policy.

Recommendation

20. Staff recommend Council proceed with the only practical option available to it - to receive the written submissions and hear the submitters who wish to be heard on the draft TAB and Gambling Venue Policies. The advantages of this option are to hear further community views on this matter, and to comply with (the special consultative procedure requirements in) the Local Government Act 2002. There are no known disadvantages associated with this option.

Next Steps

- 21 It is intended Council will consider and adopt draft policies at its meeting on 13 July 2022. Council will then notify the Secretary for Internal Affairs and TAB New Zealand that new policies have been adopted.
- 22 There is a requirement to review these policies within three years of them being adopted, so if the draft policies are adopted in August this year, a subsequent review will need to be completed in 2025.

Attachments

- A Submissions Booklet - Draft TAB and Gambling Venue Policies [↓](#)
- B Draft Statement of Proposal - TAB and Gambling Venue Policies [↓](#)

Submission Booklet

Draft TAB and Gambling Venue Policies 2022

Southland District Council
Te Rohe Pōtae o Murihiku

PO Box 903
15 Forth Street
Invercargill 9840

☎ 0800 732 732
✉ sdcsouthlanddc.govt.nz
🏠 southlanddc.govt.nz

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Draft TAB and Gambling venues policies

#1

COMPLETE

Collector: Web Link 2 (Web Link)
Started: Thursday, May 19, 2022 9:35:17 AM
Last Modified: Thursday, May 19, 2022 9:43:45 AM
Time Spent: 00:08:27
IP Address:

Page 1

Q1 INDIVIDUAL

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name Zana Gavan-Smith

Postal Address

City/Town

Postal Code

Mobile number

Email Address

Daytime Phone Number

Q3 No

Would you like to present your submission in person at a hearing?

Q4 Support

TAB Venue PolicyPlease select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

I think that more work needs to be done to reduce gambling harm in our community, for example are these venues actually recognising problem gamblers and stopping them from spending so much time at the pokies? Also what about the local dairies, supermarkets and petrol stations that are selling "pay safe" cards as a means for online gambling? We need to reduce the number of pokies in Southland, and more monitoring needs to be done by the venues to stop problem gamblers from wasting time and money on these machines.

1 / 2

Draft TAB and Gambling venues policies

Q6**Support**

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Please provide any comments you have on the draft Gambling Policy in the space provided below

Please consider doing something to reduce online gambling eg. Preventing dairy's from selling paysafe cards or limiting the amount that can be purchased.

Q8**Respondent skipped this question**

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

Draft TAB and Gambling venues policies

#2

COMPLETE

Collector: Web Link 3 (Web Link)
Started: Wednesday, May 25, 2022 10:31:45 AM
Last Modified: Wednesday, May 25, 2022 10:34:18 AM
Time Spent: 00:02:32
IP Address:

Page 1

Q1

ORGANISATION

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name

Jarrod True

On behalf of (if applicable)

Gaming Machine Association NZ

Mobile number

Email Address

Q3

Yes

Would you like to present your submission in person at a hearing?

Q4

Respondent skipped this question

TAB Venue Policy Please select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Respondent skipped this question

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

Q6

Respondent skipped this question

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

1 / 2

Draft TAB and Gambling venues policies

Q7

Respondent skipped this question

Please provide any comments you have on the draft Gambling Policy in the space provided below

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

GMANZ Submission to Soutland District Council.pdf (2.6MB)

The Gaming Machine Association of New Zealand's Submission on Southland District Council's Gambling Venue Policy

Introduction

1. The Gaming Machine Association of New Zealand ("the Association") represents the vast majority of the gaming machine societies that operate in New Zealand. The Association wishes to provide council with pertinent information regarding gaming machine gambling to help council to make a balanced, evidence-based decision.

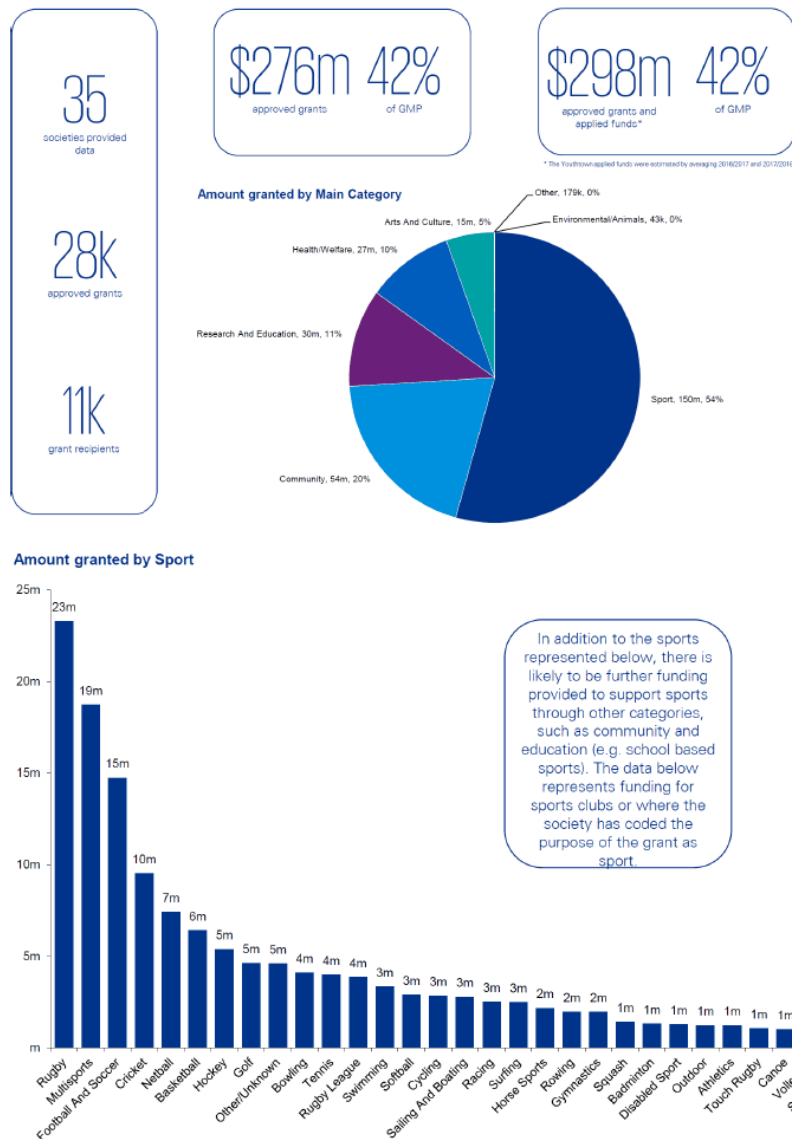
Summary

2. The Association asks that the sinking lid be replaced with a cap at current numbers (14 gaming venues, 88 gaming machines).

Gaming Machine Funding

3. The Gambling Act 2003 seeks to balance the potential harm from gambling against the benefits of using gaming machines as a mechanism for community fundraising.
4. In 2019 (a typical non-COVID impacted year), approximately \$294m of grant funding was approved across 26,337 grants to 9,688 different organisations.¹ In addition, over \$75m was applied (generated by community organisations and used by those organisations to support their own community or sporting causes). This includes \$50m by various RSAs and Workingmen's Clubs, \$17m by TAB New Zealand, and \$8m by Youthtown. Of the grants distributed in 2019, 52% were sports-related. The second most popular category was community (19.7%). This funding is crucial.

¹ http://www.gamblinglaw.co.nz/download/Gaming_Machine_Grant_Data_2019.pdf



5. The local benefit from the gaming machine funding includes the following three categories:

- External grants made to local community groups;
- External grants made to national and regional organisations that provide services and support locally; and

- Gaming profits used by local club venues to fund the upkeep of their clubrooms and to provide sporting and recreational facilities to their members.

External Grants

6. Attached are the 2020 grant data for the Southland District. This information was compiled by KPMG as part of a joint project between the Department of Internal Affairs, Sport New Zealand, and the Association.
7. In 2020, 180 grants were made that benefited the Southland District. These grants totalled **\$3,146,421.00**.
8. Examples of recent local grants include:

\$130,000.00 to Southland BMX Club Incorporated



\$20,760.00 to Phoenix Synchro Southland Incorporated



\$365,700.00 to Rugby Southland



\$42,900.00 to Graeme Dingle
Foundation Southland



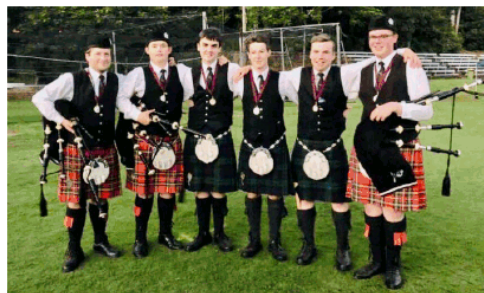
\$28,190.00 to Bowls Southland
Incorporated



\$85,000.00 to Southland Softball
Association



\$68,700.00 to Southland Schools
Pipe Band Programme Trust



\$150,000.00 to Southland
Charitable Hospital Trust



9. Care must be taken when reviewing any grant data presented by the Problem Gambling Foundation. The Problem Gambling Foundation is not funded to gather this data. In contrast, the Association's data is a joint project between the Department of Internal Affairs, Sport New Zealand, and the Association. The Problem Gambling Foundation data is typically less than the Association's data, as the Problem Gambling Foundation's data is gathered from society websites, and not all societies publish their authorised purpose payments. Further, if the grant recipient's name does not indicate that it is located within the territorial authority, the amount of that grant is not included in the Problem Gambling Foundation's figures.

Grants to National and Regional Organisations

10. Approximately 6% of all grants are made to national and regional organisations. For example, if St John sought funding for a new ambulance for the Te Anau station, the funding application would be made by the Auckland-based head office, and the funding allocated to Auckland, despite the grant having a direct benefit to the Southland District.

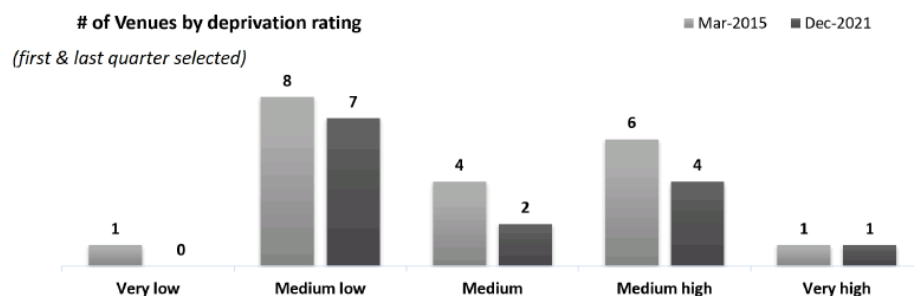
Club Authorised Purpose Payments

11. Two of the 14 gaming venues that operate in the Southland District are clubs:
 - Te Anau Club 10 gaming machines
 - Taiaua Town & Country Club 4 gaming machines
12. The gaming machine proceeds are used by these clubs to benefit the very members who play the machines. All the profits remain within the local economy. Clubs are required to publish their accounts on the Incorporated Societies website. The accounts set out the gross gaming revenue, the gaming profits, and how the profits are allocated.
13. For example, in the year ended 30 June 2021, the Te Anau Club made a profit of \$83,017.00 from its gaming machines and used this money for non-bar-related operational costs including rates, heating, electricity, and insurance.

Venue Numbers and Venue Location

14. Venue numbers have reduced under the current policy by 34% between 21 March 2013 and 20 September 2021 (133 machines down to 88).

15. Only one of the 14 venues is located in a very high deprivation area:



Gambling is an Enjoyable Activity

16. Gambling is a popular form of entertainment that most New Zealanders participate in. The 2018 Health and Lifestyles Survey² found that 67.2% of adult New Zealanders had participated in some form of gambling in the previous 12 months (estimated to be 2,650,000 adults).



7 in 10 New Zealand adults take part in some form of gambling at least once a year – 1 in 500 New Zealand adults has a gambling problem.

17. The majority of people who gamble do so because they find it an enjoyable activity. This is observed by Suits (1979, p. 155)³, who states:

Gambling is a recreational activity or a kind of participation sport from which the principal satisfaction derives from the activity itself and from the ebb and flow of wins and losses rather than from ultimate outcome - the net amount won or lost. For most gamblers, the purpose of gambling is not to get rich, but to "have fun," to experience "excitement," or to have "something to look forward to," and they view payment for this recreation in the same light as others look on outlays for theatre tickets, vacation trips, or a night on the town.

18. Gambling for the non-addicted gambler may also be an avenue for socialising, stress relief and a way of having fun. Contrary to how it may appear from a non-gambler's

2 <https://www.hpa.org.nz/research-library/research-publications/2018-health-and-lifestyles-survey-methodology-report>

3 Suits, D. (1979). The Elasticity of Demand for Gambling. The Quarterly Journal of Economics, 93(1), 155–162. <https://doi.org/10.2307/1882605>

perspective, gamblers do not necessarily anticipate they will make money from gambling. Parke (2015)⁴ states:

Players mostly realise that they are paying for a leisure experience. They are not expecting to be paid, except for a small minority, who are going to earn an income as a professional gambler.

Positive Wellbeing Impact from Gambling in New Zealand

19. The 2021 TDB Advisory report, *Gambling in New Zealand: A National Wellbeing Analysis*⁵, found that gambling in New Zealand had a net positive wellbeing benefit totalling around \$1.74b to \$2.16b per annum.



Revenue Breakdown

20. The return to players on a non-casino gaming machine is required to be set between 78% and 92%, with most being set at 91.5%. On average, for every \$1.00 gambled, 91.5 cents is returned to the player in winnings. The money retained is typically allocated as follows:

4 Parke, J. (2015). Gambling, leisure and pleasure: Exploring psychosocial need satisfaction in gambling. Presentation at the KPMG eGaming summit. <https://assets.kpmg/content/dam/kpmg/pdf/2016/07/im-esummit-report-2015.pdf>.

5 https://www.gamblinglaw.co.nz/download/Gambling_in_New_Zealand.pdf

Typical Distribution of Gaming Machine Profits

	GST Inclusive	GST Exclusive
Government Duty	20%	23%
GST	13.04%	0
Problem Gambling Levy	0.78%	0.90%
DIA Costs	2.9%	3.33%
Gaming Machine Depreciation	6.95%	8%
Repairs & Maintenance	2.84%	3.27%
Venue Costs	13.9%	16%
Society Costs	1.74%	2%
Donations	37.83%	43.5%

Gaming Machines – Key Facts

21. Gaming machines have been present in New Zealand communities since the early 1980s. Initially the machines were operated without a gaming licence. The first gaming licence was issued to Pub Charity on 25 March 1988, over 34 years ago.
22. Gaming machine numbers are in natural decline. In 2003, New Zealand had 25,221 gaming machines. In December 2021, New Zealand had 14,743 gaming machines.
23. The proceeds from non-casino gaming machines increased 3.1% from \$895 million in 2018 to \$924 million in 2019. However, after adjusting for both inflation and changes in the adult population, expenditure on non-casino gaming machines is declining (\$242 per person in both 2015/16 and 2016/17 years to \$238 in the 2017/18 year). This coincides with declining numbers of venues and machines.
24. New Zealand has a very low problem gambling rate by international standards. The New Zealand National Gambling Study: Wave 4 (2015)⁶ found the problem gambling rate was 0.2% of people aged 18 years and over (approximately 8,000 people nationally). The problem gambling rate is for all forms of gambling, not just gaming machine gambling.
25. The Ministry of Health keeps a record of the number of people in each territorial authority that seek help via phone, text, email or the face-to-face counselling services that are available. Only two persons from the Southland District sought help for problem gambling in the 2020/21 year. The presentation data⁷ are as follows:

2018/19	new clients 1	total clients seen 1
2019/20	new clients 0	total clients seen 0
2020/21	new clients 2	total clients seen 2

⁶ <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-report-6-aug18.pdf>

⁷ <https://www.health.govt.nz/our-work/mental-health-and-addiction/addiction/gambling/service-user-data/intervention-client-data#territorial>

26. All gaming machine societies contribute to a problem gambling fund. This fund provides approximately \$20 million per annum to the Ministry of Health to support and treat gambling addiction and to increase public awareness. The funding is ring-fenced and not able to be redirected to other health areas.
27. An excellent, well-funded problem gambling treatment service exists. The problem gambling helpline is available 24 hours a day, 365 days per year. Free, confidential help is available in 40 different languages. Free face-to-face counselling is also available and specialist counselling is available for Māori, Pasifika and Asian clients. An anonymous, free text service (8006) is available. Support via email is also available (help@pgfnz.org.nz).

Existing Gaming Machine Safeguards

28. Retaining the sinking lid is not necessary given the significant measures that are already in place to minimise the harm from gaming machines.
29. Limits exist on the type of venues that can host gaming machines. The primary activity of all gaming venues must be focused on persons over 18 years of age. For example, it is prohibited to have gaming machines in venues such as sports stadiums, internet cafes, and cinemas.
30. There is a statutory age limit that prohibits persons under 18 years of age playing a gaming machine.
31. There are very restrictive limits on the amount of money that can be staked and the amount of prize money that can be won. The maximum stake is \$2.50. The maximum prize for a non-jackpot machine is \$500.00. The maximum prize for a jackpot-linked machine is \$1,000.00.
32. All gaming machines in New Zealand have a feature that interrupts play and displays a pop-up message. The pop-up message informs the player of the duration of the player's session, the amount spent and the amount won or lost. A message is then displayed asking the player whether they wish to continue with their session or collect their credits.
33. Gaming machines in New Zealand do not accept banknotes above \$20.00 in denomination.
34. ATMs are excluded from all gaming rooms.
35. All gaming venues have a harm minimisation policy.
36. All gaming venues have pamphlets that provide information about the characteristics of problem gambling and how to seek advice for problem gambling.
37. All gaming venues have signage that encourages players to gamble only at levels they can afford. The signage also details how to seek assistance for problem gambling.

38. All gaming venue staff are required to have undertaken comprehensive problem gambling awareness and intervention training.
39. Any person who advises that they have a problem with their gambling is required to be excluded from the venue.
40. It is not permissible for a player to play two gaming machines at once.
41. All gaming machines have a clock on the main screen. All gaming machines display the odds of winning.
42. The design of a gaming machine is highly regulated and controlled. For example, a gaming machine is not permitted to generate a result that indicates a near win (for example, if five symbols are required for a win, the machine is not permitted to intentionally generate four symbols in a row).
43. It is not permissible to use the word “jackpot” or any similar word in advertising that is visible from outside a venue.

Burden of Harm Report

44. In May 2017, a report titled *Measuring the Burden of Gambling Harm* was produced for the Ministry of Health. In the report, “low risk” gambling, such as buying a Lotto ticket, was claimed to be as bad for a gambler’s health as the untreated amputation of a leg, while “problem gambling” was claimed to be as bad as suffering from a severe stroke or terminal cancer.
45. A review of the study’s methodology produced by TDB Advisory⁸ concludes that these outlandish comparisons were made possible by a long line of deliberate selection biases and errors. The errors revealed by the TDB Advisory review include either deliberately or by mistake: using a biased population sample (participants were not randomly selected); attributing all harms to gambling and none to associated behaviours (such as smoking); and treating all harm as stemming 100% from gambling rather than allowing for the use of gambling as a coping mechanism or as a symptom of harms rather than the cause.
46. The Association has called for the report to be officially withdrawn, or to be subject to an official warning against its use.

A Concern with How Gamblers Spend their Disposable Income

47. The Salvation Army and Problem Gambling Foundation recently released a report commissioned by the New Zealand Institute of Economic Research suggesting that there would be significant economic benefit to the retail sector in both income and job creation if spending on gambling was halted. The report claims that this extra retail spending would generate an additional 1,127 full-time equivalent jobs for 1,724 workers, along with

⁸ http://www.gamblinglaw.co.nz/download/TDB_Advisory_Report.pdf

an additional \$58m of GST revenue and additional income tax of \$7m from the retail spend.

48. The report, however, fails to take into consideration the economic value currently generated by the gambling sector. The report specifically acknowledges that this was outside its scope. It is therefore a misrepresentation of the net value of such a move, given that it takes no account of the value that would be lost. What the Salvation Army and Problem Gambling Foundation appear to be saying is: let's take money – and jobs – away from the charity and not-for-profit sectors – health and rescue, education, community and social support services, environment, and arts and heritage – and give it to the commercial sector.
49. A suggestion is also made that the increased retail spending would then result in the retail sector channelling its increased profits into things like sports sponsorship. It is, however, more likely that any increased profits from the retail spending would be retained by the business owners, many of whom are large corporates, based offshore.
50. The report fails to address the freedom of adult New Zealanders to do what they want with their discretionary spending. Ministry of Health data indicate that over 1.8 million adult New Zealanders enjoy spending their money on gaming machines, Lotto, Instant Kiwi, sports and track betting and other forms of gambling. That spending provides them with entertainment, relaxation and social interaction. Those benefits would be lost if people were not able to spend their money on gambling.

The “Costs of the System”

51. The Problem Gambling Foundation has also recently suggested that 60% of the revenue from gaming machines goes towards the costs of running the system (with the remaining 40% being the returns to the community). In fact, the community benefit is much more like 80%, with the approximately 40% share that makes up the various taxes, duties and GST in effect also being a community contribution, going into the public purse to contribute to public good. The actual ‘running of the system’ is only about 20%. This 20% represents money to businesses – local hospitality businesses, trusts, equipment providers and technicians – and a significant number of jobs in our cities, towns and communities.

A Cap at Current Numbers (88 Gaming Machines) is Reasonable

52. Setting a cap at current numbers (88 gaming machines) is reasonable, given the current environment of high regulation and naturally reducing machine numbers.
53. There is no direct correlation between gaming machine numbers and problem gambling rates. Over the last ten years, the problem gambling rate has remained the same, despite gaming machine numbers declining rapidly (4,618 gaming machines have been removed from the market).
54. The 2012 National Gambling Survey⁹ concluded that the prevalence of problematic

⁹ <https://www.health.govt.nz/system/files/documents/publications/national-gambling-study-report-2.docx>

gambling reduced significantly during the 1990s and has since stayed about the same. The report stated on pages 17 and 18:

Problem gambling and related harms probably reduced significantly during the 1990s but have since remained at about the same level despite reductions in non-casino EGM numbers and the expansion of regulatory, public health and treatment measures. Given that gambling availability expanded markedly since 1987 and official expenditure continued to increase until 2004, these findings are consistent with the adaptation hypothesis. This hypothesis proposes that while gambling problems increase when high risk forms of gambling are first introduced and made widely available, over time individual and environmental adaptations occur that lead to problem reduction.

55. The New Zealand National Gambling Study: Wave 3 (2014)¹⁰ noted that the problem gambling rate had remained the same over the last 10-15 years despite gaming machine numbers decreasing. The report stated on page 19:

In contrast to the 1990s, there is no evidence that problem gambling prevalence decreased with decreasing participation rates during the 2000s. When methodological differences between studies are taken into account, it appears that problem gambling prevalence has remained much the same during the past 10 to 15 years.

...gambling participation has decreased substantially in New Zealand during the past 20 years, and problem gambling and related harm has probably plateaued...

56. Professor Max Abbott is New Zealand's leading expert on problem gambling. In 2006, Professor Abbott published a paper titled *Do EGMs and Problem Gambling Go Together Like a Horse and Carriage?* The paper noted that gaming machine reductions and the introduction of caps generally appear to have little impact on problem gambling rates. Professor Abbott noted:

EGM reductions and the introduction of caps generally appear to have little impact (page 1).

Over time, years rather than decades, adaptation ('host' immunity and protective environmental changes) typically occurs and problem levels reduce, even in the face of increasing exposure (page 6).

Contrary to expectation, as indicated previously, although EGM numbers and expenditure increased substantially in New Zealand from 1991 to 1999, the percentage of adults who gambled weekly dropped from 48% to 40%. This is of particular interest because it suggests that greater availability and expenditure do not necessarily increase high-risk exposure (page 14).

57. Retaining a more restrictive policy is unlikely to reduce problem gambling, but will, over time, reduce the amount of funding available to community groups based in Southland District. Reducing gaming machine venues reduces casual and recreational play, and therefore reduces machine turnover and the amount of money generated for grant distribution. However, problem gamblers are people who are addicted to gambling. If a

¹⁰ <https://www.health.govt.nz/publication/new-zealand-national-gambling-study-wave-3-2014>

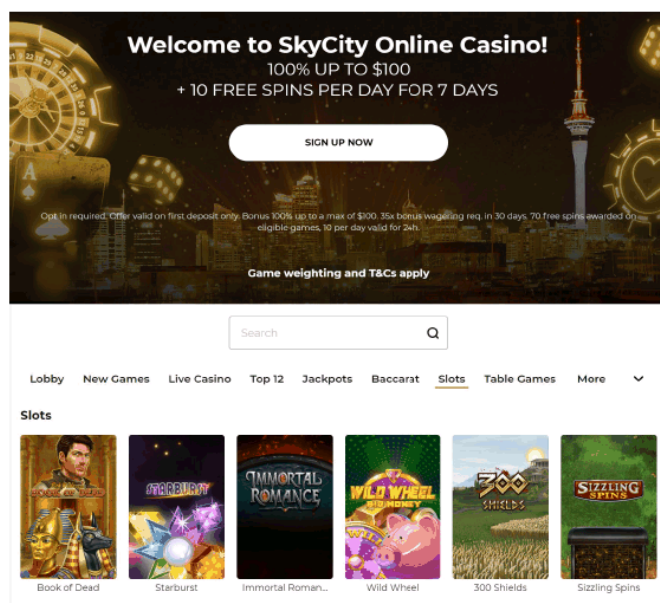
new bar is established and the policy prevents that bar from hosting gaming machines, a person who is addicted to gambling will simply travel the short distance to the next bar that has gaming machines, or worse, may move to another form of gambling such as offshore-based internet and mobile phone gambling.

Unintended Consequences – Increase in Internet and Mobile Phone Gambling

58. Any reduction in the local gaming machine offering may have unintended consequences, as this may simply lead to a migration of the gambling spend to offshore internet- and mobile-based offerings. While it is illegal to advertise overseas gambling in New Zealand, it is not illegal to participate in gambling on an overseas-based website or mobile phone application.



59. It now takes only a simple search and a few minutes to download to your computer, tablet or mobile phone any type of casino game you desire, including an exact replica of the gaming machine programs currently available in New Zealand venues.
60. There is no question that New Zealanders love gambling online.
61. SkyCity has a very popular offshore-based online casino with a large selection of gaming machine games.



62. A September 2018 Cabinet paper¹¹ on online gambling cites research suggesting that New Zealanders gambled approximately \$300 million with offshore providers in 2017, with the market growing annually at between 12 and 20 per cent.
63. The Cabinet paper notes that health professionals and gambling harm treatment providers have expressed concern that online gambling may be more harmful than some existing forms of gambling. The paper continues by stating “It [online gambling] has the potential to drive changes in behaviour to a greater, and more harmful, extent than some land-based gambling.”
64. TAB New Zealand estimates that the total online spend with offshore gambling websites by New Zealanders for the 12 months to August 2020 was \$570-\$580m.
65. In March 2022, Kiwibank advised¹² that its customers were spending around \$30 million every month playing on online gambling sites. Kiwibank is only one bank; one of the smaller banks.
66. The migration from physical Lotto stores and SkyCity was apparent during the Covid-19 lockdowns. When the physical venues were closed, the number of online registered players, and the amount of online revenue, skyrocketed.

¹¹ http://www.gamblinglaw.co.nz/download/Online_gambling_Cabinet_paper.pdf

¹² <https://www.newshub.co.nz/home/new-zealand/2022/03/kiwibank-customers-spending-30m-every-month-playing-on-online-gambling-sites.html>

NZ Lotteries Commission 'MyLotto'			
	FY20	FY19	FY18
Registered Players	1,230,000	845,000	746,000
Increase on previous Year	45.6%	13.3%	17.1%
MyLotto Sales	\$430.6m	\$227.6m	\$201.1m
Increase on previous Year	89.2%	13.2%	25.8%
% of Total Lotto Sales	31%	19%	16%

(Information sourced from annual reports)

Sky City Casino NZ Online Casino			
KPIs	FY21	FY20	Movement
Customer Registrations	48,958	25,661	90.8%
First Time Depositors (new actives)	28,114	15,855	77.3%
Deposit Conversion	57%	62%	n/a
Total Bets	\$792.5m	\$253.5m	212.5%
Gaming Revenue	\$27.9m	\$10.2m	173.5%
Operating Costs & Taxes	\$14.8m	\$5.6m	n/a
Profit	\$13.1m	\$4.5m	190.6%

(Information sourced from annual reports)

67. Offshore-based online gambling poses considerable risks because it:

- Is highly accessible, being available 24 hours a day from the comfort and privacy of your home;
- Has no restrictions on bet sizes;
- Has no capacity for venue staff to observe and assist people in trouble;
- Reaches new groups of people who may be vulnerable to the medium;
- Provides no guaranteed return to players;
- Is more easily abused by minors;
- Has reduced protections to prevent fraud, money laundering or unfair gambling practices; and

- Is unregulated, so on-line gamblers are often encouraged to gamble more by being offered inducements or by being offered the opportunity to gamble on credit. For example, many overseas sites offer sizable cash bonuses to a customer's account for each friend that they induce to also open an account and deposit funds.
68. Offshore-based online gambling does not generate any community funding for New Zealanders, does not generate any tax revenue for the New Zealand Government, and does not make any contribution to the New Zealand health and treatment services as no contribution is made to the problem gambling levy.

Council Conflicts of Interest

69. It is important that the committee of councillors that determines the gambling venue policy reflects the full views of the community. It has, however, become common for councillors who are involved in community and sporting groups to withdraw from the gambling venue policy deliberation as they consider the receipt of funding by a group that they are associated with constitutes a conflict. It has also been common for councillors with very strong, pre-determined anti-gambling views to refuse to withdraw from the policy deliberation, despite their strongly held views.
70. The Association has sought independent legal advice (copy attached) from Brookfields Lawyers regarding gambling venue policy conflicts. In summary, the key advice is:
- Being a member of a club or organisation that receives funding from a gaming grant will not usually give rise to conflict of interest when it comes to deciding or discussing Council's gambling venue policy, unless that member holds a paid role (e.g., a coach who is paid for that service); and
 - Where an elected member, outside of a debate on the issue, has expressed a view on the gambling venue policy that suggests that they do not and cannot have an open mind on the matter, this could give rise to a conflict of interest on the grounds of predetermination.

Oral Hearing

71. Jarrod True, on behalf of the Gaming Machine Association of New Zealand, would like to make a presentation at the upcoming oral hearing (via video conference)

19 May 2022

Jarrod True

gmanz.org.nz

*Largest to Smallest Grants to Southland District
For the year end 31 December 2020*

Organisation	Society	Amount Granted
RUGBY SOUTHLAND	ILT Foundation	340,000
SOUTHLAND INDOOR LEISURE CENTRE CHARITABLE TRUST	ILT Foundation	300,000
SOUTHLAND CHARITABLE HOSPITAL TRUST	Aotearoa Gaming Trust	150,000
SPORT SOUTHLAND	ILT Foundation	128,250
PRESBYTERIAN SUPPORT SOUTHLAND	ILT Foundation	115,000
CYCLING SOUTHLAND INCORPORATED	ILT Foundation	101,250
SOUTHLAND CRICKET ASSOCIATION INCORPORATED	ILT Foundation	101,250
SOUTHLAND FOOTBALL INCORPORATED	ILT Foundation	78,750
ATHLETICS SOUTHLAND INCORPORATED	ILT Foundation	65,000
SOUTHLAND BMX CLUB INCORPORATED	Aotearoa Gaming Trust	65,000
SOUTHLAND BMX CLUB INCORPORATED	ILT Foundation	65,000
SOUTHLAND SCHOOLS PIPE BAND PROGRAMME TRUST	ILT Foundation	50,700
SOUTHLAND BASKETBALL ASSOCIATION INCORPORATED	ILT Foundation	47,500
SQUASH SOUTHLAND INCORPORATED	ILT Foundation	45,000
SOUTHLAND SOFTBALL ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	40,000
HOCKEY SOUTHLAND INCORPORATED	ILT Foundation	37,500
SWIMMING SOUTHLAND INCORPORATED	ILT Foundation	35,000
TALENT DEVELOPMENT SOUTHLAND CHARITABLE TRUST	ILT Foundation	30,500
SOUTHLAND BADMINTON ASSOCIATION INCORPORATED	ILT Foundation	30,000
SPORT SOUTHLAND	The Trusts Community Foundation Limited	30,000
GRAEME DINGLE FOUNDATION SOUTHLAND	Aotearoa Gaming Trust	29,900
SOUTHLAND TENNIS ASSOCIATION INCORPORATED	ILT Foundation	29,000
RUGBY SOUTHLAND	Aotearoa Gaming Trust	25,700
GOLF SOUTHLAND INCORPORATED	ILT Foundation	25,000
SOUTHLAND SOFTBALL ASSOCIATION INCORPORATED	TAB New Zealand	25,000
SPORT SOUTHLAND	ILT Foundation	25,000
BOWLS SOUTHLAND INCORPORATED	ILT Foundation	22,500
SOUTHLAND INDOOR BOWLS CENTRE INCORPORATED	ILT Foundation	22,000
CYCLING SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	21,000
CHAMBER OF COMMERCE SOUTHLAND INCORPORATED	ILT Foundation	20,000
DISABILITIES RESOURCE CENTRE SOUTHLAND TRUST	Aotearoa Gaming Trust	20,000
DRUMMOND RUGBY FOOTBALL CLUB INC SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	20,000
RIVERTON RACING CLUB INCORPORATED	Aotearoa Gaming Trust	20,000
SOUTHLAND DISABILITY ENTERPRISES CHARITABLE TRUST	Aotearoa Gaming Trust	20,000
SOUTHLAND FOODBANK CHARITABLE TRUST	ILT Foundation	20,000
SOUTHLAND MOTORCYCLE CLUB INCORPORATED	ILT Foundation	20,000
SOUTHLAND SOFTBALL ASSOCIATION INCORPORATED	ILT Foundation	20,000
TOUCH SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	20,000
TOUCH SOUTHLAND INCORPORATED	ILT Foundation	20,000
SOUTHLAND SCHOOLS PIPE BAND PROGRAMME TRUST	Aotearoa Gaming Trust	18,000
SOUTHLAND REGIONAL DEVELOPMENT AGENCY (GREAT STH)	ILT Foundation	17,750
SOUTHLAND MULTIPLE SCLEROSIS SOCIETY INCORPORATED	ILT Foundation	17,500
VOLLEYBALL SOUTHLAND INCORPORATED	ILT Foundation	17,500
CANCER SOC OF NZ - OTAGO & SOUTHLAND DIVISION INC - OAMARU	Lion Foundation	15,000
PHOENIX SYNCHRO SOUTHLAND INCORPORATED	ILT Foundation	15,000
RAPE AND ABUSE SUPPORT CENTRE SOUTHLAND INCORPORATED	ILT Foundation	15,000
SOUTHLAND BASKETBALL ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	15,000
SOUTHLAND POWER BOAT CLUB INCORPORATED	ILT Foundation	15,000
SOUTHLAND SECONDARY SCHOOLS SPORT	ILT Foundation	15,000
SOUTHLAND WORKERS EDUCATIONAL ASSN INCORPORATED	ILT Foundation	15,000
VOLLEYBALL SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	15,000
DISABILITIES RESOURCE CENTRE SOUTHLAND C/T	ILT Foundation	12,500
SOUTHLAND BENEFICIARIES AND COMMUNITY RIGHTS	ILT Foundation	12,500
SOUTHLAND DISABILITY ENTERPRISES LTD	ILT Foundation	12,500
SOUTHLAND YOUTH ONE STOP SHOP TRUST	ILT Foundation	12,500
CCS DISABILITY ACTION SOUTHLAND INCORPORATED	ILT Foundation	12,000
SOUTHLAND ASTHMA SOCIETY INCORPORATED	ILT Foundation	12,000
SOUTHLAND TABLE TENNIS ASSOCIATION INCORPORATED	ILT Foundation	11,000
SOUTHLAND TRIATHLON AND MULTISPORT CLUB INCORPORATED	ILT Foundation	11,000
SPECIAL OLYMPICS SOUTHLAND	Aotearoa Gaming Trust	11,000
TAPANUI GOLF CLUB INCORPORATED	The Trusts Community Foundation Limited	11,000
HEAD INJURY SOCIETY OF SOUTHLAND INCORPORATED	ILT Foundation	10,200
BORLAND LODGE ADVENTURE AND EDUCATION TRUST	Pub Charity Limited	10,000
CYCLING SOUTHLAND INCORPORATED	ILT Foundation	10,000
CYCLING SOUTHLAND INCORPORATED	Lion Foundation	10,000
FIORDLAND COMMUNITY EVENTS CENTRE TRUST	Pub Charity Limited	10,000
HEAD INJURY SOCIETY OF SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	10,000
HOLLYFORD CONSERVATION TRUST - TE ROOPU MANAAKI O WHAKATIPU WAITAI	Pub Charity Limited	10,000
UFE EDUCATION TRUST HEARTLAND OTAGO SOUTHLAND	Aotearoa Gaming Trust	10,000
UFE EDUCATION TRUST HEARTLAND OTAGO SOUTHLAND	The Trusts Community Foundation Limited	10,000
LOSS AND GRIEF SUPPORT TRUST SOUTHLAND	ILT Foundation	10,000
OTAGO SOUTHLAND AREA OF NZ PONY CLUBS ASSN INCORPORATED	Aotearoa Gaming Trust	10,000
OTAUTAU GOLF CLUB INCORPORATED	Aotearoa Gaming Trust	10,000
SOUTHLAND RACING CLUB INCORPORATED	ILT Foundation	10,000
SOUTHLAND SPORTS CAR CLUB INCORPORATED	ILT Foundation	10,000
SOUTHLAND TENNIS ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	10,000
TE ANAU RUGBY CLUB INCORPORATED	Aotearoa Gaming Trust	10,000
YOUTH DEVELOPMENT SOUTHLAND REGION TRUST T/A GRAEME DINGLE FOUNDATION SOUTHLAND	The Trusts Community Foundation Limited	10,000
RIVERTON RUGBY FOOTBALL CLUB INCORPORATED	Aotearoa Gaming Trust	10,000
HOLLYFORD CONSERVATION TRUST - TE ROOPU MANAAKI O WHAKATIPU WAITAI	Aotearoa Gaming Trust	8,000
SOUTHLAND BADMINTON ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	8,000
STADIUM SOUTHLAND LIMITED	Aotearoa Gaming Trust	8,000
SPORT SOUTHLAND	The Trusts Community Foundation Limited	7,604

*Largest to Smallest Grants to Southland District
For the year end 31 December 2020*

Organisation	Society	Amount Granted
EDUKS SOUTHLAND CHARITABLE TRUST	ILT Foundation	7,500
UGHHOUSE SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	7,500
RIVERTON HERITAGE AND TOURIST CENTRE TRUST	Aotearoa Gaming Trust	7,500
SOUTHLAND HINDI SCHOOL CHARITABLE TRUST BOARD	ILT Foundation	7,500
SOUTHLAND MULTICULTURAL COUNCIL INCORPORATED	ILT Foundation	7,500
DISABLED INCORPORATED	ILT Foundation	7,500
WYNDHAM RACING CLUB INCORPORATED	The Trusts Community Foundation Limited	7,250
MATAURA BOWLING CLUB INCORPORATED	The Trusts Community Foundation Limited	7,000
SOUTHLAND REGIONAL DEVELOPMENT AGENCY (GREAT STH)	ILT Foundation	7,000
SOUTHLAND REGIONAL DEVELOPMENT AGENCY (GREAT STH)	ILT Foundation	7,000
TE ANAU GOLF CLUB INCORPORATED	Aotearoa Gaming Trust	7,000
WALLACETOWN COMMUNITY CENTRE SOCIETY INCORPORATED	Aotearoa Gaming Trust	6,823
SOUTHLAND MOTORCYCLE CLUB INCORPORATED	ILT Foundation	6,800
EDUKS CHARITABLE TRUST	Aotearoa Gaming Trust	6,250
UGHHOUSE SOUTHLAND INCORPORATED	ILT Foundation	6,250
BOWLS SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	6,190
ST ANDREW SCOUT GROUP	Aotearoa Gaming Trust	6,067
CANCER SOC OF NZ - OTAGO & SOUTHLAND DIVISION INCORPORATED	Lion Foundation	6,000
CCS DISABILITY ACTION SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	6,000
PHOENIX SYNCHRO SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	5,760
SOUTHLAND CHRISTMAS PARADE CHARITABLE TRUST	ILT Foundation	5,500
OTAUTAU HEALTH LTD	Aotearoa Gaming Trust	5,292
ALZHEIMERS SOCIETY SOUTHLAND INCORPORATED	ILT Foundation	5,000
FIORDLAND COMMUNITY EVENTS CENTRE TRUST	Aotearoa Gaming Trust	5,000
HOCKEY SOUTHLAND INCORPORATED	The Trusts Community Foundation Limited	5,000
SOUTHLAND ACC ADVOCACY TRUST	ILT Foundation	5,000
SOUTHLAND COMMUNITY NURSERY CONSERVATION TRUST	ILT Foundation	5,000
SOUTHLAND CRICKET ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	5,000
SOUTHLAND HINDI SCHOOL CHARITABLE TRUST BOARD	Aotearoa Gaming Trust	5,000
SOUTHLAND MULTIPLE SCLEROSIS SOCIETY INCORPORATED	Aotearoa Gaming Trust	5,000
SOUTHLAND TABLE TENNIS ASSOCIATION INCORPORATED	ILT Foundation	5,000
WINTON AGRICULTURAL AND PASTORAL ASSOCIATION	Aotearoa Gaming Trust	5,000
YOUTHLINE SOUTHLAND INCORPORATED	ILT Foundation	5,000
STEWART ISLAND PROMOTION ASSOCIATION INCORPORATED	Aotearoa Gaming Trust	5,000
MARAKURA YACHT CLUB INCORPORATED	Aotearoa Gaming Trust	4,400
SPORT SOUTHLAND	ILT Foundation	4,302
SOUTHLAND AMATEUR ROWING ASSOCIATION INCORPORATED	ILT Foundation	4,250
STADIUM SOUTHLAND LIMITED	ILT Foundation	4,000
YOUTHLINE SOUTHLAND INCORPORATED	ILT Foundation	4,000
YOUTHLINE SOUTHLAND INCORPORATED	ILT Foundation	4,000
SOUTHLAND HINDI SCHOOL CHARITABLE TRUST BOARD	ILT Foundation	3,750
TE ANAU RODEO CLUB INCORPORATED	Pub Charity Limited	3,617
TE ANAU RODEO CLUB INCORPORATED	Aotearoa Gaming Trust	3,600
ROTARY CLUB OF FIORDLAND CHARITABLE TRUST	Pub Charity Limited	3,500
ROTARY CLUB OF FIORDLAND CHARITABLE TRUST	Pub Charity Limited	3,500
YOUTHLINE SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	3,500
SOUTHLAND ART SOCIETY INCORPORATED	ILT Foundation	3,400
RIVERTON COMMUNITY CHARITABLE TRUST	Aotearoa Gaming Trust	3,074
CYCLING SOUTHLAND INCORPORATED	New Zealand Community Trust	3,000
GRAEME DINGLE FOUNDATION SOUTHLAND	Lion Foundation	3,000
OTAGO SOUTHLAND REGIONAL COMMITTEE - NZ BRIDGE INCORPORATED	The Bendigo Valley Sports and Charity Foundation	3,000
SOUTHLAND LITERACY ASSOCIATION INCORPORATED	ILT Foundation	3,000
SOUTHLAND OTAGO AXEMENS CENTRE	Lion Foundation	3,000
SPORT SOUTHLAND	ILT Foundation	3,000
OTAUTAU BOWLING CLUB INCORPORATED	Aotearoa Gaming Trust	2,958
SPIRIT OF SOUTHLAND INCORPORATED	ILT Foundation	2,892
SOUTHLAND OTAGO AXEMENS CENTRE	ILT Foundation	2,750
SOUTHLAND STOCK CAR DRIVERS ASSOCIATION INCORPORATED	ILT Foundation	2,750
WAIMUMU TE TIPUA ART EXHIBITION INCORPORATED	The Trusts Community Foundation Limited	2,697
FIORDLAND COLLEGE GIRLS FOOTBALL TEAM	Pub Charity Limited	2,563
ROAD SAFETY SOUTHLAND	ILT Foundation	2,500
ROTARY CLUB OF FIORDLAND INCORPORATED	Aotearoa Gaming Trust	2,500
TOUCH SOUTHLAND INCORPORATED	ILT Foundation	2,500
DISABLED INCORPORATED	Lion Foundation	2,500
INDIAN COMMUNITY SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	2,400
SOUTHLAND POWER BOAT CLUB INCORPORATED	ILT Foundation	2,250
TE ANAU GOLF CLUB INCORPORATED	Pub Charity Limited	2,200
ATHLETICS SOUTHLAND INCORPORATED	ILT Foundation	2,000
PRESBYTERIAN SUPPORT SOUTHLAND	ILT Foundation	2,000
SOUTHLAND A & P ASSOCIATION	ILT Foundation	2,000
SOUTHLAND FILIPINO SOCIETY INCORPORATED	ILT Foundation	2,000
SOUTHLAND MASTERS BADMINTON CLUB	ILT Foundation	2,000
CATLINS COAST INCORPORATED	The Trusts Community Foundation Limited	1,730
SOUTHLAND KIDNEY SOCIETY INCORPORATED	ILT Foundation	1,500
SOUTHLAND MASTERS BADMINTON CLUB	Aotearoa Gaming Trust	1,500
SQUASH SOUTHLAND INCORPORATED	Aotearoa Gaming Trust	1,500
TOUCH SOUTHLAND INCORPORATED	The Trusts Community Foundation Limited	1,500
SOUTHLAND OTAGO AXEMENS CENTRE	Aotearoa Gaming Trust	1,397
SOUTHLAND CHEVROLET CLUB INCORPORATED	ILT Foundation	1,147
C C S DISABILITY ACTION SOUTHLAND INCORPORATED	Lion Foundation	1,140
STRINGS OF SOUTHLAND CHARITABLE TRUST	ILT Foundation	1,100
HEAD INJURY SOCIETY OF SOUTHLAND INCORPORATED	Lion Foundation	1,000
HEAD INJURY SOCIETY OF SOUTHLAND INCORPORATED	The Trusts Community Foundation Limited	1,000

*Largest to Smallest Grants to Southland District
For the year end 31 December 2020*

Organisation	Society	Amount Granted
MARKLIN CLUB SOUTHLAND	ILT Foundation	1,000
SOUTHLAND KENNEL ASSOCIATION INCORPORATED	ILT Foundation	1,000
SOUTHLAND MULTIPLE SCLEROSIS SOCIETY INCORPORATED	The Trusts Community Foundation Limited	1,000
SOUTHLAND SOCIETY OF MODEL ENGINEERS INCORPORATED	ILT Foundation	1,000
RIVERTON HERITAGE AND TOURIST CENTRE TRUST	Aotearoa Gaming Trust	865
CHAMBER OF COMMERCE SOUTHLAND INCORPORATED	ILT Foundation	750
ATHLETICS SOUTHLAND INCORPORATED	ILT Foundation	700
ATHLETICS SOUTHLAND INCORPORATED	ILT Foundation	700
SOUTHLAND DEAF COMMUNITY INCORPORATED	Aotearoa Gaming Trust	600
PRESBYTERIAN SUPPORT SOUTHLAND	ILT Foundation	541
PRESBYTERIAN SUPPORT SOUTHLAND	ILT Foundation	459
SOUTHLAND ART SOCIETY INCORPORATED	ILT Foundation	233
SPIRIT OF SOUTHLAND INCORPORATED	ILT Foundation	108
SPEECH COMMUNICATION ASSOCIATION SOUTHLAND BRANCH	ILT Foundation	63
Grand Total		3,146,421

15 March 2021

Gaming Machine Association of New Zealand
c/o Peter Dengate-Thrush
Independent Chair

ATTENTION: Peter-Dengate Thrush

GAMBLING VENUE POLICY - CONFLICT OF INTEREST

We refer to your email instructions of 26 February 2021, seeking our advice regarding councillor conflicts of interest with respect to decision-making on Council's gambling venue policy.

YOUR QUESTIONS

1. You have asked us to advise whether:
 - a. Membership of a club or organisation that receives gaming machine grant funding would constitute a conflict of interest that would require the councillor to withdraw from decision-making or discussion regarding a proposed gambling venue policy; and
 - b. If Council has itself received gambling grant funding, does this impact on its ability to decide on a gambling venue policy, such that the decision should be made by an independent commissioner?

EXECUTIVE SUMMARY

1. In summary:
 - a. If an elected member has a financial interest in a club or organisation that may be impacted by the gambling venue policy, the member must not participate in any discussion or decision-making on the policy. It would be rare for a financial interest to arise in this context, but examples may be where the elected member is in a paid role at a club or organisation, and the role is funded from a gaming grant. A more remote interest may arise where the quantum of membership fees paid to a club or organisation may be impacted by a gaming grant. In those circumstances,

1851975 / 704877



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LAWYERS

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it may be prudent to seek a decision from the Auditor-General as to whether the potential interest is deemed too remote to influence decision-making.

- b. Being a member of a club or organisation that receives funding from a gaming grant will not usually give rise to a conflict of interest when it comes to deciding or discussing Council's gambling venue policy, unless that member holds a paid role (e.g. a coach who is paid for that service).
 - c. Being a member of a club or organisation that operates a gaming licence will give rise to a conflict of interest, particularly where the elected member serves in an executive role at the club or organisation.
 - d. Where an elected member, outside of a debate on the issue, had expressed a view on the gambling venue policy that suggests that they do not and cannot have an open mind on the matter, this could give rise to a conflict of interest on the grounds of predetermination.
2. The fact that Council may have previously been the recipient of gaming grant money would not create a conflict of interest when deciding its gambling venue policy. Such democratic decision-making is fundamental to its role and is distinguishable from regulatory or quasi-judicial decision-making where appointment of an independent commissioner may be appropriate to avoid any appearance of bias. The decision-making processes in the Local Government Act 2002 (LGA) already impose important requirements to ensure that such decision-making involves consideration of broader community views and not just the interests of Council as an organisation. It would therefore be unnecessary and inappropriate to appoint an independent commissioner because Council initiatives may have previously benefited from gaming grants.

ANALYSIS

3. Under section 101 of the Gambling Act 2003 (GA), territorial authorities must, using the special consultative procedure in section 83 of the LGA, adopt a policy that specifies whether class 4 venues may be established in the district, and if so, where they may be located (**the policy**). The policy may also specify any restrictions on the maximum number of gaming machines that may be operated at a class 4 venue and may include a relocation policy.

Does membership of an organisation or club create a conflict of interest for participation in discussion or decision-making on gambling venue policies?

4. It is not uncommon for councillors to be members of organisations and clubs, some of which may receive grant funding from gaming machines. This raises the question of whether membership of such a club or organisation would constitute a conflict of interest that would prevent the councillor from participating in discussion or decision-making regarding the policy.
5. Broadly speaking, a conflict of interest occurs when an elected member is affected by some other interest that he or she has in their private life. There are different types of conflict of interest:

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- a. Financial conflicts of interest – where the member (or their spouse or partner) has a direct or indirect financial interest in a particular decision, they cannot discuss or vote on the matter.¹
- b. Non-financial conflicts of interest.

Financial conflicts of interest

6. The applicable legislation is the Local Authorities (Members' Interests) Act 1968 (**LAMIA**). While the LAMIA does not define what a financial interest is, section 6(2) outlines a number of examples where a member will be deemed to have a financial interest:
 - The member, or his or her spouse, owns 10% or more of the issued capital of an incorporated company or any company controlling that company, that has a pecuniary interest (direct or indirect) in a matter before the local authority or committee; or
 - The member, or his or her spouse, is a member of the company and either of them is the managing director or the general manager of the company; or
 - The member, or his or her spouse, is a member of a company controlling the company having a pecuniary interest in the matter before the local authority or committee, and either the member, or his or her spouse, is the managing director or the general manager; or
 - The member, or his or her spouse, is the managing director or general manager of the company, and either of them is a member of a company controlling that company.
7. Other than these examples, the LAMIA does not define what a "financial interest" is. However, the Auditor-General has described a "financial interest" as "a reasonable expectation of financial loss or gain from the particular decision".²
8. It is unlikely that membership alone of a community organisation that receives gaming grant funding would give rise to a financial interest. This is because such organisations and clubs are usually run on a not-for-profit basis. One example where a financial interest could potentially arise would be if the member were in a paid position at the club or organisation, and the funding for that position comes from gaming grants. Another example may be where there is a prospect that membership fees or subscriptions to a club could be affected by the amount of gaming grant funding. However, given that gambling venue policies are relatively high-level in nature and do not directly address matters such as the licensing of particular venues (which involve a separate decision-

¹ Section 6(1) of the Local Authorities (Members' Interests) Act 1968.

² Controller and Auditor-General, **Local Authorities (Members' Interests) Act 1968: A Guide for members of local authorities on managing financial conflicts of interest**, June 2020, at 4.15, referring to the definition of a financial interest in **Downward v Babington** [1975] VR 872.

making process, often by Council officers acting under delegated authority), or allocation of gaming grants (which are decided by the organisations that operate gaming licences subject to statutory requirements), any such potential impact is likely to be too speculative or remote to constitute a financial interest in the decision-making on a gambling venue policy.

9. Notwithstanding this view, where an elected member may receive a financial benefit of the kind described above from a club or organisation receiving gaming grant funding, they may as a matter of prudence wish to first obtain an exemption from the Auditor-General under section 6(3)(f) of the LAMIA (on the grounds that the financial interest is too remote or insignificant to be regarded as likely to influence him or her in voting or taking part in the discussion of the policy) before participating in discussion or decision-making on the policy. It is a relatively simple process to apply for such an exemption.

Non-financial conflicts of interest

10. A non-financial conflict of interest is any situation where a member is not affected financially by a decision but is affected in some other way that may constitute bias or the appearance of bias. Non-financial conflicts of interest are relevant to the avoidance of bias in decision-making. As opposed to financial interests, which can create personal liability for an elected member, bias is a matter of Council's accountability to the public. The avoidance of bias is part of the administrative law principles of natural justice, which require the Council to act fairly in reaching its decisions. The fairness principle has been described in these terms:³

In exercising that discretion, as in exercising any other administrative function, they [members] owe a constitutional duty to perform it fairly and honestly ... What is a fair procedure to be adopted at a particular enquiry will depend upon the nature of its subject matter.

11. The test for whether an interest may give rise to an apparent bias has been stated by the Court of Appeal as being where circumstances:⁴

...might lead a fair-minded lay observer to reasonably apprehend that the judge might not bring an impartial mind to the resolution of the instant case.

12. Unlike a financial conflict of interest, a potential non-financial conflict does not automatically exclude a member from participating in a decision. It will depend on how serious the conflict is. The Auditor-General has suggested a number of factors that may be relevant to an assessment of whether a potential conflict is serious enough to exclude a member from participation in decision-making. They include:⁵

- The type or size of the person's other interest;
- The nature or significance of the particular decision or activity being carried out by the public organisation;
- The extent to which the person's other interest could specifically affect, or be affected by, the public organisation's decision or activity; and

³ **Bushell v Secretary of State for the Environment** [1981] AC 75, 95.

⁴ **Muir v Commissioner of Inland Revenue** [2007] 3 NZLR 495.

⁵ Controller and Auditor-General, **Managing conflicts of interest: A guide for the public sector**, June 2020, at 4.31.

- The nature or extent of the person's current or intended involvement in the public organisation's decision or activity.

13. In our view, in the context of decision-making on a gambling venue policy, the mere fact that an elected member is also a lay member of an organisation or club that receives gaming grant funding is unlikely to give rise to a conflict of interest. This is because of the level of remoteness from any possible benefit or loss associated with the decision-making. In most cases, the contents of a gambling venue policy will not directly impact on funding that has or may be received by a club or organisation from gaming machine grants. The purpose of the policy is to specify whether class 4 venues may be established, and if so their location. It can also specify restrictions on the number of gaming machines that may operate at a class 4 venue. Such matters do not necessarily impact directly on whether a club or organisation may receive gaming grant funding, and if so, the amount of any such grant. Funding decisions are made by the organisations who operate the gaming machines, not the Council. The fact that a member, by virtue of membership of a club or organisation that has received gaming grants, has knowledge or experience of the beneficial impacts that gaming grants can have on the community does not give rise to a conflict of interest. To the contrary, it may contribute to a fair and balanced consideration of the issues arising when making decisions on a gambling venue policy. This would be consistent with the purpose of the of the GA, which is *inter alia* to ensure that money from gambling benefits the community and to facilitate community involvement in decisions about the provision of gambling.⁶

14. It is important to distinguish between membership of a club or organisation that receives gaming grants, and membership of a club or organisation that holds a gaming licence. In our view, while the former would not give rise to a conflict of interest in decision-making on a gambling venue policy, there is a much greater likelihood that the latter could give rise to a conflict of interest. This is particularly the case if the elected member holds an executive role in the club or organisation that operates a gaming licence. This is because, while a gambling venue policy does not specify whether or not a particular club or organisation is able to obtain a gaming licence *per se*, the policy may affect the eligibility of a club or organisation to hold a licence. As such, participation in the discussion or decision-making by a member of any such club or organisation could create an appearance of bias and therefore a conflict of interest.

15. Elected members should also always be mindful of avoiding predetermination, i.e., approaching decision-making with a closed mind. Elected members are entitled (and expected) to bring their previous knowledge and experiences to decision-making, but to approach any decision with an open mind. This means that elected members should be cautious about being vocal, other than in the course of Council debates, about particular views in a manner that may suggest that they do not and cannot have an open mind on a particular matter. This is because a conflict of interest may arise as a result of possible predetermination (i.e. actual or perceived bias).

16. In summary:

⁶ Section 3 of the GA.

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- a. If an elected member has a financial interest in a club or organisation that may be impacted by the gambling venue policy, the member must not participate in any discussion or decision-making on the policy. It would be rare for a financial interest to arise in this context, but examples may be where the elected member is in a paid role at a club or organisation, and the role is funded from a gaming grant. A more remote interest may arise where the quantum of fees paid to a club or organisation may be impacted by a gaming grant. In those circumstances, it may be prudent to seek a decision from the Auditor-General as to whether the potential interest is deemed to remote to influence decision-making.
- b. Being a member of a club or organisation that receives funding from a gaming grant will not usually give rise to a conflict of interest when it comes to deciding or discussing Council's gaming venue policy.
- c. Being a member of a club or organisation that operates a gaming licence will give rise to a conflict of interest, particularly where the elected member serves in an executive role at the club or organisation.
- d. Where an elected member, outside of a debate on the issue, has expressed a view on the gambling venue policy that suggests that they do not and cannot have an open mind on the matter, this could give rise to a conflict of interest on the grounds of predetermination.

Would Council be conflicted in deciding a gambling venue policy because it has previously received gaming grants?

17. Council initiatives will frequently fall within the second category of the definition of an "authorised purpose" for which gaming proceeds may be used, as set out in section 4 of the GA i.e., "a non-commercial purpose that is beneficial to the whole or a section of the community". Notwithstanding the eligibility for Council initiatives to receive gaming grants, Parliament conferred territorial authorities with the responsibility of formulating a gaming venue policy for their districts. We do not consider that any conflict of interest would arise in relation to decision-making on a gambling venue policy because the Council may have previously been awarded gaming grants. This is because:

- a. While individual elected members are subject to the LAMIA which prevents them from participating in decision-making where they have a financial interest, Council as an entity is not subject to the LAMIA.
- b. Caselaw recognises the inevitability of a degree of conflict within councils when exercising certain statutory functions. It is established, for example, that a council may object to its own district plan, prosecute itself, and apply to itself for a resource consent.
- c. The standard of impartiality for a Council is that it must approach its duty of inquiring into submissions with an open mind.⁷ Given the requirement to undertake a special consultative process and the diverse views of individual members, it is unlikely that the fact that certain projects

⁷ *Lower Hutt City Council v Bank* [1974] 1 NZLR 545 at 550.

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BROOKFIELDS
LAWYERS

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undertaken by Council have benefited from gaming grants would unduly influence Council decision-making on its gambling venue policy. For the same reasons outlined above in relation to individual members, the connection between gaming grant money and decision-making on gambling venues is too remote to constitute a conflict of interest. In any event, compliance with the statutory rules in the LGA regarding decision-making by local authorities⁸ and the general principles relating to local authorities⁹ are intended to ensure that Council decision-making is open, transparent, and has regard to the diversity of community interests, notwithstanding the many facets and activities undertaken by Council.

18. We note that Council is not undertaking a quasi-judicial role when formulating a gambling venue policy. There is greater need to avoid the appearance of bias when it comes to regulatory or quasi-judicial decision making (such as considering a resource consent application). In those circumstances, where there is an apparent conflict in Council's interests, it is common for Council to delegate its decision-making to an independent commissioner. To that end, the Resource Management Act 1991 (**RMA**) specifically allows for the appointment of independent commissioners to decide consent applications. However, while Council may delegate its decision-making on a gambling venue policy to a particular committee or sub-committee of Council, it would be unnecessary (and in our view, inappropriate) to delegate such decision-making to an independent commissioner.

Yours faithfully
BROOKFIELDS


Linda O'Reilly
Partner

⁸ Section 76 of the LGA.

⁹ Section 14 of the LGA.

Draft TAB and Gambling venues policies

#3

COMPLETE

Collector: Web Link 2 (Web Link)
Started: Wednesday, June 08, 2022 12:02:25 PM
Last Modified: Wednesday, June 08, 2022 12:08:07 PM
Time Spent: 00:05:42
IP Address:

Page 1

Q1

ORGANISATION

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name Don Martin
Postal Address
City/Town
Postal Code
Mobile number
Email Address
Daytime Phone Number

Q3

No

Would you like to present your submission in person at a hearing?

Q4

no opinion

TAB Venue PolicyPlease select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Respondent skipped this question

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

1 / 2

Draft TAB and Gambling venues policies

Q6**Oppose**

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Please provide any comments you have on the draft Gambling Policy in the space provided below

Kia ora Team

Please see our submission. We would like to propose a cap on machine numbers and broad relocation policy

Thanks

Don

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

NZCT Southland District Council FINAL Due 13 June 2022.pdf (765KB)



Submission to
Southland District Council
on the proposed
Class 4 Gambling Venues Policy

13 June 2022

New Zealand Community Trust's submission on Southland District Council's Gambling Venue Policy

Introduction

Established in 1998, New Zealand Community Trust (NZCT) is one of New Zealand's largest gaming trusts with 13% market share. Our publicans raise funds by operating gaming lounges within their pubs, hotels and other venues. In the 12 months to 30 September 2021, NZCT approved **\$44.7** million in grant funding to sporting, local government and community groups nationwide.

NZCT is a member of the Gaming Machine Association of New Zealand (GMANZ). We are aware of and endorse the submission provided by GMANZ.

NZCT's recommendations

NZCT supports establishing a cap of machines at the status quo cap of 88 machines and maintaining the relocation provision

NZCT opposes the:

- The soft sinking lid in either venues or machine numbers.

Gaming machine funding

The Gambling Act 2003 seeks to balance the potential harm from gambling against the benefits of using gaming machines as a mechanism for community fundraising.

NZCT provided to all of Southland for the benefit of the community from January 2018 to June 2021 a total of \$171,505 with investment from Southland District Councils area **\$5,382** across **4** grant applications and worthy recipients.

NZCT recently granted \$1 million dollars to Maia Health Foundation in the South Island for the benefit of young people, adolescents, and their families. Without gaming machines this would not have been possible.

NZCT's contribution to community funding reflects its venue numbers and the turnover of each of those venues. According to grant data compiled by the sector GMANZ, Southlands community and sporting organisations received **\$8.836 million** in grants between January 2018 and to June 2021. This was represented by 493 grants and made by a range of gaming societies, including NZCT.

Executive summary

Establishing a cap and allowing a relocation policy will ensure the thousands of dollars continue to be granted to the local community.

Southland District community and sporting organisations received **\$8.836 million** across 493 grants between January 2018 and to June 2021.

The 2021 TDB Advisory report, Gambling in New Zealand: A National Wellbeing Analysis, found that gambling in New Zealand had a net positive wellbeing benefit of between **\$1,740 million** and **\$2,160 million** each year.

New Zealand has a very low problem gambling rate by international standards – at 0.2% of people aged 18 and over (approximately 8000 people nationally). According to the New Zealand National Gambling Study: Wave 4 (2015).

All gaming machine societies contribute to a problem gambling fund – which provides some \$20 m per year to the Ministry of Health to support and treat gambling addiction.

Problem gamblers are currently supported using a range of measures. The controlled, class 4 environment is one of the best environments to reduce gambling harm to people and communities.

Information is freely available in the community to enable support and identify risks associated with gambling by members of the public, individuals at risk, staff at venues, and by loved ones.

Council gambling venue policies are critical to maintaining the infrastructure that allows community funding from gaming trusts to be sustainable long term. Sinking lid and no-relocation policies destroy this infrastructure. Councils need to take an informed and balanced approach to community benefit and potential harm from gambling.

A sinking lid is a blunt instrument that does little to address problem gambling and reduces community funding by removing the fundraising infrastructure (i.e., gaming machines within tightly controlled entertainment venues) over time. Problem gambling is a complex addiction.

A cap on gaming machine numbers and an effective relocation policy that allows venues to move is much fairer to the community and hospitality business owners, as well as helping address problem gambling.

If gaming venues are removed from the community, gamblers are more likely to move to the online environment where gambling is unregulated, unmonitored, and have no harm minimisation measures. Online gambling incentivises spending and returns nothing to benefit the New Zealand community. The controlled environment around class 4 is recognized as the safest place in which to enjoy gambling, whilst providing benefit back to the community.

Class 4 societies must distribute or apply 100% of profits to community authorised purposes. It's important to appreciate this a not-for-profit model.

Purpose

The purpose of this submission is to explain why:

A cap with no sinking lid is the right choice for community wellbeing and detail how

- Problem Gamblers are supported
- Information is freely available to all gamblers and people using gaming venues
- The community need for this fund is there and must continue to be met

A cap with no sinking lid is the right choice for the community

A sinking lid reduces funding within our local community and nationally.

The national picture - community organisations rely on pub gaming to survive

The purpose of the pub gaming sector is to raise funds for the community. Many community sports, arts, and other groups, including councils accept grants and may depend on pub gaming grants to survive. It is crucial that this fundraising system is sustainable long term.

Seventy-five percent of groups surveyed in 2012 indicated their organisation is moderately or totally reliant on gaming funding to support their core business. Fifty-five percent said there would be a high to extreme risk to their organisation and their core business if they did not receive this funding.¹ There is no evidence that this situation has changed for the better since then.

The reduction in gaming trust funding has had a negative impact on community organisations, with many organisations and activities ceasing to operate and others severely reduced in capacity and capability. Grassroots community organisations are struggling with few alternative sources for funding available to replace the loss of gaming funding. Voluntary organisations are increasingly reliant on nationwide public donation campaigns to stay afloat. The Covid-19 pandemic has only worsened this situation.

Locally in Southland District

Southland District organisations like these that have benefited from NZCT's grants over the last three years, may miss out in the future if less funding is available.

Grant #	Organisation	Total Amount Approved	Amount drawn from Southland District
73546	Woodlands Full Primary School	\$2,480.00	\$2,480.00
73685	Woodlands Rugby Football Club Inc	\$2,125.00	\$2,125.00
		\$4,605.00	\$4,605.00
Regional grants that benefit Southland District			
73231	Netball South Zone Inc	\$6,500.00	\$736.80
		\$6,500.00	\$736.80

¹ Page iii, Community Funding Survey, Point Research 2012.

Grants to National organisations that benefit Southland District			
73210	Yachting NZ Inc	\$160,000.00	\$40.45
		\$160,000.00	\$40.45
		\$171,105.00	\$5,382.25

According to grant data compiled by the sector GMANZ, Southlands community and sporting organisations received **\$8.836 million** in grants between January 2018 and to June 2021. This was represented by 493 grants and made by a range of gaming societies, including NZCT.

91 cents of every dollar goes back to person gambling yet every year, the gaming trust sector raises around \$294 million² for more than 9,700 worthwhile sports and community groups. The sector's contribution to the community through funding, in addition to the contribution to government revenue from GST, other taxes and levies, is acknowledged by central government.

We anticipate that the Government will regulate to require gaming societies to return at least 80% of the net proceeds they generate to the region where the funds were raised. This means communities that do not operate gaming machines will be unlikely to receive gaming grants and their local sports and community groups will suffer. NZCT already aims to return 92% of our funds locally.

This is a good reason to establish a cap and have the machine numbers stay as they are.

The pub gaming sector has already experienced a significant decline

During the last 18 years the pub gaming sector has experienced a significant decline, yet problem gambling has remained static. Department of Internal Affairs (DIA) statistics show that, between 30 June 2003 and 30 June 2021:

- the number of gaming venues reduced from 2,122 to 1,059 (a 50% reduction)³
- the number of gaming machines operating reduced from 25,221 to 14,704 (a 41.7% reduction)⁴.
- Southlands gaming machines have dropped by 42% already from 133 down to 88

Council policies contribute to the decline in the pub gaming sector

One of the main contributors to the decline of the pub gaming sector is the inflexibility of council gambling policies, particularly those with sinking lids on gaming machine numbers and those that do not allow relocation of venues in a broad range of circumstances.

Such policies are based on the erroneous belief that limiting gaming machine numbers will limit problem gambling. In fact, despite the 41% reduction in gaming machine numbers during the past 17 years, New Zealand's problem gambling rate has remained consistently low as a percentage of the population. The 2015 New Zealand Gambling Study (the most recent) found the rate was 0.2% and the latest Health and Lifestyles Survey found it was 0.1%. The 2012 New Zealand Gambling Study concluded "...there has probably been no change in the prevalence of current problem and moderate-risk gambling since 2006."⁵

² *Grant Distribution Modelling*, KPMG, November 2020.

³ DIA statistics: https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Summary-of-Venues-and-Numbers-by-Territorial-AuthorityDistrict

⁴ Ibid.

⁵ Page 7, *New Zealand 2012 Gambling Study: Gambling harm and problem gambling*.

Online gambling is the unregulated threat to watch out for

The public has access to a growing number of overseas gambling websites where they can spend their entertainment dollar. These sites are highly accessible, even to minors, often offer inducements to keep players betting, and have no bet size restrictions or guaranteed return to players. They do not return any funds to the New Zealand community or the New Zealand Government and have no harm minimisation measures in place.

During the Covid-19 lockdown in 2020, 8% of gamblers gambled online for the first time and an additional 12% gambled online more than usual.⁶

Offshore-based online gambling poses considerable risks because it:

- Is highly accessible, being available 24 hours a day from the privacy of your home;
- Has no restrictions on bet sizes;
- Has no capacity for venue staff to observe and assist people in trouble;
- Reaches new groups of people who may be vulnerable to the medium;
- Provides no guaranteed return to players;
- Is more easily abused by minors;
- Has reduced protections to prevent fraud, money laundering or unfair gambling practices; and is unregulated, so on-line gamblers are often encouraged to gamble more by being offered inducements or by being offered the opportunity to gamble on credit. For example, many overseas sites offer sizable cash bonuses to a customer's account for each friend that they induce to also open an account and deposit funds.

Offshore-based online gambling does not generate any community funding for New Zealanders, does not generate any tax revenue for the New Zealand Government, and does not make any contribution to the New Zealand health and treatment services as no contribution is made to the problem gambling levy^{6b}.

Relocation is the right decision for increased and continued community good

In September 2013, Parliament recognised the merit in enabling venues to relocate, and expressly amended the Gambling Act 2003 to enable venues to relocate and retain the same number of machines when a relocation consent was obtained.

Enabling relocation enables venues to move out of earthquake-prone buildings, an important Health and Safety consideration.

Enabling relocation allows venues to move away from large premises, with large car parking areas, where such land may be better used for affordable high-density housing.

A relocation policy is positive as it assists with the revitalisation of the district. It allows gaming venues to move to new, modern, refurbished premises. Allowing local businesses to upgrade their premises and provide a more modern, attractive offering.

Location of gaming machines is more important than their number

Research⁷ suggests that when it comes to preventing and minimising gambling harm, the location of gaming machines is more important than the number of gaming machines operating. The

⁶ Impact on Covid-19: Topline results, April 17, 2020, Health Promotion Agency

⁷ Brief Literature Review to Summarise the Social Impacts of Gaming Machines and TAB Gambling in Auckland, Gambling & Addictions Research Centre, AUT University, 2012.

Government acknowledged this point in 2013 when it amended the Gambling Act⁸ to require local authorities to consider adding relocation clauses to their gambling policies.

As well as harm minimisation benefits from allowing venues to relocate out of areas of high deprivation, relocation clauses provide sensible options for business owners who are otherwise at the mercy of building owners who know they have captive tenants. Relocation clauses also give councils more flexibility for re-zoning and city planning.

Why allowing relocations is important

Helping reduce harm

Research⁹ by Auckland University of Technology shows that problem gambling behaviour is influenced more by the distance to the nearest gambling venue, rather than the number of gambling venues within walking distance.

The Ministry of Health's 2013 Gambling Resource for Local Government acknowledges this point and states that one of the major factors associated with increased prevalence of problem gambling is "location and/or density of gambling venues and machines".¹⁰ The Ministry of Health also found "being a problem gambler is significantly associated with living closer to gambling venues."¹¹ Allowing gaming operations to move out of high-deprivation areas could potentially diminish gambling harm for at-risk communities.

Supporting local hospitality businesses

Relocation clauses help ensure the continual improvement and growth of your local hospitality sector. Rather than tying gaming operations to a physical address, which may over time become a less desirable location, relocations allow gaming operators to move their business to more suitable premises. This is particularly important if premises are deemed unsafe or unusable for a lengthy period, such as after a fire or earthquake. The result is attractive and safe entertainment environments in your community.

Responding to future demand

Broad relocation clauses help gambling venue policies accommodate urban growth, re-zoning changes or changes in population demographics. This is not possible while gambling machine entitlements are linked to a physical address.

The DIA recommended relocation policies as a way of allowing territorial authorities to future-proof their class 4 gambling policies.¹²

Gaming machines can only be played in strictly controlled environments

Corporate societies licensed to conduct class 4 gambling are fully aware of their obligations under the Gambling Act 2003. All gaming rooms are operated by trained staff at licensed venues.

⁸ Section 97A and 102(5A).

^{6b} http://www.gamblinglaw.co.nz/download/Online_gambling_Cabinet_paper.pdf

⁹ *Brief Literature Review to Summarise the Social Impacts of Gaming Machines and TAB Gambling in Auckland*, Gambling & Addictions Research Centre, AUT University, 2012.

¹⁰ Page 21, *Ministry of Health Gambling Resource for Local Government*, 2013.

¹¹ Ibid.

¹² *Internal Affairs Policy Briefing 3: Options for improving territorial authority gaming machine policies*, 28 March 2013.

The DIA is responsible for monitoring the class 4 gambling industry, including venue 'key persons', bar staff and societies, to ensure they adhere to legislative requirements. The penalties for non-compliance include fines, suspensions, loss of operating or venue licence and potential criminal charges.

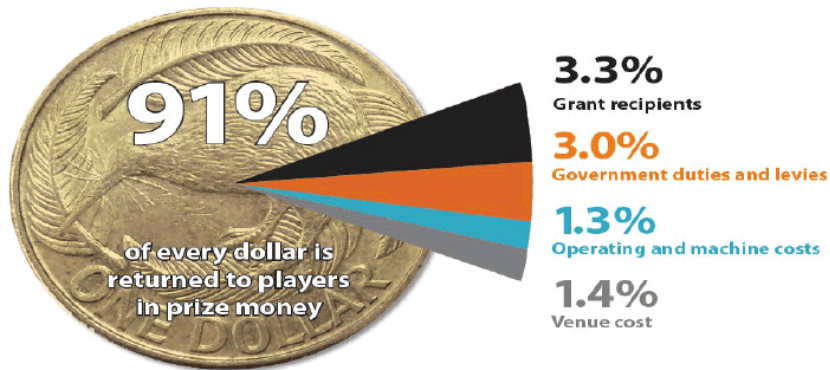
Facial recognition

There are some venues in Southland District that have facial recognition installed to assist with the monitoring and enforcement of exclusion orders. Venue staff can issue exclusion orders to persons who are showing signs of problem gambling. Gamblers can also elect to self-exclude. An exclusion order is like a trespass order, in that it makes it illegal for the person to re-enter the gaming room for a set period of up to two years.

Pub gaming's vital support for the community

In most countries, gambling is purely for commercial gain. New Zealand is different. We are one of the few countries with a community-focused model for pub gaming, where the proceeds are returned to the community instead of the private sector.

NZCT's revenue distribution in 2020/21



In the year ending 30 September 2021, NZCT approved \$44.70 million through 1,921 grants.

NZCT provided to all of Southland for the benefit of the community from January 2018 to June 2021 a total of \$171,505 with investment from Southland District Councils area **\$5,382** across **4** grant applications and worthy recipients.

NZCT recently granted \$1 million dollars to Maia Health Foundation in the South Island for the benefit of young people, adolescents, and their families. Without gaming machines this would not have been possible.

Amateur sport has traditionally been our focus, and between 75 and 80% of the grants we distribute go to sports organisations. Each year, NZCT funds around 50 different sports.

In 2020/21, we funded the equivalent of:

- uniforms for 49,998 rugby teams (one uniform costs \$60), or
- 2,999,867 footballs (one football costs \$15), or
- 5,625 four-person waka (one waka costs \$8,000), or
- more than 2.25 million hours – or 256.8 years – of coaching (one hour of coaching costs \$20), or
- 30 artificial playing fields (one field costs \$1.5 million).

To raise this much money themselves, our grant recipients would have had to:

- cook and sell more than 22.4 million \$2 sausages at sausage sizzles and every person in New Zealand would need to buy and eat five sausages, or
- sell five \$2 raffle tickets to every man, woman and child in New Zealand each year, or
- wash more than 8.9 million cars at \$5 a wash, which would take 10 people continuously washing cars for 30 minutes around 50 years to achieve.

Grants distributed by gaming machine trusts were 10% of the total philanthropic funding to the community and voluntary sector in 2011 and were at twice the level given by New Zealand businesses. In 2019, the amount of funds returned to the community from non-casino, non-club gaming grants was \$294 million.¹³ Class 4 gaming societies are required to distribute a minimum return of 40% to the community, on top of government fees, levies and GST, site rental, and machine and operating costs (see the chart on the next page showing NZCT's revenue distribution for the 2018/19 reporting period).

Each year the gambling industry pays circa \$18 to \$20 million to the government, so the Ministry of Health can implement its Preventing and Minimising Gambling Harm Strategic Plan. These funds pay for the implementation of public health services, intervention services, research, evaluation and workforce development.

Pub gaming is tightly regulated and no more than 16% of gaming proceeds can be paid to gaming venue operators to cover site rental, including staff costs and business overheads relating to the gambling operation.

Reasons to establish a cap and allow relocation provisions on gaming machines and venues

Gaming machines are an important component of your local hospitality sector and an important source of community funding, and the benefits are considerable.

Local hospitality sector

Businesses that host gaming machines are typically pubs and hotels. Gaming machine venues contribute to your local economy by employing staff and providing hospitality options for residents and tourists.

Community funding

Around \$294 million is returned to the community every year through grants awarded by class 4 gaming societies. Many community organisations, such as sports clubs, hospices, rescue services and arts groups, would struggle or cease to function without this funding. There is currently no sustainable alternative to this funding to the level provided by gaming societies.

¹³ *Grant Distribution Modelling*, KPMG, November 2020.

Class 4 gaming societies have probity processes we go through with every grant application to ensure the applicant is authentic and able to deliver the outcomes detailed in their grant application, and that any goods or services to be paid for by the grant are at arm's length and free from any conflicts of interest.

The benefits are considerable

Recent research in 2021 carried out independently by TBD who produced the TBD Advisory report, *Gambling in New Zealand: A National Wellbeing Analysis*, found that gambling in New Zealand had a net positive wellbeing benefit totalling around \$1.7 to \$2.1 billion per annum. The costs and benefits are summarised in table, which can be found on page 87 of the report (replicated below)^{7b}

Table 32: Quantifiable costs and benefits of gambling in New Zealand, p.a., \$ million,

	Gross benefits	Costs	Net benefits
Consumption-side	2,740 to 3,160	2,090	650 to 1,070
Production-side	1,800	990	810
Government	280	-	280
Total	4,820 to 5,240	3,080	1,740 to 2,160

The report for the first time reliably indicates benefits, as well as costs and shows that this net benefit is provided each year throughout New Zealand.

Gaming machine numbers have little effect on problem gambling numbers

It is naïve, misleading, and wrong to assume that fewer gaming machines will result in fewer problem gamblers. A gambling addiction is a complex psychological condition, which is influenced by many factors and usually has co-morbidities, such as mental health issues and other addictions. As shown in the graph below, a reduction of almost 6,000 gaming machines across the country between 2007 and 2019 had no impact on the small percentage of problem gamblers nationally.

Gaming machines are a legal and valid entertainment choice

Pub gaming is a legal, valid, and enjoyable source of entertainment for Hutt residents and tourists alike. Most players regard gaming as light entertainment and know when to stop. The Gambling Commission has reminded councils and the regulator that "... conditions can only properly be imposed if they reduce the harm caused by problem gambling, as distinct from simply reducing gambling activity which is a lawful and permitted activity under the Act."¹⁴

If appropriate measures remain in place to support the very small numbers of problem gambling people, then the hundreds of thousands should remain in the community for the good it will bring. We support this objective and believe a vibrant hospitality sector is a vital part of achieving this outcome.

Pub gaming brings many benefits to New Zealand. Business and Economic Research Ltd (BERL)¹⁵ calculated in 2015 that each year the entertainment value to recreational players was around \$250 million, the grants value to the community was also around \$250 million (now \$294 million), and the Government revenue value in the form of tax, duties and levies was around \$279 million.

¹⁴ Gambling Commission decision GC 03/07.

¹⁵ *Maximising the benefits to communities from New Zealand's Community Gaming Model*, BERL, February 2013.

Problem gambling rates have plateaued

The New Zealand 2012 National Gambling Study found that the number of people who regularly participate in continuous forms of gambling, like gaming machines, decreased from 18% in 1991 to 6% in 2012.¹⁶ The study concluded: "Problem gambling and related harms probably reduced significantly during the 1990s but have remained at about the same level despite reductions in non-casino EGM [electronic gaming machine] numbers and the expansion of regulatory, public health and treatment measures."¹⁷

The 2016 National Gambling Study (the most recent) found the problem gambling rate was 0.2% and concluded: "From 2012 to 2015, overall gambling participation has declined whilst problem gambling and low-risk and moderate-risk gambling levels have remained static. This poses a public health challenge of identifying the factors to explain the persistence of harm despite declining gambling participation. One reason may be a high relapse rate [66%]."

The 2016 Health and Lifestyles Survey states that "In 2016, 3.1% of New Zealand adults 18 years and over had experienced an occasion when they had gambled more than intended, but this proportion has been dropping steadily since 2006/07 when it was 11%."

It also states that the current problem gambling rate has now dropped to an all-time low of 0.1% of the adult population (around 7,500 people), despite an upward trend in gaming machine expenditure.¹⁸

Problem gambling rates in New Zealand are relatively low

NZCT is committed to reducing and minimising the harm that can be caused by gambling. As can be seen in the table, New Zealand has one of the lowest rates of problem gambling in the world.¹⁹ Relatively few New Zealanders are gambling at levels that lead to negative consequences; most people who gamble know when to stop.

Country	Problem gambling prevalence (% population*)
New Zealand	0.1–0.2
UK	0.7
Norway	0.7
Australia	2.3
USA	2.6
Canada	3
Mixture of CPGI, PGSI and SOGS scores ²⁰	

Strict harm minimisation obligations

A key purpose of the Gambling Act is to prevent and minimise the harm that can be caused by gambling, including problem gambling. To that end, in all class 4 gambling venues:

¹⁶ Pg 8, *NZ 2012 National Gambling Study: Overview and gambling participation*.

¹⁷ Pg 18, *ibid*.

¹⁸ DIA media release: <http://livenews.co.nz/2017/04/21/new-zealand-gaming-pokie-spending-patterns-continue/>

¹⁹ *Maximising the benefits to communities from New Zealand's community gaming model*, BERL, February 2013.

²⁰ A range of different measurements are available to measure problem gambling rates. CPGI refers to the Canadian Problem Gambling Index, PGSI is the Problem Gambling Severity Index and SOGS is the South Oaks Gambling Screen.

- stake and prize money are limited
- odds of winning must be displayed
- gaming rooms are restricted to people over the age of 18 years
- gaming rooms can only be operated in adult environments, such as pubs, nightclubs and clubs
- play is interrupted every 30 minutes with an update on how long the player has been at the machine, how much money they've spent, and their net wins and losses
- \$50 and \$100 notes are not accepted
- no ATMs are allowed in licensed gambling areas
- gaming advertising is prohibited
- the DIA monitors every gaming machine's takings
- syndicated play is prohibited
- all venues must have staff trained in gambling harm minimisation on duty whenever gaming machines are operating
- all venues must have a gambling harm minimisation policy in place
- all venues must display pamphlets and signs directing gamblers to help services
- venue staff must be able to issue and enforce Exclusion Orders
- venue staff must help problem gamblers if they have an ongoing concern about them.

Ongoing obligations

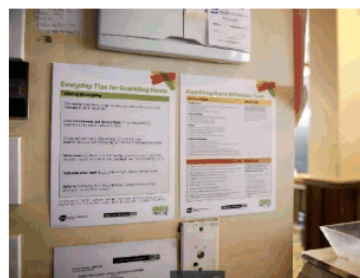
The Gambling Act obliges venue staff to provide ongoing help to a potential or current problem gambler. Offering help once, and then ignoring continued warning signs, is not sufficient.

A venue is automatically in breach of the law if an excluded person enters the gambling area. Venues must be able to show they have robust systems and processes in place that restrict excluded people from entering.

Training

NZCT provides face-to-face and online problem gambling training to staff at each of its gaming venues and trains over 500 staff a year.

Trainers deliver a presentation on problem gambling and take staff members through each part of the problem gambling resource kit in detail. Venue staff also work through an online training tool, which includes an assessment that they must pass. Refresher training is provided annually. Gaming venues are continually reminded of their obligation to ensure a person trained in harm minimisation is always on duty when gaming machines are operating.



Support is available for problem gamblers

Each year the gambling industry pays circa \$18 - 20 million to the government in the form of a problem gambling levy, so the Ministry of Health can implement its Preventing and Minimising Gambling Harm Strategic Plan (PMGH). These funds pay for the implementation of public health services, intervention services, research, evaluation and workforce development.

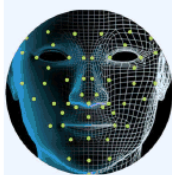
Harm minimisation activities

Gaming trusts take legal obligations very seriously, none more so than those around minimising the

harm that can be caused by gambling. To meet our harm prevention and minimisation requirements, NZCT provides a problem gambling resource kit to each of its gaming venues. The kit includes:

- NZCT's Harm Prevention and Minimisation Policy
- a plain language harm prevention and minimisation manual and policy guide
- exclusion orders and guidance on the exclusion order process
- a pad of gambling host responsibility record sheets to record any problem gambling issues and action taken by staff
- signage, pamphlets and other problem gambling resources.

In addition to this toolkit, increasingly facial recognition technology is used to identify problem gamblers and assist them to be excluded. NZCT has strongly recommended to the Ministry of Health on the proposed Strategy to Prevent and Minimise Gambling Harm 2022/23 to 2024/25 that this technology be rolled out further as part of problem gambling harm minimisation work underway.



The Guardian - Facial Recognition System

A fully integrated, market-leading system that identifies excluded persons as they enter a gaming room, by matching them against a centralised database.

Three short videos showing how the facial recognition system works can be viewed at: <https://www.coms.net.nz/the-guardian-facial-recognition/>

NZCT also provides all its gaming venues with the Health Promotion Agency's harm minimisation signs to display in and around the gaming area, wallet cards with information for potential problem gamblers and host responsibility resources for staff.

Two of the findings from the inaugural PMGH baseline report were that problem gambling services are effectively raising awareness about the harm from gambling, and interventions for gambling-related harm are moderately accessible, highly responsive and moderate to highly effective.²¹



The world's largest clinical trial²² for problem gambling treatment found that, one year after calling the Gambling Helpline, three-quarters of callers had quit or significantly reduced their gambling.

²¹ Page 16, *Outcomes Framework for Preventing and Minimising Gambling Harm Baseline Report*, May 2013.

²² *The Effectiveness of Problem Gambling Brief Telephone Interventions*, AUT, Gambling & Addictions Research Centre.

About NZCT

Established in 1998, New Zealand Community Trust (NZCT) is the one of the largest gaming trusts with 13% market share, operating in venues and communities throughout New Zealand. In the 12 months to 30 September 2021, NZCT approved \$44.70 million in grant funding to sporting, local government and community groups nationwide.

NZCT's Board, Regional Advisory Committees and management take risk mitigation and assurance seriously and our risk framework recognises the need for effective controls and mitigation tools/strategies to prevent and minimise harm from problem gambling.

While most New Zealanders gamble without experiencing any harm, a small minority who participate suffer some degree of harm and the impacts for them and people affected by their gambling, can be significant.

NZCT contributes through the problem gambling levy approximately \$1 million per annum to the collective annual levy of \$18-20 million. That is a significant amount, on top of an estimated \$800 thousand which NZCT expends within the organisation each year, on training, resourcing, and technology, such as facial recognition technology (FRT), directed to identifying and mitigating problem gambling in our venues. We have a strong interest in seeing the levy spent effectively.



Over the last 10 years, the Ministry of Health has received more than \$186 million in funding from the four gambling sectors that contribute to the annual levy.

In that period, it appears the problem gambling rate has not reduced, and the key objectives of the strategy have not been met, as confirmed by the damning Needs Assessment Report.

We have twin goals of serving both our publicans and the communities in which they operate. At least 75% to 80% of the funds we currently distribute are directed towards sports activities, making NZCT the largest funder of amateur sports participation in New Zealand. We focus on sport because of the many positive benefits it offers communities, such as:

- crime reduction and community safety
- economic impact and regeneration of local communities
- education and lifelong learning
- participation
- physical fitness and health
- psychological health and wellbeing
- social capital and cohesion.²³

Overseas research²⁴ has found participation in sport can lead to increased health and productivity for individuals, and increased wealth or wellbeing of society. While amateur sport is our main focus, we are also strong supporters of other worthy community activities, including local government projects.

²³ Sport England's Value of Sport Monitor.

²⁴ http://www.ausport.gov.au/information/asc_research/publications/value_of_sport.

Further information about our submission

For further information, or if you have any questions about NZCT's submission, contact Don Martin, Communications and Marketing Manager on (04) 495 1594 or don.martin@nzct.org.nz

Our Southern Regional Advisory Committee members

Stephen Boock

Chair, Southern Regional Advisory Committee

Todd Heller

Member, Southern Regional Advisory Committee

Julie Seymour

Member, Southern Regional Advisory Committee

Brian McKechnie

Member, Southern Regional Advisory Committee

<https://www.nzct.org.nz/about-us/meet-our-regional-advisory-committees/>

Our Trustees

Alan Isaac

Board Chair

David Pilkington

Board Member and Net Proceeds Committee Chair

Kerry Prendergast

Board Member and Audit and Risk Committee Chair

Peter Dale

Board Member

Lesley Murdoch

Board Member

Peter Miskimmin

Board Member

<https://www.nzct.org.nz/about-us/#meet-our-trustees>

Appendix 1

Grants to Southland District by NZCT January 2018 to June 2021

Grants to Southland District - January to December 2018

Grant #	Organisation	Total Amount Approved	Amount drawn from Southland District	Date of Approval	Purpose
73546	Woodlands Full Primary School	\$2,480.00	\$2,480.00	27/03/2018	Towards mobile tennis unit
73685	Woodlands Rugby Football Club Inc	\$2,125.00	\$2,125.00	23/04/2018	Towards rugby jerseys
		\$4,605.00	\$4,605.00		
Regional grants that benefit Southland District					
73231	Netball South Zone Inc	\$6,500.00	\$736.80	20/02/2018	Salary
		\$6,500.00	\$736.80		
Grants to National organisations that benefit Southland District					
73210	Yachting NZ Inc	\$160,000.00	\$40.45	25/01/2018	Salaries of Regional Support Officers
		\$160,000.00	\$40.45		
		\$171,105.00	\$5,382.25		

Draft TAB and Gambling venues policies

#4

COMPLETE

Collector: Web Link 4 (Web Link)
Started: Friday, June 10, 2022 3:19:26 PM
Last Modified: Friday, June 10, 2022 3:25:29 PM
Time Spent: 00:06:03
IP Address:

Page 1

Q1

ORGANISATION

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name Jackson Rao

On behalf of (if applicable)

Postal Address

Address 2

City/Town

Postal Code

Mobile number

Email Address

Q3

No

Would you like to present your submission in person at a hearing?

Q4

Respondent skipped this question

TAB Venue PolicyPlease select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Respondent skipped this question

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

1 / 2

Draft TAB and Gambling venues policies

Q6

Respondent skipped this question

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Respondent skipped this question

Please provide any comments you have on the draft Gambling Policy in the space provided below

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

BlueSky - Submission on Southland District Council's Gambling Venue Policy.pdf (163.5KB)

BlueSky Community Trust Submission on Southland District Council's Gambling Venue Policy

Introduction

BlueSky Community Trust is a gaming trust. We currently have one venue in the Southland District: Central Southland Lodge, 232 Great North Road, Winton (6 gaming machines).

BlueSky asks that the Southland District Council replace the sinking lid with a cap at current numbers (14 gaming venues, 88 gaming machines).

A Cap at Current Numbers is Reasonable

Replacing the sinking lid with a cap at current numbers is reasonable given the significant community funding that is generated from the gaming machines.

Gaming machines in New Zealand exist for the sole purpose of community fundraising. One hundred percent of the profits from the gaming machines owned by societies such as BlueSky are returned to the community via grants. The funding is significant. In 2020, the grants made by gaming societies in the Southland District exceeded \$3.1 million.

The grant funding is entirely dependent on local hospitality venues being able to host gaming machines. A restrictive policy that results in decreasing numbers of gaming venues removes the community fundraising infrastructure, and will ultimately result in the loss of a valuable funding source.

In order to ensure that the community funding remains sustainable, the policy should allow for a new venue to be established after an existing venue has closed.

Evidenced-Based Decision Making

BlueSky asks that the emotion and politics be taken out of the policy review and a decision on the future of the policy be made based on the evidence. The following table separates the fact from fiction.

Fiction	Fact
Gaming trusts target Māori and Pacific Island People in poor areas.	<p>Areas such as Thames Coromandel, McKenzie District and Waitomo have traditionally had a higher gaming machine density than Manukau or Porirua.</p> <p>Only one of the 14 Southland District venues is located in a very high deprivation. Nine of the 14 venues are located in either very low or medium low deprivation areas.</p>

Gaming machines are designed to be addictive.	The allegation that gaming machines are designed to be addictive was recently tested in the Australian Federal Court in the case <i>Guy v Crown Melbourne Ltd</i> . The Court found that there was no evidence that gaming machines are designed to be addictive. In fact, all aspects of the machines, including items such as how fast the reels may spin, are highly regulated and controlled.
Problem gambling services are stretched and underfunded	<p>Problem gambling services are extremely well funded in New Zealand. The gambling industry funds the treatment services via the problem gambling levy. This fund generates \$20 million each year.</p> <p>The Ministry of Health keeps a record of the number of people in each territorial authority that seek help via phone, text, email or the face-to-face counselling services that are available. In the 2020/21 year, the treatment providers only assisted two new clients from the Southland District for gambling related harm.</p>
One new gaming machine results in one new problem gambler.	Not in New Zealand. The study that made this suggestion was an Australian study. When you look at the New Zealand data in isolation, there is no direct link between gaming machine numbers and problem gamblers.
40% of gaming machine revenue is generated from problem gamblers.	The 40% figure comes from a 2010 Australian Government Productivity Commission Report. The 2011 paper that reviewed this finding suggested that the spending by problem gamblers was in fact between 10% and 20%.
Problem gambling is a major problem in New Zealand	No one wants problem gambling. The industry works hard to prevent and mitigate the harm from problem gambling. In fact, New Zealand has one of the lowest problem gambling rates in the world (0.2% of the adult population).

More gaming machines will mean more problem gambling.	It is not as simple as 'more machines means more problem gambling'. When gaming machine numbers have gone up, the problem gambling rate has not increased. When gaming machine numbers have dropped, the problem gambling rate has stayed the same.
Gaming machines have a negative economic impact.	In addition to the community grants, the gaming machine industry in New Zealand is a major employer and provides significant funds to the Government by way of taxation revenue. The sector has an overall positive economic benefit.
Problem gamblers won't migrate to online gambling.	<p>New Zealanders gambled \$300 million with offshore online providers in 2017. The TAB's online market is now 59.2% of all turnover. The online gambling spend is growing annually at between 12% and 20%.</p> <p>In March 2022, Kiwibank reported that its customers were spending around \$30 million every <u>month</u> playing on online gambling sites. Kiwibank is only one bank; one of the smaller banks.</p>

Online Gambling

It is lawful to participate in online gambling in New Zealand. All the gaming machine games currently available at the local venues can be easily found and quickly played online.

There is no question that New Zealanders love gambling online. The Lotteries Commission reported in its 2016/17 Annual Report that online sales accounted for 13 per cent of its total sales, compared with 10 per cent the previous year. The New Zealand Racing Board noted in its latest six-monthly report that online channels made up 59.2 per cent of its betting turnover, up 2.2 percentage points on last year. It also said that its online platforms were the fastest-growing channels.

A September 2018 Cabinet paper on online gambling cites research suggesting that New Zealanders gambled approximately \$300 million with offshore providers in 2017, with the market growing annually at between 12 and 20 per cent.

The Cabinet paper notes that health professionals and gambling harm treatment providers have expressed concern that online gambling may be more harmful than some existing forms of gambling. The paper continues by stating "**It [online gambling] has the potential to drive**

changes in behaviour to a greater, and more harmful, extent than some land-based gambling.”

In March 2022, Kiwibank reported that its customers were spending around \$30 million every month playing on online gambling sites. Kiwibank is only one bank; one of the smaller banks.

Adopting a more restrictive policy will accelerate the migration of the gambling spend to online providers. The offshore-based online providers do not make any community grants, do not create any local employment, do not pay any taxes to the New Zealand Government, do not contribute to the cost of providing the local problem gambling treatment services, and operate in an unregulated space driven entirely by profit without regard to harm prevention and minimisation.

Oral Hearing

I do not wish to make a separate presentation at the upcoming oral hearing. Please have regard to my written submission.

BlueSky Community Trust Limited

Postal Address:

Phone:

Email:

Draft TAB and Gambling venues policies

#5

COMPLETE

Collector: Web Link 2 (Web Link)
Started: Monday, June 13, 2022 12:52:55 PM
Last Modified: Monday, June 13, 2022 1:16:13 PM
Time Spent: 00:23:18
IP Address:

Page 1

Q1

ORGANISATION

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name Ivan Yeo

On behalf of (if applicable)

Postal Address

Address 2

City/Town

Postal Code

Mobile number

Email Address

Daytime Phone Number

Q3

Yes

Would you like to present your submission in person at a hearing?

Q4

Oppose

TAB Venue PolicyPlease select whether you support, oppose or have no opinion on the draft TAB Venue Policy

1 / 3

Draft TAB and Gambling venues policies

Q5

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

We commend the Council having a sinking lid policy in place. A sinking lid policy is one of the best policies available to reduce gambling harm and losses from gambling. However, allowing for relocations or mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we urge the Council to adopt an amended sinking lid policy that does not allow for any relocations or club mergers.

AFS also endorses PGF Group's submission and the recommendations that a sinking lid policy should have the following three provisions:

- No relocations: If a venue with electronic gaming machines (EGMs) is forced to close or voluntarily closes, the council will not permit the EGMs to be relocated to any venue within the council area.
- No club mergers: There will be no club mergers under any circumstances.
- A ban on any new venues: No permit will be given to operate any new venue or club in the council area if that venue proposes having EGMs, including TAB venues.

Q6**Oppose**

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Please provide any comments you have on the draft Gambling Policy in the space provided below

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Draft TAB and Gambling venues policies

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

AFS submission for Southland District Councils Class 4 Gambling Venue and Board Venue Policy.pdf (351.4KB)



13th June 2022

Southland District Council

15th Forth St

Invercargill

Re: Submission for Southland District Council's Class 4 Gambling Venue and TAB Venues Policy Review 2022

Asian Family Services (AFS) has been providing support to Asian communities living in Aotearoa New Zealand since 1998. Our organisation is a charitable trust and is New Zealand's only service provider for people of Asian backgrounds who are affected by mental health issues and gambling harm. Our gambling harm minimisation services are delivered under a Ministry of Health contract and funded from the gambling levy. Our service operates in three areas: the Asian Helpline, clinical intervention, and public health work.

We commend the Council having a sinking lid policy in place. A sinking lid policy is one of the best policies available to reduce gambling harm and losses from gambling. However, allowing for relocations or mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we urge the Council to adopt an amended sinking lid policy that does not allow for any relocations or club mergers.

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- **A ban on any new venues:** No permit will be given to operate any new venue or club in the council area if that venue proposes having EGMs, including TAB venues.

Asian Helpline 0800 862 342 Confidential & professional services www.asianfamilyservices.nz
First Floor, 128 Khyber Pass Road, Grafton, PO Box 8021, Symonds Street, Auckland 1150 Phone: (09) 368 0691 Fax: (09) 368 1540



Asian Population in the Southland District

According to 2018 Census data, the Asian population in the Southland District ranked 2nd and their percentage is the highest (6.2%) of the three districts in the Southland Region.

Table 1: Asian population ranking in the Southland Region

Rank	Area	Total Population	Percentage of Asians	Asian Population
1	Invercargill City	54,204	5.7%	3090
2	Southland District	30,864	6.2%	1914
3	Gore District	12,396	3.1%	384

(Data resource: Stats NZ, <https://www.stats.govt.nz/tools/2018-census-place-summaries>)

The table below also shows that the Asian population in Southland District has grown approximately **2.55%** at every Census cycle.

Table 2: Ethnic groups for people in Southland District, 2006, 2013, and 2018 Census

	2006 (%)	2013 (%)	2018 (%)
Asian population	1.1	3.9	6.2

(Data resource: Stats NZ, <https://www.stats.govt.nz/tools/2018-census-place-summaries>)

As the Asian population in Southland District is growing steadily, we recommend that the Council consider Asian's voices at the policy level and adopt a sinking lid policy to protect Asian people from gambling harm.



Asian Gambling Behaviour

Sobrun-Maharaj, Rossen, and Wong (2012) identified that one of the contributing factors for mental health issues for Asian peoples is problem gambling.

Analysis of data from the Health and Lifestyles Survey over several years shows that, after adjusting for a range of socio-economic factors and gambling predictors, when compared to European/Other, Asian people's risk for individual gambling harm was 9.5 times higher. Furthermore, pokies players were more than twice as likely to be at risk of some level of gambling-related harm compared to other gamblers.

Further research indicates that some aspects of Asian culture (e.g., *yin-yang* in Chinese culture) encourage Asian peoples to take greater risk on low-probability games compared to Europeans, which makes Asian peoples more susceptible to gambling harm (Dai, 2012).

Over the past 12 months, AFS provided 4664 counseling sessions to more than 1,447 gambling clients around Aotearoa. Our problem-gambling clients were afflicted with co-existing issues such as suicidal ideation, financial hardship, domestic violence and severe depressive and anxiety symptoms due to problem gambling.

According to the New Zealand Asian Responsible Gambling Report (2021) (Appendix 1) conducted by Asian Family Services, 74.7% of Asians engaged in some forms of gambling activity in the last 12 months. Unfortunately, due to being either new to the country, or unfamiliar with the health system and services in New Zealand, many who experienced gambling harm did not seek early intervention. The delay in seeking help was partially due to a lack of understanding of behavioural addiction concepts. Often addiction is only understood as a substance abuse issue. The report also indicated that 78.7% of Asian gamblers identified stigma as one of the reasons that prevented them from early help-seeking.

Asian Helpline 0800 862 342 Confidential & professional services www.asianfamilyservices.nz
First Floor, 128 Khyber Pass Road, Grafton, PO Box 8021, Symonds Street, Auckland 1150 Phone: (09) 368 0691 Fax: (09) 368 1540



The main Asian groups who are most vulnerable to the harm of pokies

During the past 23 years, AFS has seen many Asian clients who were addicted to pokies. We particularly find that the groups below are most vulnerable to gambling harm from pokies:

- Restaurant workers (chefs, kitchen hands, baristas, etc.);
- Cleaners;
- Builders/construction workers;
- Older people;
- International students;
- Work visa holders.

The main reasons that Asian peoples play pokies

The most common reasons why Asian people play pokies are because:

- Low-barrier game: No English requirement, easy to go and play solo;
- Emotional escape (release stress, run away from conflict with others, etc.);
- Combatting loneliness;
- Making easy money;
- Addiction-driven playing: to win back lost money.

Sinking Lid Policy

We often hear from our clients that, "I don't want to be hooked on the pokie machines. I want to take back control." However, the outcome is the exact opposite. It is important to realise that pokie machines are specifically designed to lure people to keep playing and betting more money.

An increase in pokie machines and venues will expose Asian people, migrants and the refugee community to more harm from Class 4 gambling. We support the Council in adopting a sinking lid policy with no relocations or venue mergers permitted.

Thank you for the opportunity to submit.

Ngā mihi nui,

Ivan Yeo

Deputy Director & Public Health Lead

Asian Helpline 0800 862 342 Confidential & professional services www.asianfamilyservices.nz
First Floor, 128 Khyber Pass Road, Grafton, PO Box 8021, Symonds Street, Auckland 1150 Phone: (09) 368 0691 Fax: (09) 368 1540



References

1. Asian Family Services & Trace Research Ltd. (2021). New Zealand Asian Responsible Gambling Report 2021. Auckland, New Zealand. Asian Family Services. <https://www.asianfamilyservices.nz/resources/resource-items/new-zealand-asian-responsible-gambling-report-2021/>
2. Health Promotion Agency. (2018). 2018 New Zealand Mental Health Monitor: Questionnaire. Wellington: Health Promotion Agency.
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Asian Helpline 0800 862 342 Confidential & professional services www.asianfamilyservices.nz
First Floor, 128 Khyber Pass Road, Grafton, PO Box 8021, Symonds Street, Auckland 1150 Phone: (09) 368 0691 Fax: (09) 368 1540



Appendix One: New Zealand Asian Responsible Gambling Report 2021

Gambling activities in the last 12 months

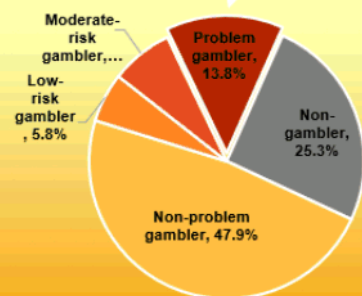
Bought lotto or instant scratch tickets	67.8%
Private games with friends for money	27.7%
Played gaming machines, or pokies	27.6%
Played Casino table games	25.2%
Placed a bet with the TAB	23.9%
Online gambling and gaming	19.7%

According to New Zealand's "The Gambling Act 2003", lotteries, prize competitions and instant games are also classified as parts of gambling. Are you aware of this classification?

Yes 53.5% No 46.5%

Problem Gambling Severity Classification within NZ's Asian Population

Approximately **71,736** NZ Asians are problem gamblers



Distribution of Problem Gamblers (13.8%) by Ethnicity (>3%)

Indian	54.4%
Chinese	15.5%
Filipino	8.7%

Asians perceive that Asian (76.5%) or Maori/Pacific Island (74.1%) gamblers are stigmatised by society to a slightly greater level compared to a European gambler (65.7%).

New Zealand Asian Responsible Gambling Survey

2021



Top 5 Perceived Factors for Developing Gambling Addiction

Lack of financial budgeting/plan	58.6%
Loneliness	49.9%
Job-related stress	48.0%
Certain personality characteristics: being competitive, or...	47.8%
Environmental factors, such as family or friend...	47.3%

Expressions of Public Stigma about Gamblers with Addiction

Agree	
Have unrealistic beliefs about winning at gambling	65.9%
Have an addictive personality	61.4%
Are irresponsible with money	57.9%
Are always in debt	51.8%
Are in denial about having a gambling problem	51.7%

Expressions of Self-Stigma about Gambling by Asian Gamblers

Disappointed in yourself	35.5%
Guilty	27.8%
That you lack willpower/self...	27.0%
Ashamed	26.2%
Weak	21.3%

Top 3 Channels for Seeking Gambling Support

From family or friends	51.3%
Through self-help strategies	34.9%
From a face-to-face support group	27.8%

Top 3 Help Seeking Barriers

Lack of awareness regarding the...	49.3%
Limited knowledge of available...	46.7%
Harmful gambling is hidden due to...	45.5%

Sample Size = 705 Asians in New Zealand (+/-3.7%), including 527 gamblers

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Draft TAB and Gambling venues policies

#6

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Page 1

Q1**ORGANISATION**

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name **Emma Furlonge**

On behalf of (if applicable)

Postal Address

Address 2

City/Town

Postal Code

Mobile number

Email Address

Daytime Phone Number

Q3**No**

Would you like to present your submission in person at a hearing?

Q4**Oppose**

TAB Venue PolicyPlease select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

Please see the attached document

1 / 2

Draft TAB and Gambling venues policies

Q6**Oppose**

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Please provide any comments you have on the draft Gambling Policy in the space provided below

Please see the attached document

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

NKMP Submission to Southland District Council.pdf (775.6KB)



**Nga Kete Matauranga Pounamu
Charitable Trust**

Submission to Southland District Council

CLASS 4 GAMBLING and TAB VENUES POLICY

June 2022

Submitter: Emma Furlonge
Preventing and Minimising Gambling Harm, Kōrari Māori Public Health

Inquiries to: Karina Davis-Marsden
Māori Public Health Manager
Nga Kete Matauranga Pounamu Charitable Trust

I orea te tuatara ka patu ki waho

A problem is solved by continuing to find solutions

Introduction

Nga Kete Matauranga Pounamu Charitable Trust (NKMP) is a kaupapa Māori primary health organisation and is the only provider in the Murihiku (Southland) region providing a public health and counselling service specifically for gambling harm minimisation. Contributing to the Southland District Council's (SDC) Class 4 Gambling and Racing Board Venues Policies is an integral part in NKMP's role to prevent gambling harm and reduce inequities in the wider community.

The Southland District Council maintains a 'soft sinking lid' approach to electronic gambling machines (EGMs). NKMP understand the key purpose and scope of the Southland District Council gambling policies is to control the growth of Class 4 gambling in the district and to minimise the harm caused by problem gambling. NKMP request that Southland District Council strengthen the sinking lid approach by allowing no relocations, no transfers, no merging of Clubs, and to restrict any new TAB Board venues to be established.

The outcome will be to reduce gambling opportunities in Class 4 venues that can lead to increased harm in the Southland District.

Comments on proposed Southland District Council TAB Venue and Gambling Venue Policies**Gambling Venue Policy**

The current Gambling Venue Policies reflects a sinking lid approach with exceptions in Clause 5 which allows:

- the transfer of a licence from an existing venue to a new venue (where the venue will be operated by the same corporate society, and subject to a social impact study).
- The merging of 2 or more Class 4 clubs which may result in a larger number of EGMs in one location (subject to a social impact study and the maximum number of gaming machines to be the sum of the number of gaming machines specified in all of the corporate societies – the clubs that are merging)

The aim of a sinking lid policy is to support gambling harm minimisation by reducing the number of venues and gaming machines operating in the district. The proposed Class 4 policy maintains the provision for merging of Clubs to enable the transfer of EGM's. This does not reflect the intent of a true sinking lid.

If the Council continue to allow applications for Club Mergers, NKMP recommends an amendment to the proposed policy. These amendments would include:

- any merging club/s MUST move into one of the existing clubs at its current location
- no new venue site locations for merging clubs
- the number of EGMs remain the same as the number of machines in the existing location. (Any gambling machines in the vacated location will no longer be in use)

TAB Venue Policy

There are currently no TAB venues in the Southland District. NKMP supports any policy that prohibits any new TAB venue due to the impact it has on our vulnerable whānau. (See Gambling Harm below).

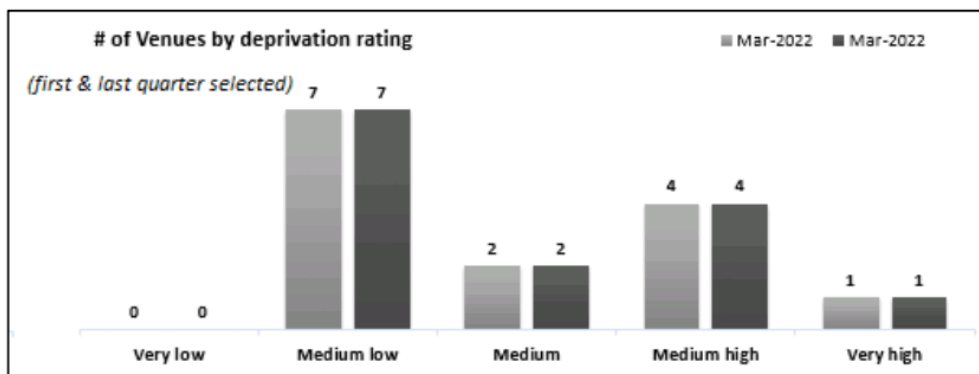
Gambling in the Southland District

The 2018 census estimates the Southland District has a population of 30,864 (with 3,432 of the population identify as Māori) and currently has a total of 14 Class 4 gaming venues and 86 gambling machines. The median income in the Southland District is \$36,300. On average, every machine in the Southland District makes \$32,698 year. That means a pokie machine makes almost as much as the average person living in the district.

Research from the Department of Internal Affairs (DIA) shows:

- higher concentrations of class 4 EGM located in lower socioeconomic areas (ie areas where the average income is less than the pokie machine)
- approximately 50% of all machines in New Zealand are located in the most socioeconomically deprived areas (NZ Dep 8-10)
- 7 out of the 14 venues in the Southland District are in the most deprived communities

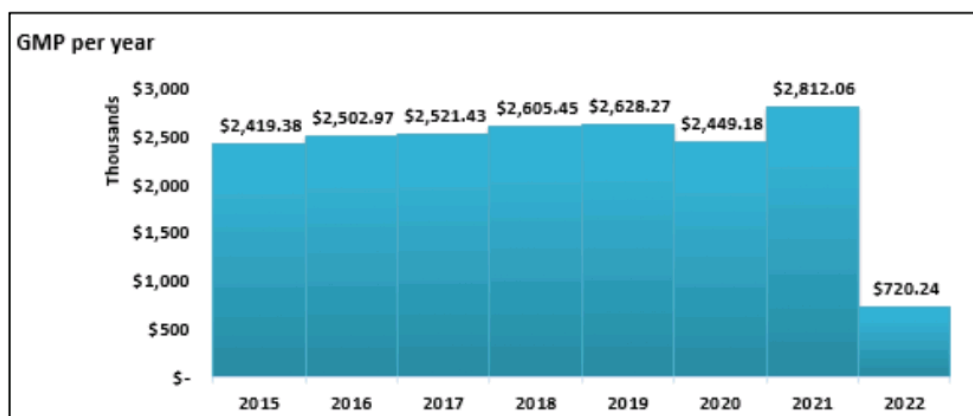
*"Where fewer choices to get ahead financially can lead to a greater belief of hope that a 'big win' can take you out of poverty"*¹, therefore disproportionately affecting those who can least afford to lose money to pokies. The graph below illustrates the number of Class 4 venues in the Southland District based on deprivation rating. This supports the DIA findings with zero machines located in the areas of very low deprivation.



Source: Department of Internal Affairs Gambling Machine Profits Dashboard²

While there has been a decline in the number of Class 4 venues and EGMs in the district between 2015 and 2020 (102 down to 83), that number is now climbing with 86 machines in operation in 2022. Furthermore, despite the overall reduction in electronic gambling machines, the money lost to these machines is increasing. The graph below illustrates the growth in spend between 2015 and 2022. The

first quarter of 2022 indicates a predicted loss of \$2,880,960 – the highest spend to date. It is assumed that the drop in spend in 2020 is due to the closure of venues during the Covid pandemic.



Source: Department of Internal Affairs Gambling Machine Profits Dashboard²

The impact of gambling on health

Electronic gaming machines are considered the most harmful form of gambling.

Gambling is an issue that has numerous social-detriments to health; effects on children, elderly, youth and families that are vulnerable. Over 74,000 New Zealanders suffer from poor mental health as a result of problem gambling³. Studies show there is a correlation between suicidal thoughts and pathological gambling⁴. The Ministry of Health (MOH) recognizes that effective treatment reduces the impact of harm for individuals, however, the prevalence of low and moderate-risk gambling contributes to gambling-related harm in the community and is an ongoing issue.

The people most affected by gambling harm are not the people who gamble. Evidence suggests that this burden of harm is primarily due to damage to relationships, emotional, psychological distress, disruptions to work and/or study, and financial impacts. At a national level, and taking into account both the number of people affected, and how badly they were affected, the MOH found that gambling causes over twice the amount of harm than chronic conditions such as osteoarthritis (2.1x) and diabetes (2.5x), and three times the amount of harm from drug use disorders⁵.

People with a gambling problem come from all walks of life. Māori, Pacific and young people continue to have the highest prevalence of harmful gambling compared with other groups⁶. The locality of EGMs directly influences this as Maori and Pasifika are more likely to live in areas of high deprivation.

In low income communities where there is often easy access to gambling, local support services such as food banks, housing grants and health care are frequently stretched. One in ten New Zealanders have said a whānau member has gone without something they needed or a bill has gone unpaid because of gambling, overwhelming EGM's were the reason⁷.

Gamblers and affected others often experience a perceived stigma and shame which is deeply discrediting to an individual and reduces a person's sense of normality to a sense of being tainted and socially discounted⁸. With that comes social isolation and loss of connection with community making it

difficult for a person to access valuable and meaningful experiences in the community or connection with the well-funded resources, such as sports and recreation, which could immensely enhance the quality of living particularly for people on low-incomes.

At the other end of the spectrum, those who can afford to gamble and have the ability to absorb the losses incurred from gambling are also at risk because the harm has a tendency to develop over time and is less obvious. The harm is experienced more often by an affected other where there is a direct compromise in the quality of their relationships⁵.

Harm Minimisation

Over 90% of people who experience gambling harm do not seek treatment⁸. This statistic is higher for whānau who are affected by someone else's gambling. In the Southland District only three people sought help for problem gambling in the Southland District in the period July 2020 to June 2021⁹. Based on the amount of money lost to pokies that year (\$3,109,637.63)² it can be assumed that a overwhelming percentage of those affected by gambling harm are not seeking intervention.

The NKMP Gambling Service see at-risk gambling behaviour as particularly concerning for people between the ages of 18-35. NKMP Safer Gambling Counsellor states that gambling harm:

- takes people off track
- stunts emotional intelligence
- creates long-term harm effects such as alcohol dependency
- separates young families
- causes domestic violence
- reduces trust in relationships and society
- creates financial burdens to self and to society

Affected whānau members may experience a sense of loss or regret because of gambling that is using valuable resources that would otherwise contribute to more meaningful experiences. NKMP counselling service find the affected other is usually a close whānau member and the issue also embedded in stigma where people cannot easily seek help and therefore creating emotional and/or psychological harm, isolation and further social inequalities⁵.

Social benefits to gambling (ECGs)

The money lost to ECGs is called Gross Machine Proceeds (GMP). A minimum of 40% of GMP is returned to the community by way of community grants. Approximately 50% of the community grants goes to sports. It is understood that problem gamblers contribute 30%-60% of the money paid out in community grants¹⁰. At the time of this submission, funding data for the Southland District is unavailable as the DIA have discovered some discrepancies in the dataset.

The location of venues and the proceeds from gambling activities are regressive in terms of social gains and benefits. Proceeds are more likely to be coming from high deprivation communities. Problem Gambling Foundation Director of Communications and Marketing Andree Froude said the social cost from pokies far outweighed any benefit received from funding.

“The reliance on funding from pokies poses an ethical dilemma for many of the community groups that benefit from this money. These machines are disproportionately situated in our poorer communities, so the money is coming out of the pockets of those who can least afford it.”¹¹

As recently stated by Councillor Hana Halalele, ***“At the end of the day, we shouldn’t rely on people’s gambling addictions to be able to fund community groups to be able to do what they do”¹²***, during the Waitaki District Council debate regarding a sinking lid policy. Importantly the Waitaki District Council has now approved a sinking lid policy.

Summary

Data from the DIA highlights that spend on Class 4 gambling is increasing within the Southland District. The Southland District Council’s current ‘soft sinking lid’ policy somewhat reflects a harm minimisation approach.

NKMP strongly request that the Council strengthen the sinking lid policy by allowing **no relocations, no transfers, no merging of Clubs, and to restrict any new TAB Board venues to be established**. The outcome will be to reduce gambling opportunities in Class 4 venues that will ultimately reduce the significant harm to whānau in the Southland District.

Reference List

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5. Ministry of Health
(<https://www.health.govt.nz/publication/measuring-burden-gambling-harm-new-zealand>)
6. Gambling Harm Needs Assessment 2021
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11. Gisborne Herald
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12. Otago Daily Times
(<https://www.odt.co.nz/regions/north-otago/sinking-lid-pokies-approved>)

Draft TAB and Gambling venues policies

#7

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Page 1

Q1

ORGANISATION

Are you submitting as an individual or organisation?

Q2

Please fill in your contact information

Name Kristy Kang

On behalf of (if applicable)

Postal Address

Address 2

City/Town

Postal Code

Mobile number

Email Address

Daytime Phone Number

Q3

Yes

Would you like to present your submission in person at a hearing?

Q4

Oppose

TAB Venue PolicyPlease select whether you support, oppose or have no opinion on the draft TAB Venue Policy

Q5

Please provide any comments you have on the draft TAB Venue Policy in the space provided below

We support a sinking lid approach on TAB venues.

1 / 2

Draft TAB and Gambling venues policies

Q6**Oppose**

Gambling Venue Policy Please select whether you support, oppose or have no opinion on the draft Gambling Venue Policy.

Q7

Please provide any comments you have on the draft Gambling Policy in the space provided below

Please see our attached submission for further information.

We commend the Council for having a sinking lid policy in place. A sinking lid policy is one of the best policies available to reduce gambling losses and harm from gambling. However, allowing for club mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we support the Council to adopt an amended sinking lid policy that does not allow for any relocations or club mergers.

Q8

Thank you for your feedback. If you have any supporting documents you would like to add, please feel free to attach them to this submission form.

PGF Southland - Written Submission June 2022.pdf (449.9KB)



**PGF Group Submission
Southland District Council
Class 4 Gambling and TAB Venue Policy Review 2022**

Submitted to	Southland District Council Class 4 Gambling and TAB Venue Policy Review via online submission
Details of Submitter	Kristy Kang Policy and Public Health Manager, PGF Group
Physical Address	
Date of Submission	13 June 2022



EXECUTIVE SUMMARY

PGF Group thanks Southland District Council for the opportunity to comment on the proposed changes to the Class 4 gambling and TAB venue policy.

We commend the Council for having a sinking lid policy in place. A sinking lid policy is one of the best policies available to reduce gambling losses and harm from gambling. However, allowing for club mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we support the Council to adopt an amended sinking lid policy that does not allow for any relocations or club mergers.

Our submission is evidence-based and founded on what is known about gambling harm across Aotearoa New Zealand. It is time for councils and the government to take a closer look at the relationship between harmful gambling, social disparity and a funding model that enables it. Funding communities based on a system that relies on our lowest income households putting money they cannot afford to lose into gaming machines is unethical and inequitable. This disproportionately impacts Māori who generally live in the areas where the majority of these machines are situated.

PGF also supports the submission made by Asian Family Services, and urge the Council to carefully consider the feedback they have provided.



INTRODUCTION

1. The Problem Gambling Foundation of New Zealand trades as PGF Group (PGF), the overarching brand for PGF Services, Mapu Maia Pasifika Services, and Asian Family Services.
2. PGF operate under contract to the Ministry of Health (MoH) and are funded from the gambling levy to provide clinical intervention and public health services.
3. As part of our public health work, we advocate for the development of public policy that contributes to the prevention and minimisation of gambling related harms.
4. This includes working with Territorial Local Authorities (TLAs) to encourage the adoption of policies that address community concerns regarding the density and locality of gambling venues; in this case, a sinking lid policy.

PGF GROUP POSITION ON GAMBLING

5. It is important to note that we are not an 'anti-gambling' organisation as some may infer. We are, however, opposed to the harm caused by gambling and advocate for better protections for those most at risk of experiencing gambling harm.
6. We recognise that the majority of New Zealanders are non-problem gamblers.
7. While most New Zealanders gamble without experiencing any apparent harm, a significant minority do experience harm from their gambling, including negative impacts on their own lives and the lives of others.
8. In 2020/21, total expenditure (losses, or the amount remaining after deducting prizes and payouts from turnover) across the four main forms of gambling – Class 4 Electronic Gaming Machines (EGMs), Lotto, casinos and TAB – was more than \$2.62 billion, or \$730 for every adult (1).
9. Most money spent on gambling in New Zealand comes from the relatively limited number of people who play Class 4 EGMs, and most clients accessing problem gambling intervention services cite pub/club EGMs as a primary problem gambling mode (2).



ADVICE FOR COUNCIL DECISION MAKING

GAMING MACHINE PROFIT (GMP) STATISTICS

10. As at 31 December 2021, there were 14 Class 4 gambling venues in the Southland District Council area, hosting 86 EGMs between them (3).
11. Since 2015, Southland has followed the national trend of a general growth in annual GMP. The largest spike was in 2021 with approximately \$2.8 million being lost to EGMs in Southland. However, in 2020, losses dropped to approximately \$2.4 million largely due to the national COVID-19 alert level 4 lockdown (3).
12. We cannot be sure why losses continue to grow while machine numbers are coming down, but what we do know is that EGM numbers are not being reduced fast enough in areas where they need to, particularly high deprivation areas.
13. Importantly, approximately \$121 was lost per adult population (18 years and over) in Southland. This was lower than the national average of \$239 per adult in Aotearoa New Zealand.

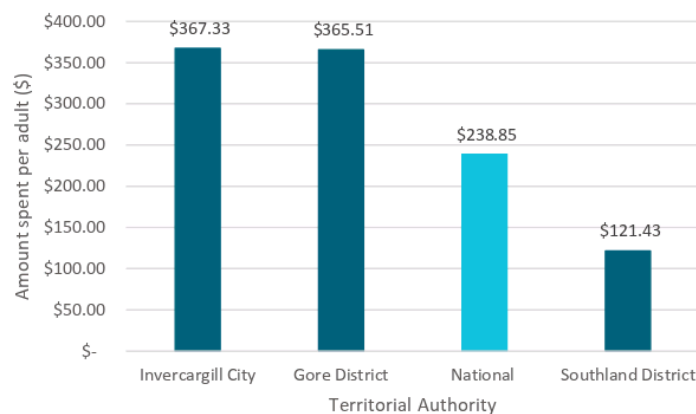


Figure 1: 2021 GMP losses per adult population (18+ years, based on 2018 Census) for TLAs in the Southland region



CLASS 4 GAMBLING

14. The harms caused by different forms of gambling are not equal, as evidenced by the different classifications of gambling within the Gambling Act 2003.
15. Class 4 gambling – EGMs in pubs, clubs and TABs – is characterised as high-risk, high-turnover gambling, and is the most harmful form of gambling in New Zealand (2).
16. EGMs are particularly harmful because they are a form of continuous gambling (4). The short turnaround time between placing a bet and finding out whether you have won or lost, coupled with the ability to play multiple games in quick succession makes continuous gambling one of the most addictive forms of gambling available.

CLIENT INTERVENTION DATA

17. The Trusts and Societies who hold the licenses for the 14,743 Class 4 EGMs in New Zealand (as at 31 December 2021) (3) often submit that the relatively low number of people who seek help for a gambling problem is a positive indicator about the prevalence of harmful gambling in New Zealand. This assertion is disingenuous and should be disregarded.
18. The Ministry of Health's *Strategy to Prevent and Minimise Gambling Harm 2019/20 to 2021/22* states that "needs assessment and outcomes monitoring reports show that only 16% of potential clients for gambling support services (that is, people whose reported harm results in a moderate to high PGSI¹ score) actually access or present at these services", and that this low service use is also evident for other forms of addiction (2).
19. Furthermore, the Ministry of Health's Continuum of Gambling Behaviour and Harm (Figure 1) estimates the number of people experiencing mild, moderate or severe gambling harm is more than 250,000 – that's more than the population of Wellington (2).

¹ The Problem Gambling Severity Index (PGSI) is commonly used to screen and categorise three levels of harm: severe or high risk (problem gambling), moderate risk and low risk.

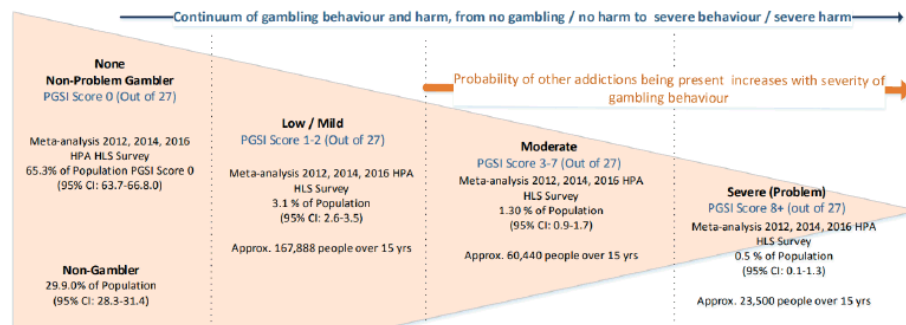


Figure 2: Continuum of Gambling Behaviour and Harm (Ministry of Health, 2019)

20. Moreover, the Department of Internal Affairs (DIA) estimate that 30% of EGM losses is from problem and moderate risk gamblers (5). This means that for Southland's GMP of \$2.8 million in 2021 (3), approximately \$840,000 was lost by problem and moderate risk gamblers in the community.
21. While the Ministry of Health's client intervention data is not an accurate measure of the prevalence of gambling harm in New Zealand, it can tell us the rate of harm from different classes of gambling amongst those who have sought help.
22. Data for 2020/21 shows that of the 4,762 individuals who received support for their own or someone else's gambling, 2,331 (48.95%) were for Class 4 EGMs (6).

Primary Mode	Full Interventions	Percentage
Non-Casino Gaming Machines (EGMs or Pokies)	2,331	48.95%
Lotteries Commission Products	513	10.77%
Casino Table Games (inc. Electronic)	438	9.20%
Casino Gaming Machines (EGMs or Pokies)	407	8.55%
TAB (NZ Racing Board)	422	8.86%
Housie	79	1.66%
Cards	52	1.09%
Other	520	10.92%
Total	4,762	100%

Table 1: 2020/21 client intervention data by primary gambling mode.

23. Given that almost half of the clients in 2020/21 sought help due to Class 4 EGMs (6), this indicates the level of harm EGMs are causing in our communities.



ONLINE GAMBLING

24. Online gambling is not within the scope of this review and is the purview of the DIA who will soon be releasing a report on its review of online gambling.
25. In its submissions, the Gaming Machine Association of New Zealand (GMANZ) and other industry proponents suggest that an 'unintended consequence' of a reduction in physical gaming machines could be an increase in online gambling. There is no evidence that this occurs more rapidly due to a sinking lid policy.
26. During restrictions at COVID-19 alert levels 3 and 4, Class 4 gambling venues were closed. Many of our clients expressed relief that the venues were closed with some stating they were able to save money, spend more time with their family and they did not seek out alternative online gambling options.
27. The Health Promotion Agency's (HPA) *Impact of COVID-19 Wave 1* survey found that of those who gambled online during lockdown, only 8% gambled online for the first time and 12% of those who already gambled online did so more than pre-COVID restrictions (7).
28. Further, HPA's *Impact of COVID-19 Wave 2* survey shows that 65% of those who gambled online during lockdown reported this being through MyLotto as physical outlets were closed (8). Lotto has also noted in the media that approximately 125,000 customers had registered with MyLotto online (9), resulting in more than twice its normal online sales.
29. We also note that following COVID-19 lockdown in 2020, the DIA saw an increase in GMP by 116% in the June to September 2020 quarter (10). This was a much higher increase than forecasted and reflects people returning to Class 4 gambling after the lockdown.

DENSITY OF CLASS 4 GAMBLING VENUES

30. What makes Class 4 EGMs more harmful than casino EGMs is their location within our communities and the design of EGM rooms within Class 4 venues.
31. Data published by the DIA shows that almost 63% (658 out of 1,050 as at 31 December 2021) of Class 4 gambling venues in New Zealand are located in medium-high or very high deprivation areas (3).



Very Low Decile 1–2	Medium Low Decile 3–4	Medium Decile 5–6	Medium High Decile 7–8	Very High Decile 9–10
78	127	187	314	344

Table 2: Class 4 gambling venues as at 31 December 2021 by deprivation score.

32. In Southland, 5 out of 14 (36%) Class 4 gambling venues (as at 31 December 2021) are located in medium high and very high deprivation areas (3).
33. A report commissioned by the Ministry of Health – *Informing the 2015 Gambling Harm Needs Assessment* – notes that EGMs in the most deprived areas provide over half of the total Class 4 EGM expenditure (11).

IMPACT OF GAMBLING HARM TO VULNERABLE POPULATION GROUPS

34. It is unethical that the majority of Class 4 EGM expenditure is coming from our lowest income households who can least afford it.
35. This is particularly concerning given that this disproportionately impacts Māori who generally live in the areas where many of these machines are situated. We note that 11.1% of Southland's population are Māori (12).
36. The 2018 Health and Lifestyles Survey estimates indicated that Māori were four times more likely to be moderate-risk or problem gamblers than non-Māori (13).
37. Asian peoples also experience gambling harm differently. The 2018 Health and Lifestyles Survey found that Asian people's risk factor of harmful gambling was 9.5 times higher when compared with European/Other New Zealanders (13). Given that Southland has a growing Asian population – making up 6.2% of Southland's population according to the 2018 Census (12) – consideration around how Class 4 gambling affects vulnerable groups must be deliberated.
38. Research indicates that Māori and Asian peoples experience harmful gambling differently, and that this disparity has not diminished over the years. This is a systemic issue that is inequitable.



EFFICACY OF A SINKING LID

39. Much of the research quoted in an attempt to denounce the efficacy of a sinking lid is outdated and findings from more recent research has countered assertions made by the Class 4 gambling industry.
40. From a public health perspective, there's a generally held view that the easier it is to access an addictive product, the more people there are who will consume that product.
41. It follows then that stronger restrictions on the number and location of addictive products, such as EGMs, constitute a public health approach to the prevention and minimisation of gambling harm.
42. Sections 92 and 93 of the Gambling Act mandate the maximum number of pokie machines a Class 4 venue can host (18 if the venue licence was held on or before 17 October 2001, nine if the licence was granted after that date). This is the minimum regulation a TLA must implement in its Class 4 gambling policy, however many TLAs have chosen to adopt stronger regulations.
43. The Auckland University of Technology's New Zealand Work Research Institute recently published a research paper, *Capping problem gambling in New Zealand: the effectiveness of local government policy intervention*, which aimed to understand the impact of public policy interventions on problem gambling in New Zealand (14).
44. This research focussed on Class 4 gambling to assess the impact of local government interventions (absolute and per capita caps on the number of machines and/or venues and sinking lid policies) on the number of machines/venues and the level of machine spending over the period 2010-2018.
45. Key findings from this research include:
 - 45.1. All three forms of policy intervention are effective in reducing Class 4 venues and EGMs, relative to those TLAs with no restrictions beyond those mandated by the Gambling Act.
 - 45.2. Sinking lids and per capita caps are equally the most effective at reducing machine spending.
 - 45.3. Those TLAs who adopted restrictions above and beyond those mandated by the Gambling Act experienced less gambling harm than those TLAs who have not.



THE FUNDING SYSTEM

46. Following the removal of tobacco funding, EGMs were introduced with the primary purpose of funding communities.
47. Trusts and Societies are required to return 40% of GMP to the community by the way of grants or applied funding. This has inextricably linked gambling harm with the survival of community groups, sports and services.
48. However, it cannot be guaranteed that the GMP lost in Southland is returned to groups in Southland. For example, of the \$2.4 million lost in Southland in 2020 (3), approximately \$700,000 was returned to Southland-based organisations.²
49. Moreover, the unethical nature of the funding model cannot be ignored. The *Gambling Harm Reduction Needs Assessment* (2018), prepared for the Ministry of Health, raises fundamental questions about the parity of this funding system (15).
50. Further research commissioned by the DIA revealed that there is a very strong redistributive effect from more deprived communities to less deprived communities when examining the origin of GMP and the destination of Class 4 grants (16).
51. Overall, less deprived communities (decile 1-5) provided 26% of the GMP but receive 88% of the grants. Conversely, more deprived communities (decile 6-10) provide 74% of the GMP but receive only 12% of the grants (16).

² This figure is based on PGF's Class 4 grants dataset as the DIA's Class 4 grants dataset is currently being amended due to discrepancies. It is important to note that it is difficult to identify an accurate figure for Class 4 gambling grants. Every care has been taken to ensure the demarcation of grants to each TLA is as accurate as possible, but information published by some Trusts can be inconsistent. Although every effort is made to make our database an all-inclusive list of grants, we cannot guarantee that all grants made under Class 4 gambling legislation have been identified and included in our database.

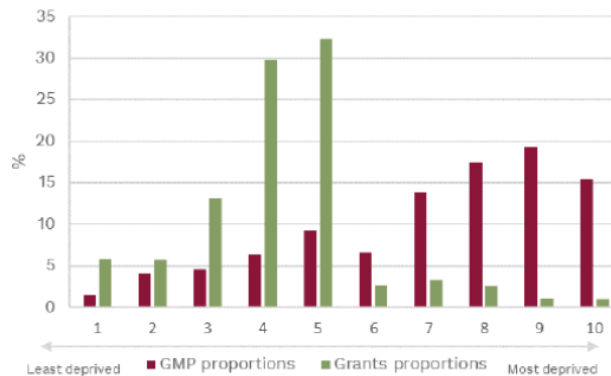


Figure 3: The origin of GMP and the destination of Class 4 grants by socio-economic decile (BERL, 2020)

52. PGF Group, Hapai Te Hauora and The Salvation Army Oasis released a white paper in June 2020 titled, [Ending community sector dependence on pokie funding](#) (17). There is a need for a transparent and sustainable funding system to support groups in our communities.
53. This is a sentiment that is shared by other councils, including Hutt City Council, who have decided to take proactive steps to not apply for and accept Class 4 funding.

PRIORITISING THE PREVENTION OF HARM

54. While a sinking lid is at present the best public health approach available to TLAs to prevent and minimise gambling harm in their communities, we contend that such a policy does not go far enough – or work fast enough – to do this.
55. Several councils have already expressed their frustration at the limited opportunities available to them in their attempts to reduce the harm from Class 4 gambling in their communities. For example, Ōpōtiki District Council has sent a letter to the Minister of Internal Affairs Jan Tinetti asking her to further regulate the use of EGMs.
56. We also encourage the Council to advocate to central government for the following:
- 56.1. Adoption of a more sustainable, ethical, and transparent community funding system.
 - 56.2. More powers for councils to remove EGMs from their communities.
 - 56.3. The urgent removal of Class 4 EGMs from high deprivation areas 7-10 in New Zealand.



SUBMISSION AND RECOMMENDATIONS

57. We strongly support Southland District Council to continue a sinking lid approach for both Class 4 gambling and TAB venues.
58. We submit that an adopted sinking lid policy should include the following three provisions:
- 58.1. A ban on any new venues – no permit will be given to operate any new Class 4 gambling venues in the Council area if that venue proposes having EGMs, including TAB venues.
 - 58.2. No relocations – if a venue with EGMs closes for any reason, the Council will not permit the EGMs to be relocated to any venue within the Council area.
 - 58.3. No mergers – there will be no merging of Class 4 venues under any circumstances.
59. It is our view that allowing for relocations or mergers – for any reason – undermines the efficacy of a sinking lid. Therefore, we strongly urge the Council to amend the current sinking lid policy to prevent clubs from merging and venues from relocating.

CONCLUSION

60. The Gambling Act 2003 was enacted to provide a public health approach to the regulation of gambling and to reduce gambling harm.
61. A sinking lid – with no relocations or venue mergers permitted – is the best public health approach available to councils who wish to prevent and minimise gambling harm in their communities.
62. If this Council determines the health and wellbeing of their community to be of the utmost importance, the only logical choice would be to adopt a sinking lid policy.
63. We would be happy to keep the Council updated with our ongoing work to address the issue of a more sustainable community funding model.
64. PGF appreciates the opportunity to make a written submission on the Council's proposed Class 4 gambling and TAB venue policy.



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Draft TAB Venue and Gambling Venue Policies

Statement of Proposal – May 2022

1. Introduction

Southland District Council is reviewing its TAB Venue Policy and its Gambling Venue Policy.

The TAB (formerly Board) Venue Policy is about racing/sports betting venues and the Gambling Venue Policy is about venues that have electronic gaming machines (pokies).

Council is seeking feedback on the draft policies over a submission period that will run from 8am 13 May 2022 to 5pm 13 June 2022. People who make a written submission can request to also make an oral submission to Councillors.

2. Background information

What is required?

The Gambling Act 2003 and Racing Industry Act 2020 control gambling within New Zealand. This legislation focusses on ensuring that the harm that gambling can cause is minimised, and that the community benefits from the proceeds of gambling.

These acts require councils to have policies on TAB venues and gambling venues.

A TAB venue policy must specify whether or not new TAB venues may be established in a district and, if so, where they may be located. TAB venues are owned or leased by the TAB New Zealand (formerly New Zealand Racing Board) and the main business carried out at the premises is providing racing-betting or sports-betting services. A TAB venue policy does not relate to TAB outlets in pubs and clubs - only stand-alone TAB venues.

A gambling venue policy must specify whether or not gambling machine venues (venues that have 'pokie' machines that are not a casino) may be established in a district and, if so, where they may be located. Councils can also specify any restrictions on the maximum number of gaming machines that may be operated at a gambling machine venue, and any policy on relocating gaming machines.

Social impact of gambling

Council has considered the social impact of gambling in the Southland District when developing these policies. Some key facts identified include:

- the number of electronic gambling machines in the District has reduced by 34% between 31 March 2013 and 30 September 2021 (133 machines down to 88)
- there are currently no TAB venues in the Southland District
- a number of the gaming machines in the District are in towns that have high deprivation index scores
- gambling has benefits to the community through its contribution to community funding
- gaming machine proceeds in the Southland District, and the proportion generated in the Southland District relative to the rest of New Zealand, are reasonably stable. The proceeds generated have

been decreasing slightly over the last eight years although this has been impacted by Covid-19 lockdowns in 2020 and 2021.

3. What is proposed?

Council's draft TAB and Gambling Venue policies are included with this proposal as attachments A and B.

The draft policies are largely the same as Council's current policies - there have only been minor changes to wording such as replacing references from board to TAB for consistency with the updated legislation in the Racing Industry Act 2020, rather than changes to policy content.

The draft TAB Venue Policy states that any new stand-alone TAB venue must comply with the provisions of the Southland District Plan. There are zoning restrictions in the plan that would impact factors such as whether a resource consent would be required for a TAB venue, and the permitted opening hours, lighting etc that would apply in particular zones.

The draft Gambling Venue Policy maintains a 'soft sinking lid' approach to electronic gambling machines. This soft sinking lid approach allows venues to continue operating existing machines, but it does not permit licences for new machines. The draft policy also states that if a venue closes, the licence to have machines can be transferred to another venue.

4. The reasons for the proposal

The main reasons for this proposal are to:

- meet the requirements of the Gambling Act 2003 and the Racing Industry Act 2020 for a 3-yearly review of the policies
- seek feedback on the policy approach from the community
- where appropriate, update the policies and refine wording/formatting.

5. How to have your say

Anyone can make a submission online at <https://www.southlanddc.govt.nz/my-council-/have-your-say/>. Submissions will be accepted from 8am on 13 May 2022 and must be received by 5pm on 13 June 2022.

All submissions should state:

- the submitter's name
- the submitter's contact details
- whether or not the submitter would like to speak to Council about this matter.

If you need help submitting please contact Council at 0800 732 732, or call in to one of Council's offices. All written submissions made to Council will be acknowledged and made available to the public.

Council intends to hold a hearing on this matter on 22 June 2022. This is when anyone who has made a written submission and who has said they would like to speak to Council, can do so at a Council meeting. This meeting is open to the public. If you indicate you would like to be heard, Council staff will get in touch with you to arrange a time for you to speak at the hearing. If at the hearing you have any

requirements, such as that you would like to speak via video conference or you would like to use sign language, please let us know.

6. Timetable for consultation

The dates below outline the timetable for the consultation process. Any changes to these dates will be publically advised on Council's Facebook page and website.

Date	Activity
11 May 2022	Council adopts the proposal for consultation
13 May 2022	Consultation period begins (8am)
13 June 2022	Consultation period ends (5pm)
22 June 2022	Oral submissions heard by Council (at Council offices, 15 Forth St, Invercargill)
13 July 2022	Council considers and adopts the draft policies

7. Options

Council has two possible options on how it could proceed. These are to:

- option 1 – adopt the draft policies, or
- option 2 – adopt amended policies (this may be adopting a more restrictive or a more liberal approach to TAB venues or gambling venues)

The advantages and disadvantages of these options are outlined below.

Option 1 – adopt the draft policies

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • the soft sinking lid approach assists in the gradual decline of electronic gaming machines, which may contribute to a reduction in gambling related harm • balances the harm that can be caused by gambling with the benefits the money from gambling can bring to people in the District • Council is legislatively required to have policies on TAB and gambling venues and the current policies are legally compliant • the draft TAB and Gambling Venue policies are consistent with the approach of other territorial authorities within the Southland Region 	<ul style="list-style-type: none"> • amended policies may better reflect community/stakeholder views • amended policies may strike a better balance between the harm that can be caused by gambling and the benefits the money from gambling can bring to people in the District.

<ul style="list-style-type: none">• this option will enable staff to progress and meet the requirement to review the policy by 21 August 2022.	
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Option 2 – adopt amended policies (this may be adopting a more restrictive or a more liberal approach to TAB venues or gambling venues)

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• amended policies may better reflect community/stakeholder views• Council is legislatively required to have policies on TAB and gambling venues• this option will enable staff to progress and meet the requirement to review the policy by 21 August 2022.	<ul style="list-style-type: none">• amended policies may not strike a balance between the harm that can be caused by gambling and the benefits the money from gambling can bring to people in the District.

Attachment A

Draft TAB Venue Policy

TAB Venue Policy

Group responsible: Regulatory Services

Date approved: 21 August 2019

Date amended:

File No:

1 Objectives

The objectives of this policy are to:

- outline whether or not new TAB venues may be established in the Southland District and, if so, where they may be located, and
- facilitate community involvement in decisions about gambling.

2 Definitions

Definition	Meaning
TAB New Zealand	Means the body established to conduct racing betting, sports betting, or other racing or sports betting under the Racing Industry Act 2020
TAB venue	Means premises that are owned or leased by the agency and where the main business carried on at the premises is providing racing betting or sports betting services under the Racing Industry Act 2020

3 Policy

Southland District Council (Council) does not have any additional requirements to regulate the operation or location of TAB venues, other than those contained in the District Plan under the Resource Management Act 1991.

4 Commencement

Council has adopted this policy after completing the special consultative procedure outlined in the Local Government Act 2002.

This policy is effective from XX XXXXX 2022.

5 Review

Council will review this policy within three years of it being adopted.

Attachment B

Draft Gambling Venue Policy

Gambling Venue Policy

Group responsible: Regulatory Services

Date approved: 21 August 2019

Date amended:

File no:

1 Introduction

The act came into force on 18 September 2003. Under section 101 of the act, Council is required to adopt a policy to regulate the number and location of non-casino electronic gaming machines (Class 4), more commonly known as pokie machines.

At 30 September the Southland District had 14 Class 4 gaming venues and 88 electronic gaming machines.

Council has the ability to limit the number of locations and venues and the number of electronic gaming machines, and must have regard to the social impact of gambling in developing its policy. As required under the act, this policy only applies to gambling venues licenced after 17 October 2001, or to other venues licenced prior to this if they wish to increase the number of electronic gaming machines.

2 Definitions

Definition	Meaning
Act	The Gambling Act 2003
Class 4 gambling	Means any activity that involves the use of a gaming machine outside a casino, and may be conducted only by a corporate society and only to raise money for authorised purposes
Class 4 gambling venue	Means a place used to conduct Class 4 gambling ie premises with Class 4 gaming machines licenced under the Gambling Act 2003. This includes any TAB venue with gaming machines

Definition	Meaning
Corporate society	Means a society that is: (a) Incorporated under the Incorporated Societies Act 1968 (b) Incorporated as a board under the Charitable Trusts Act 1957 or (c) A company incorporated under the Companies Act 1993 that: (i) Does not have capacity or power to make a profit; and (ii) Is incorporated and conducted solely for authorised purposes Corporate Societies may therefore include clubs (RSA, sports clubs etc), trusts and racing clubs
DIA	Means the Department of Internal Affairs
Southland District	Means all the area covered by the Southland Territorial Local Authority
New venue	Means any venue that has not held a Class 4 venue licence for six months or more, or that has never held a Class 4 venue consent
Council	Means Southland District Council

3 Objectives

This policy has the following objectives:

- to assist in limiting the harm of problem gambling in the community
- to encourage responsible gambling practices and attitudes in Class 4 venues
- to reduce the number of electronic gaming machines in the community over time
- to facilitate community involvement in decisions about gambling by ensuring that all communities in the Southland District are given the opportunity to consult with Council in a manner that is culturally appropriate.

4 Restrictions on venue and machine consents

Council will not grant consent for the establishment of any additional Class 4 venues or additional gaming machines, including Class 4 machines in TAB venues, under this policy.

A gambling venue consent is for one venue (one premises) and is not transferable to another venue, unless consent is obtained from Council as provided for in Clause 5 below. The consent is given to a venue at a given address, not to a person or business.

Once a venue ceases to operate, the machine numbers will not be allocated to any new or existing venue except as specified in Clause 5 below.

Council will not provide a consent under sections 95(1)(f) or 96(1)(e) of the act to any application by corporate societies with Class 4 licences seeking ministerial discretion to increase the number of gaming machines permitted at a venue, except as provided in Clause 5 below.

5 Transfer or changes to existing venues and machine consents

If the owner of the principal business of the venue changes, Council consent remains allocated to the venue. The new owner is not required to obtain a Council consent but a new licence may be required from DIA.

Council will consent to the transfer of a licence from an existing venue to a new venue where the venue will be operated by the same corporate society, and subject to a social impact study. The maximum number of gaming machines permitted to operate at the new venue, at the time when the new Class 4 venue licence takes effect, is the same as the maximum number of gaming machines permitted to operate at the old venue, immediately before the licence relating to the old venue is cancelled.

Two or more licensed Class 4 clubs in the Southland District may apply to Council to merge and increase the number of machines that can be operated at a venue, subject to a social impact study. Council consent will only permit the maximum number of gaming machines to be the sum of the number of gaming machines specified in all of the corporate societies' (the clubs that are merging) Class 4 venue licences at the time of application.

Substitute venues may only be established if:

- the vacated site will not be able to be used as a Class 4 venue; and
- Council considers that the location of the new venue is suitable, taking into account the matters referred to in section 101(4) of the act.

Council may arrange its own peer review of any social impact study provided, at the applicant's cost.

6 Visual and sound

Only one sign may make reference to the existence of Class 4 gambling, and may be visible from the street or other public space. This sign shall not mimic or replicate the operation of gaming machines.

No other sign shall promote or identify the existence on site, of gaming machines.

Advertising signs and activities within the building, associated with the operation of gaming machines, shall not be visible from beyond the property boundary.

The operation of gaming machines shall not be audible from beyond the venue property boundary.

7 Encouraging responsible gambling practices

Two of the stated purposes of the act are to "prevent and minimise the harm caused by gambling, including problem gambling" and to "facilitate responsible gambling".

Enforcement and monitoring of gambling venues is the responsibility of the DIA.

Regulations made under the act set out:

- what constitutes an unsuitable venue
- requirements and restrictions regarding gambling machines

- requirements of venues to provide information about problem gambling
- requirements of venues to provide problem gambling awareness training to staff.

Council consent for a venue is not revocable once issued and cannot lapse or expire unless there is a period of six months or more where a Class 4 licence is not held for the venue. Further, Council has no retrospective powers with regards to any consented venues and cannot impose conditions subsequently on any venue that has an existing licence.

Council is supportive in general of initiatives and actions that would help to ensure there is a balanced gambling environment where potential harm is managed effectively, and where those who wish to gamble can do so safely. In this regard, Council encourages responsible gambling practices as outlined in Appendix 1.

Where Council has concerns about the operation of existing gambling venues these will be reported to DIA. Council inspectors do not have enforcement powers over venues in terms of their gambling activities.

The provision of information by the venues about problem gambling is required under the regulations and is a key way of promoting responsible gambling. Where Council has concerns about a venue in this regard, it will be reported to DIA.

8 Applications for consent

All applications will incur a fee which will be prescribed by Council pursuant to section 150 of the Local Government Act 2002.

Council will publicly notify applications for Class 4 Gambling Venues and allow for public submissions to be lodged.

Applications for consent by Council must be made to Council on the prescribed form and include:

- name and contact details of the applicant
- names of venue management staff
- street address of premises being relocated and new proposed address
- fees
- details of design and layout to demonstrate how the venue will comply with part six of this policy
- any other information that may reasonably be required to allow proper consideration of the application including how the applicant will encourage responsible gambling practices.

The decision will be made at staff level pursuant to delegated authority and based on the criteria detailed in this policy, except where any matter of opposition is raised in a public submission, in which case the application will be heard and determined by Council.

9 Commencement of policy

This policy has been adopted by Council following the special consultative procedure prescribed by the Local Government Act 2002.

This policy is effective from XX XXXXX 2022.

10 Review of policy

Council will review this policy within three years of it being adopted.

Appendix 1 Encouraging responsible gambling practices

Best practice	Supporting action
Host Responsibility and Harm Minimisation Policy	The applicant has in place a Host Responsibility and Harm Minimisation Policy. The policy conforms to best practice as set out by national guidelines or standards should these become available.
Location of gaming machines	Electronic gaming machine sites should be located so that: <ul style="list-style-type: none"> the facility is ancillary to a principal business and is not the primary purpose of the site the facility is separate from the area of the principal business so that the legal age limit of 18 can be observed and enforced.
Staff training programme or activities	The applicant demonstrates that staff and management are familiar with its Host Responsibility and Harm Minimisation Policy. The programme provides information on: <ul style="list-style-type: none"> the potential effects of gambling on customers the identification of problem gambling traits the processes for approach, intervention and follow up for patrons with suspected problem gambling identification practices for patrons appearing under 25 and actions to be followed systems in place to support self-barring recognition of intoxicated patrons and steps to be followed to prevent intoxicated patrons from gambling systems to be followed if children are left unattended in premises or nearby premises.
Policy on under age access to gambling machines	The licensee must ensure that appropriate signage is in place indicating age restrictions so that this is visible at every gambling machine and at the point(s) of entry into the gambling area. Policy on identification checks for patrons appearing under 25. Staff training on identification of patrons appearing under 25 and actions to be followed.
Provision of problem gambling information	The licensee must ensure that patrons have access to appropriate information on problem gambling and problem gambling help services. Gambling help line phone number information is placed on or near all gambling machines. Additional material on problem gambling and help services displayed in at least one other area within the premises, situated near to gambling machines.
Clocks are visible in premises	The licensee ensures that clocks are visible from gambling machines.
There is good visibility where gambling machines are located	Natural or artificial light illuminates the area where gambling machines are located at all times when machine are in operation.

Adoption of Council's Annual Plan 2022/2023

Record No: R/22/6/29239

Author: Jason Domigan, Corporate performance lead

Approved by: Fran Mikulicic, Group manager democracy and community

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to present the final draft of the Annual Plan 2022/2023 to Council for adoption.

Executive Summary

- 2 Every three years, council adopts a ten year plan which is referred to as the 'Long Term Plan (LTP)'.
- 3 In the intervening years, an Annual Plan is developed to address any variances from the LTP, to confirm service levels and budgets for the year, and to set rates. Year two of the Council's LTP 2021-2031 serves as the base for the Annual Plan 2022/2023.
- 4 All councils are required by legislation to prepare and adopt an Annual Plan for each financial year before the start of the new financial year. The Annual Plan is not audited.
- 5 The Annual Plan 2022/2023 did not have any significant or material variances between year two of the LTP 2021-2031. As a result, it was agreed by Council to not go out to the community for formal consultation.
- 6 Council did produce an annual plan information document in Council's publication First Edition and used social media and the council website to update the community on the Annual Plan process.
- 7 The rate increase for 2022/2023 financial year is proposed to be 9.25%, compared to the 8.31% proposed in the LTP 2021-2031. This is an increase of \$0.5 million from total rates collected of \$58.7 million to \$59.2 million proposed for 2022/2023. The main reason for the increase in the rates in the draft Annual Plan compared to year two of the LTP is due to an increase in the interest rate charged on loans associated with capital works projects.
- 8 It is important to note that the figure of 9.25% is an average only. In real terms, rate rises will vary across the district depending on a wide range of factors, including the location of the property, the services households receive and how their rating value has changed compared with other properties, from the recent revaluation.
- 9 In discussing the progress of the annual plan 2022/23 in March 2022, staff identified an average rate increase of 9.22%. As noted above this has now increased to an average rate of 9.25% as a result of the targeted rate for Northern pools.
- 10 On 15 June 2022, the Finance and Assurance Committee recommended to Council the adoption of the Annual Plan 2022/2023, including the Funding Impact Statement (Rates section) for the 2022/2023 financial year and the amendments to the fees and charges.
- 11 As part of the recommendations, the committee also recommended to Council to:

- bring forward the use of \$1.0 million of the strategic asset reserve to fund the increases in the roading programme to match the increased Waka Kotahi funding available;
 - extend the targeted rate for swimming pools to include a Northern pool rate (and associated rating boundary) based on the recommendation made by the Northern Community Board; and
 - an update to the uncertainty from moderate to high on the assumption for the return on investment/reserves
- 12 A copy of the draft Annual Plan 2022/2023 is included separately. The contents page, page numbers and page references (highlighted in yellow) will be completed once any amendments are finalised as part of this meeting.

Recommendation

That the Council:

- a) **Receives the report titled “Adoption of Council's Annual Plan 2022/2023” dated 16 June 2022.**
- 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) Confirms in accordance with Section 100 of the Local Government Act 2002 that the Annual Plan 2022/2023 has been prepared based on reasonable judgement and assumptions and that it considers the projected financial results, including the projected operating deficit for 2022/2023, to be financially prudent given its financial position.
- e) Agrees to extend the targeted rate for swimming pools by creating a targeted Northern pool rate set as a fixed amount per SUIP on the properties within the area indicated on Map 224 (Attachment B), to collect a total rate revenue of \$17,822 (including GST) in 2022/2023.
- f) Agrees to bring forward from year four of the Long Term Plan, \$1.0 million from the strategic asset reserve to use in the 2022/2023 year.
- g) Agrees to the adoption of the significant forecasting assumptions from the Long Term Plan 2021-2031 (Attachment C) including the proposed change below:
 - i) Increase the level of uncertainty of the return on investment/reserves assumption from moderate to high.
- h) Agrees to adopt the Annual Plan 2022/2023 (Attachment A), including the Funding Impact Statement (Rates section) for the 2022/2023 financial year and the amendments to the fees and charges.
- i) Delegates authority to the Chief Executive to approve any final edits required to the Annual Plan in order to finalise the document for distribution

Background

- 13 Once every three years, Southland District Council is required to adopt a Long Term Plan (LTP), and in the intervening years an Annual Plan. These plans set out the service levels and budgets for the coming year, as well as being used to set rates.
- 14 Year two of the Council's LTP 2021-2031 serves as the base for the Annual Plan 2022/2023.

- 15 The Annual Plan 2022/2023 proposed rates increase is broadly consistent with what was projected for the 2022/2023 year in the LTP 2021-2031.
- 16 The main reason for the increase in the average rate in the draft Annual Plan from year two of the LTP is due to an increase in the interest rates on loans to complete our capital works projects. These capital works projects were already included in the LTP 2021-2031 and budget included within the work programme.
- 17 All councils are required by legislation to prepare and adopt an Annual Plan for each financial year before the start of the new financial year. The Annual Plan is not audited.
- 18 The purpose of an Annual Plan is to:
- detail the proposed annual budgets and funding impact statement;
 - identify any variation from the financial statements and funding impact statement included in the Long Term Plan (LTP) in respect of the year;
 - provide integrated decision-making and co-ordination of the resources of the local authority;
 - contribute to the accountability of the local authority to the community.
- 19 As part of developing the Annual Plan, community boards and water supply subcommittees were provided with the opportunity at their direction-setting meetings to highlight any planned changes for the 2022/2023 financial year from what was budgeted for year two of the Long Term Plan 2021-2031. Hall committees and Council staff were also asked to advise of any changes to fees and charges for the 2022/2023 year.
- 20 On 17 December 2021, Council informally discussed a number of key matters associated with the 2022/2023 Annual Plan, including:
- Waka Kotahi funding including moving the strategic asset reserve from year four of the LTP to year two
 - Stewart Island/Rakiura Visitor Levy
 - possible extensions to existing rate
 - key financial assumptions and change to interest on loans from 2% to 3%
 - impact on the overall and specific rates for 2022/2023.
- 21 On 25 January 2022, Council informally discussed a number of further matters associated with the 2022/2023 Annual Plan, including:
- overall financial picture including benchmarks and forecast profit and loss information
 - distribution of the strategic asset reserve
 - proposed fees and charges
 - transfer of the Curio Bay community scheme to the district wastewater rate
 - Around the Mountains Cycle Trail.
- 22 On 22 February 2022, Council informally discussed the impact of new capital valuations on the distribution of rates across different sectors and areas as part of the Annual Plan 2022/2023 subject to the revaluations carried out by Quotable Value on Council's behalf. This resulted in an

increased impact on properties that receive the bulk of the services provided such as residential and commercial properties in townships.

- 23 At its meeting on 29 March 2022, Council considered the need for consultation on the 2022/2023 Annual Plan. Council confirmed there was no community consultation required for the Annual Plan 2022/2023 as there were no significant variances to the LTP 2021-2031. This was in accordance with the Significance and Engagement Policy that was adopted in March 2021 through the LTP process.

Community consultation

- 24 There was no community consultation for the Annual Plan 2022/2022 as there were no significant variances to the LTP 2021-2031. This was in accordance with the Significance and Engagement Policy.
- 25 However, an Annual Plan information document was produced to update the public on the proposed direction and proposed rates increase. The document was put on the Council website and social media and was distributed to households as part of Council's quarterly publication First Edition in April 2022.

Changes from year two of the LTP 2021-2031

- 26 As indicated above, there have only been minor movements between what was forecasted in the 2022/2023 year in the LTP 2021-2031, overall an increase of \$0.5 million in rates. Some of the changes include:
- interest rate increases from 2% to 3% (\$0.4 million)
 - an increase in staff wages, training and representation costs (\$0.5 million).
 - an increase in wastewater costs relating to electricity for the Te Anau plant, term loan costs, soil management at the Kepler block, unplanned and routine maintenance (\$0.3 million)
 - a decrease in water costs relating to routine maintenance and loan servicing, increases in insurance, electricity, resource consents and overheads, and water meter expenditure (-\$0.1 million)
 - a decrease in local costs due to deferred airport loan principal repayments, offset by term loan costs, street lighting and insurance (-\$0.1 million)
 - a decrease in stormwater relating to reduced condition assessments (stimulus achieved more), maintenance and investigation/audit and CCTV inspections, and maintenance costs (-\$0.6 million)

Issues

- 27 The Annual Plan is based on a number of assumptions. In addition, there are a number of issues described below that were considered as part of this Annual Plan.

Waka Kotahi Funding

- 28 During the LTP, Council consulted on an increased roading and bridging programme in order to continue to provide existing levels of service across our roading network over the next 10 years.

The first three years of this works programme proposed approximately \$100 million in work to be completed with 52% funded by Waka Kotahi and 48% funded from rates. Support for and against the increases was reasonably even across the submissions however very few submitters wanted to see decreases in levels of service. Council deliberated to undertake the proposed programme of work outlined given the vital nature of the network to our communities.

- 29 Following Council's deliberations on the LTP, Council was subsequently informed by Waka Kotahi that the full programme of works was unable to be funded in the first three years of the plan. As a result, some of the programmed works for the first 3 years was moved to begin in 2024.
- 30 In August 2021, Waka Kotahi advised Council of its three year funding in the National Land Transport Plan. The result was an overall increase to the roading programme of approximately \$5 million compared to budgets adopted in June for the first three years of the LTP. This was contrary to the initial advice received from Waka Kotahi, as noted above, but welcomed.
- 31 Following this, staff have redeveloped the roading programme for the first three years of the LTP. What this effectively means for year two of the Long Term Plan is an additional \$965,614 needs to be funded from rates.
- 32 To offset this, staff are proposing to bring forward from year four of the Long Term Plan, the \$1 million from the strategic asset reserve to use in the 2022/2023 year. Due to the changes in the roading programme outlined above, \$1 million of the strategic asset reserve was moved from year one of the LTP into year four of the LTP to offset the increase in the roading programme.
- 33 As stated above, both road rehabilitations and bridges were key issues highlighted through the formal consultation process on the LTP. Council has a good understanding of the community views through that feedback and has been able to utilise the \$1 million of the strategic asset reserve to offset the impact on rates for this year. As a result, staff believe the additional Waka Kotahi funding is not considered to be a significant or material difference from the content of year two of the LTP.

Extensions to existing targeted rates

- 34 As part of the development of the Annual Plan 2022/2023, staff have noted the extensions of targeted rates relating to pools and district wastewater as detailed below.

Extension to pool rates and rating boundaries

- 35 The Northern Community Board has agreed to provide funding assistance to two pools in its area (Mosburn and Northern Southland in Lumsden). This involves extending the targeted rate approach which is already used to fund swimming pool grants in other parts of the district to collect an additional \$17,822 (including GST) in rates for the pool grants.
- 36 A separate consultation process was undertaken to get feedback on the proposal in March 2022 including the part of the community board area proposed to be rated. 134 responses were received from the consultation process with 71% of respondents supporting the proposed rate. When asked which properties should pay the rate, 51% of respondents favoured all properties in the board area paying the rate and 49% supported only ratepayers within the Lumsden, Mosburn and Five Rivers hall rating boundaries paying the rate. This feedback was considered by the Northern Community Board and a recommendation made to Council to establish a new targeted Northern community pool rate with a fixed amount across the ratepayers who live

within the Lumsden, Mossburn and Five Rivers hall rating boundaries (equating to \$23.85 including GST in 2022/2023).

District wastewater rating boundary adjusted to include selected properties in Curio Bay (targeted rate extension)

- 37 It is proposed to extend the district wastewater rating boundary (used to define which properties pay the targeted wastewater rate in the Annual Plan) to include properties connected to the Curio Bay wastewater treatment plant (at the Recreation Reserve and Porpoise Bay subdivision). The costs for the treatment plant are currently funded as part of the Recreation Reserve budget (funded from the General rate). However, as the plant is now taking waste from properties outside of the reserve, the plant is now considered to be a district wastewater scheme with properties connected to be charged the district-wide targeted wastewater rate.
- 38 Council at its 29 March meeting agreed to staff amending the targeted wastewater rating boundary to include Curio Bay recreation reserve and properties in the Purpose Bay subdivision for inclusion in the Annual Plan 2022/2023 funding impact statement. It also agreed that the properties within this extended rating area would be charged the district wide targeted wastewater rate from 1 July 2022. This has been incorporated into the Annual Plan 2022/2023 (Attachment B).

Implications on rating

- 39 The year ahead is going to be another significant one for Council, as the programme to step up delivery of capital projects, and to replace and maintain more infrastructure, continues as was forecast in our Long Term Plan 2021-2031 (LTP).
- 40 Council is budgeting on an average rate increase across the district of 9.25 % in 2022/2023. The main drivers for this were the increase in interest rate, biodiversity staff, toilets, waste management, election year costs for representation, staff wages and training, sewerage maintenance, loans and depreciation, additional Waka Kotahi funding for roading, water maintenance and loans, sewerage maintenance and inspections, wheelie bins recycling and waste disposal, and local loans, maintenance and mowing.
- 41 Council indicated in the LTP that the increase would be an average 8.31% in year two of the 10-year plan. Although there have been minor movements across activities, the key reason for the increase from what was projected in the LTP is the need to increase the interest rates payable on loans from 2% to 3% to complete capital works projects, a reflection of market interest rate changes.
- 42 Council indicated in its assumptions for the LTP that there was a risk that interest rates would change and it noted the potential impact on rates. Unfortunately, this has now occurred and it is a cost that needs to be recovered.
- 43 It is important to note that the figure of 9.25% is an average only. In real terms, rates rises will vary across the district depending on a wide range of factors, including the location of the property, the services households receive and how their rating value has changed compared with other properties.

Stewart Island/Rakiura Visitor Levy

- 44 Council has recently undertaken consultation and deliberated on the Stewart Island/Rakiura Visitor Levy (SIVL) amount. As part of changing the quantum of the levy, both the current policy and bylaw needed to be formally reviewed.
- 45 This issue is additional to the Annual Plan process and required community consultation to seek community views as part of that review process. The SIVL policy requires that consultation be included as part of an LTP or Annual Plan process in order to achieve efficiency.
- 46 Individual consultation on the SIVL using the special consultative procedure (SCP) has been carried out as outlined by section 83 of the LGA. The key outcomes from this process are detailed below:
- increasing the amount of the visitor levy to \$10 on 1 October 2023, and then increasing the amount of the levy to \$15 on 1 October 2025.
 - allowing multi-year funding of up to 30 years for Council and community owned infrastructure, in exceptional circumstances
 - removing the requirement to consult via the Annual Plan/LTP process, in the event a change in the levy amount is considered, noting that consultation procedures under the Local Government Act will always be applied
 - continuing to undertake the communication measures agreed at the 22 February 2022 meeting to publicise the Stewart Island/Rakiura visitor levy
 - retaining the levy eligibility requirements outlined in the draft policy
 - not seeking a change to the Empowering Act as to who pays the visitor levy
 - no change to the current Stewart Island/Rakiura Visitor Levy Allocation Subcommittee
- 47 The outcomes of this consultation have been incorporated into the Annual Plan for adoption.

Risks

- 48 Throughout the Annual Plan process, staff have continued to refer to and monitor the assumptions on which the financial data is based. Staff consider that the assumptions are still appropriate however, would like to highlight one assumption that may pose some increased risk over the next 12 months.
- 49 The current assumption for return on investment/reserves outlines that actual returns may vary from the amount included in the LTP. The return on financial investments has been calculated at 4.4% net per annum, based on reserves of approximately \$34 million being invested in an externally managed balanced fund.
- 50 Two components are affecting the potential returns for Council. The first is that Council is currently in the process of appointing a fund manager, and work with them to decide when and how much it will invest, both of which may delay the annual returns budgeted. The second component, is the current investment markets. A balanced fund is generally one that invests in a mixture of cash, property, shares and bonds. Currently returns in some of these markets have been less than average due to world events such as Covid-19 and the Ukraine war. Fund managers typically move their investments to balance these changes however lower than average returns are highly possible.

- 51 From the investment returns, Council has budgeted on \$750,000 being used to offset rates revenue requirements. Investment returns in excess of \$750,000 are used to pay interest on various restricted and local reserves and accumulated in the district operations reserve. Any shortfall may restrict the funds applied to either rates or the reserve balances. A decrease in actual investment returns compared to budget will require Council to find other funds to fund the activities, borrow to cover the shortfall or re-prioritise. If after re-prioritisation, the activities or parts still needed to occur, funding could happen by way of utilising existing reserves or loans. If reserves were to be used, this may not affect future rating requirements however if Council chose to loan fund then future rates will need to increase to cover the repayments necessary.
- 52 At its 11 May 2022 meeting, Council considered the impact of changes to its budgeted investment returns and borrowings. As noted above, Council in the current financial year budgeted to receive 4.4% net on its investments and pay LGFA 2% on its borrowings. Due to Council still progressing with its investment and borrowing strategy, the returns and costs are less than budgeted. Staff estimate that Council will be \$286,087 short in funding, (it was estimated \$293,633 of additional funds would be put to reserves). Council acknowledged the shortfall and approved the use of the District Operations reserve to fund any shortfall. It is now estimated the District Operations reserve will be \$293,406 at 30 June 2022. The actual balance of the reserve may be higher or lower, at this stage it is expected to be higher due to expenditure in a number of corporate business units being less than budgeted as a result of a variety of factors, including the impact of Covid-19. Based on this, Council could again choose to use the district operations reserve as the funding mechanism for any shortfall in investment returns and borrowing costs, recognising that the actual balance will be unknown until 30 June 2023.
- 53 The current assumption has moderate level of uncertainty and a medium level of risk if the assumption is incorrect. Based on the discussion above, staff have reviewed the assumption against the criteria in the LTP assumptions for uncertainty and risk.
- 54 In terms of uncertainty, staff consider that the information/confidence in the assumption has increased from possible to likely based on the current investment markets. This means there needs to be an adjustment in the level of uncertainty from moderate to high.
- 55 In terms of risk, staff do not believe there is an increase in the consequence for the assumption being incorrect strategically, operationally or financially and consider the threshold to still be minor. When considered against the likelihood of the consequence occurring, the overall risk for the assumption remains unchanged.
- 56 As a result, staff recommend the assumption be amended to increase the uncertainty of the risk from moderate to high but the risk associated with the assumption remains unchanged. The assumptions have been updated to reflect this change and are included as Attachment C.

Factors to Consider

Legal and Statutory Requirements

- 57 The Annual Plan is a statutory requirement under the Local Government Act 2002 (section 95).
- 58 All councils are required by legislation to prepare and adopt an Annual Plan before the commencement of the financial year to which it relates (1 July 2022 in this instance).

Community Views

- 59 The Community Boards were involved in the direction setting for the Annual Plan 2022/2023 and provided input into any new projects that were urgently required for their areas and the fees and charges for the local assets. This feedback was presented to Council for consideration and included in the Annual Plan 2022/2023 where appropriate.
- 60 Council did not consult on the Annual Plan. As mentioned above, the annual plan information document was made available through Council's publication First Edition, on social media and on Council's website.

Costs and Funding

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

Policy Implications

- 63 The changes set out in the Annual Plan are consistent with Council's current Financial Strategy, Infrastructure Strategy and policies.
- 64 As noted above, the Stewart Island Visitor Levy Bylaw and Policy are being reviewed and will be amended outside of the Annual Plan process. Any outcomes from that process have been included in the Annual Plan.
- 65 No other policies have been amended as part of the Annual Plan 2022/2023 development process.

Financial considerations

- 66 The financial implications of the proposed Annual Plan 2022/2023 are noted below:

67 Rating Impact/Rates Increase

- the rate increase for 2022/2023 will be 9.25%, compared to 8.31% proposed for the equivalent year in the LTP 2021-2031.
- the proposed rate increase for 2022/2023 has been reduced by using \$1.0 million of strategic asset reserves to fund the increases in the roading programme to match the increased Waka Kotahi funding available.
- the Funding Impact Statement (Rates Section) has been updated to show the current District and local area rates. Rates will be set as either a rate in the dollar on land value or capital value or a Uniform Targeted Rate (UTR).

68 30% Maximum Uniform Targeted Rate (UTR)

- Uniform Targeted Rate - The maximum amount Council can collect under the UTR is 30% of total rates. The UTR for the 2022/2023 financial year will be 22.99%, compared to 23.41% for 2021/2022.

69 Impact on Financial Reports

- the consolidated impacts of the changes are shown in the draft forecast statement of comprehensive income and statement of financial position included in Attachment A of this report.

- in comparing the draft Annual Plan 2022/2023 forecast deficit to year two of the LTP 2021-2031, the deficit has increased \$380 thousand, from \$4.8 million to \$5.2 million.
 - Overall revenue has increased \$1.2 million. Rates has increased \$0.5 million, NZTA \$1.2 million and grants and subsidies \$0.6 million. This is offset by other revenue reducing \$1.2 million due to early harvesting of Waikaia forest in 2021/2022 (rather than 2022/2023).
 - Costs have increased \$1.5 million. Employee associated costs (\$1.2 million), finance costs \$0.6 million with a reduction in other Council expenditure of \$0.2 million. Increased employee related costs are mainly as a result of the need to continue to meet ongoing service and legislative requirements. The increase in finance costs is due to the change in interest rates on loans increasing by 1% to 3%.
- the prospective statement of financial position in the draft Annual Plan 2022/2023 incorporates 30 June 2021 actual balances (as opening balances) as well as changes resulting from revised forecasts for 2021/2022.
 - the main variance from year two of the LTP 2021-2031, is the decrease in property, plant and equipment and external debt. This is due to changes in capital works projects, predominantly in water, wastewater and stormwater activities which are typically funded from borrowings.

70 Compliance with Financial Strategy

- the draft 2022/2023 Annual Plan is not in compliance with the key financial indicators outlined in the financial strategy, being specifically:
- rates increases to be no more than 8%. For 2022/2023 in the Long Term Plan 2021-2031, it was proposed that the increase would be higher than the 8% limit (\$8.31%). The draft rates increase proposed is 9.25%.
- Council is not planning to have a balanced budget in 2022/2023. A balanced budget is where the planned revenues are equal or greater than the planned operating expenditure (ie 100%+). For 2022/2023 in the Long Term Plan 2021-2031, it was proposed that the balanced budget benchmark would be 94.8%, however the draft Annual Plan is 94.5%. Council do not meet the balanced budget benchmark primarily due to the phasing in of depreciation funding over a number of years and hence resolution d) in this report to ensure Council acknowledge the unbalanced budget.

Analysis

Options Considered

- 71 **Option 1:** Council adopt the draft Annual Plan 2022/2023, with any minor amendments as agreed at this meeting.

Option 2: Council do not adopt the Annual Plan 2022/2023.

Analysis of Options

- 72 Option 1 – Council adopt the Annual Plan 2022/2023, with any minor amendments as agreed at this meeting.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> the Annual Plan will comply with statutory requirements and timeframes is consistent with the overall direction set through the LTP 2021-2031 adoption of the Annual Plan will enable rates to be set for the 2022/2023 financial year. 	<ul style="list-style-type: none"> no further changes can be made

- 73 Option 2 – Council do not adopt the Annual Plan 2022/2023.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> if a significant omission has been made in the development of the Annual Plan, it can be rectified. 	<ul style="list-style-type: none"> the Annual Plan will not comply with the statutory requirements to adopt before 1 July 2022. rates will not be able to set for the 2022/2023 financial year until the Annual Plan is adopted. there would be a high level of uncertainty for ratepayers.

Assessment of Significance

- 74 The adoption of the Annual Plan is a significant decision as it is the primary way Council provides information on what it plans to deliver for the 2022/2023 year and how it proposes to fund the delivery of these services. It is also a key accountability document for the public.
- 75 The draft Annual Plan 2022/2023 does not contain significant or material variance from year two of the LTP 2021-2031. Therefore, it did not meet the significant threshold in the Significance and Engagement Policy and formal consultation with the public was not undertaken.

Recommended Option

- 76 Option 1 – Council adopt the Annual Plan 2022/2023, with amendments as agreed at this meeting.

Next Steps

- 77 The Annual Plan 2022/2023 will be made available on the Council's website www.southlanddc.govt.nz. Hard copies will be available upon request.
- 78 The fees and charges booklet will also be finalised and made available on Council's website and be distributed to relevant stakeholders, hall committees and community boards for their information.

Attachments

- A Draft Annual Plan 2022-2023 [↓](#)
- B Map 224 Northern Pool rating boundary [↓](#)
- C Updated forecasting assumptions for Annual Plan 2022/2023 [↓](#)

ANNUAL²⁰²²⁻²⁰²³ *Plan*



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4

Welcome

to Southland District Council's Annual Plan 2022/2023

The Local Government Act (2002) requires Council to prepare an Annual Plan every year to:

- clearly show its budget and how much it will cost ratepayers this year
- highlight any major differences from what had been planned for that year in Council's Long Term Plan 2021-2031 (LTP, or 10 Year Plan) and why these changes are necessary
- co-ordinate Council's resources and decision-making
- be accountable to the community, and
- give residents the opportunity to take part in Council's major decisions

Southland District Council's major planning document for the current period is the Long Term Plan 2021-2031, titled *It's time, Southland/ Murihiku*. The plan sets out Council's planned priorities and spending for 10 years from 2021, with more detail for the first three years. This Annual Plan provides an update to the LTP, highlighting changes to Council's work programme for year two (2022/2023), the reasons for the changes and the impact on rates.

To fully understand this Annual Plan, you may find it helpful to read it alongside the Long Term Plan 2021-2031, which contains detailed explanation of Council's work programme. All other activities, policies and levels of service detailed in the LTP are proposed to be delivered as stated in that plan. Copies of the LTP can be viewed at Council's office at 15 Forth Street, Invercargill, at any of our public libraries, our area offices or on our website – southlanddc.govt.nz



Southland DISTRICT COUNCIL



Southland District Council's

vision is Southland – one community offering endless opportunities.

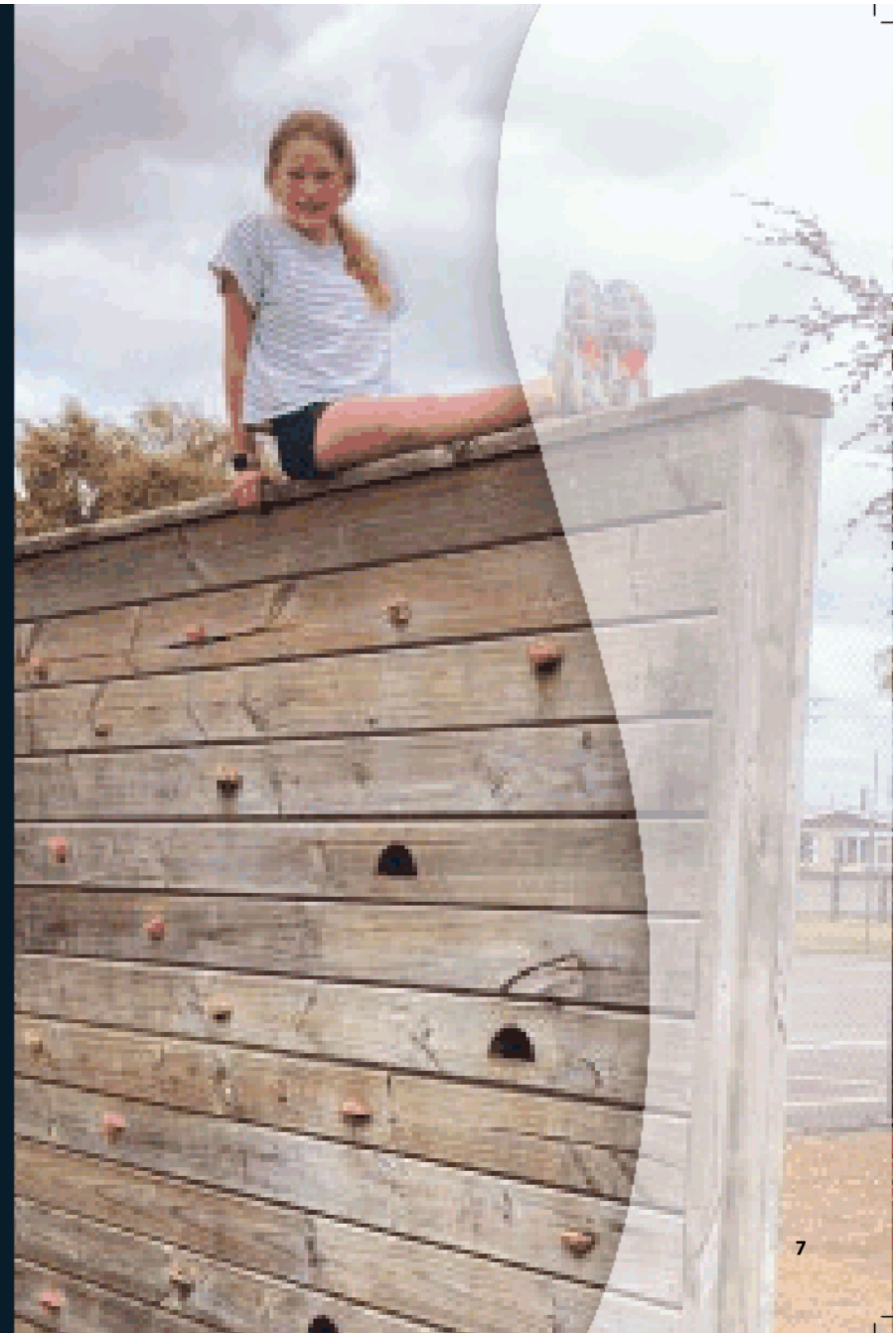
We work towards this vision through our plans, strategies and policies and through the activities outlined in our 10 Year Plan.

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

Council consists of a mayor and 12 councillors elected by Southland District residents/ratepayers every three years. As well, we have a Southland District Youth Council, which advises Council on youth engagement issues.

We believe our democratic election process ensures the organisation is able to operate in the best interests of the District.





democracy

The importance of local democracy should never be underestimated.

There is a place for all those with a passion for people to partake in the governance of their communities, irrespective of their experience and background.

All it takes is a willingness to be involved, a commitment to do the mahi, and the courage of your convictions.

In local government, diversity – of gender, race, age and opinions – is a virtue. Sound, well-considered decision-making is the best result of having a range of community views reflected around a governance table.

In October 2022, the public will get their three-yearly chance to vote for the people they want to represent them at local body level.

Election year is an opportunity to play a key role in helping to shape the future of Southland district, in a range of public positions, whether they be on community boards, Council or the mayoralty.

We encourage any of you with an interest in your community to consider putting yourself forward for election when nominations open in July.

These are certainly busy and exciting times to be involved in local government.

In recent years Southland District Council, through a range of improvements, has been able to significantly increase its annual capital works programme. This year we aim to deliver \$45 million of projects, a major step up from the roughly \$18 million we were delivering just four years ago.

This is year two of Council's 2021-2031 Long Term Plan and, obviously, we are not immune to the Covid-related challenges being faced by many businesses in Southland district. Contractors are extremely busy with the huge volume of work being carried out, and internationally there have been disruptions in the supply chain of products used in the construction and maintenance of infrastructure, including building materials, which have caused delays.

Despite this, Council continues to work hard to deliver the increased programme we outlined in our LTP.

We remain positive, and determined to deliver what we said we would. We ramped up our works programme because Southland needed us to, and we will continue pushing ahead with it, as well as delivering the wide range of services Southlanders need, albeit in a slightly different way in some cases.

The pandemic has necessitated new ways of doing things. Meetings have largely been held on a platform of video-conference software. Strict rules about wearing masks and maintaining physical distancing forced us to rethink how we go about our work. But we adapted and have taken these changes in our stride, just as many Southlanders have. It is very much a case of remaining positive and getting on with it. Our approach to dealing with the pandemic in its various iterations was about preserving our ability to serve, for as long as it was possible for us to do so.

We're proud of the way the organisation responded to the threat of Omicron and the other variants of coronavirus. These measures enabled us to continue to operate and deliver a bigger works programme than ever before. We acknowledge there is a degree of uncertainty ahead with a number of legislative changes and reviews in progress, particularly in the areas of resource management, three waters and the future for local government, all of which would have a profound effect on the way we do business, but until the outcomes are known we will push forward.

The ever-present spectre of reforms hasn't distracted the organisation from focusing on delivery. This was graphically illustrated when we were one of only six councils nationally to receive plaudits from Crown Infrastructure Partners, which oversaw the national three waters stimulus programme on behalf of the Department of Internal Affairs, for our successful delivery of \$13 million of three waters projects. While this naturally placed extra demands on our staff we were able to carry out this large volume of work while continuing our usual day-to-day business.



We have begun a sweeping seven-year programme of open spaces work, which will occupy much of our energy in the coming year, and beyond. The objective is to activate the many reserves and open spaces, including walkways, recreational areas and playgrounds, that Council looks after, making them more attractive and inviting for residents and visitors to access.

Southland District Council will continue to play an advocacy and support role in a range of multi-agency initiatives. One such project is working alongside Great South on addressing the housing shortfall in Southland that is expected in coming years. With a growing population it is expected that 3,500 more houses will be required, right across the board, from transitional to executive housing.

With so much important work to do, we look forward to another massive year ahead.

Cameron McIntosh
CHIEF EXECUTIVE

Gary Tong
MAYOR

EXECUTIVE *Summary*

In the LTP we talked to you about the need to invest in our roads and bridges and to ensure our levels of service in providing that critical infrastructure remain at the standards of safety and performance that Southlanders expect and deserve.

As outlined, we are continuing on that trajectory and continuing to invest in our critical infrastructure.



Impact of Waka Kotahi **FUNDING** *Changes*

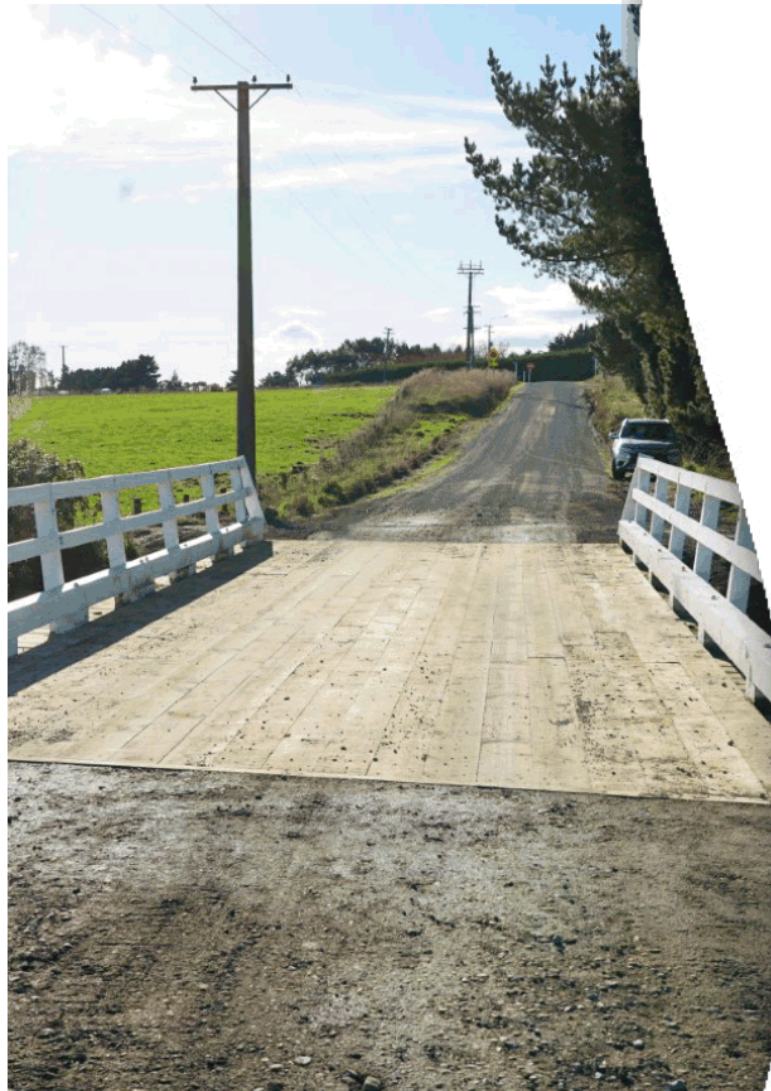
During the LTP, Council consulted on an increased roading and bridging programme in order to continue to provide existing levels of service across our roading network over the next 10 years.

The first three years of this works programme proposed approximately \$100 million in work to be completed, with 52% funded by Waka Kotahi NZ Transport Agency and 48% funded from rates. Support for and against the increases was reasonably even across the submissions.

However, very few submitters wanted to see decreases in levels of service. Council deliberated to undertake the proposed programme of work outlined given the vital nature of the network to our communities.

Following Council's deliberations on the LTP, Council was informed by Waka Kotahi that the full programme of works was unable to be funded in the first three years of the plan. As a result, some of the programmed works for the first three years were moved to begin in 2024.

In August 2021, Waka Kotahi advised Council of its three-year funding in the National Land Transport Plan. The result was an overall increase to the roading programme of approximately \$5 million, compared with budgets adopted in June for the first three years of the LTP.



Following this, staff have redeveloped the roading programme for the first three years of the LTP. What this effectively means for year two of the Long Term Plan is an additional \$965,614 needs to be funded from rates.

To offset this, Council has brought forward the \$1 million from the strategic asset reserve from year four of the Long Term Plan to use in the 2022/2023 year.

Due to the changes in the roading programme outlined above, \$1 million of the strategic asset reserve was moved from year one of the LTP into year four of the LTP to offset the increase in the roading programme.

However, with the announcement in August of the additional \$5 million for years one to three, particularly for the road rehabilitation and bridge programmes, moving the strategic asset reserve from year four of the LTP back to year two will help offset any rate increase associated with the increased availability of funding from Waka Kotahi.

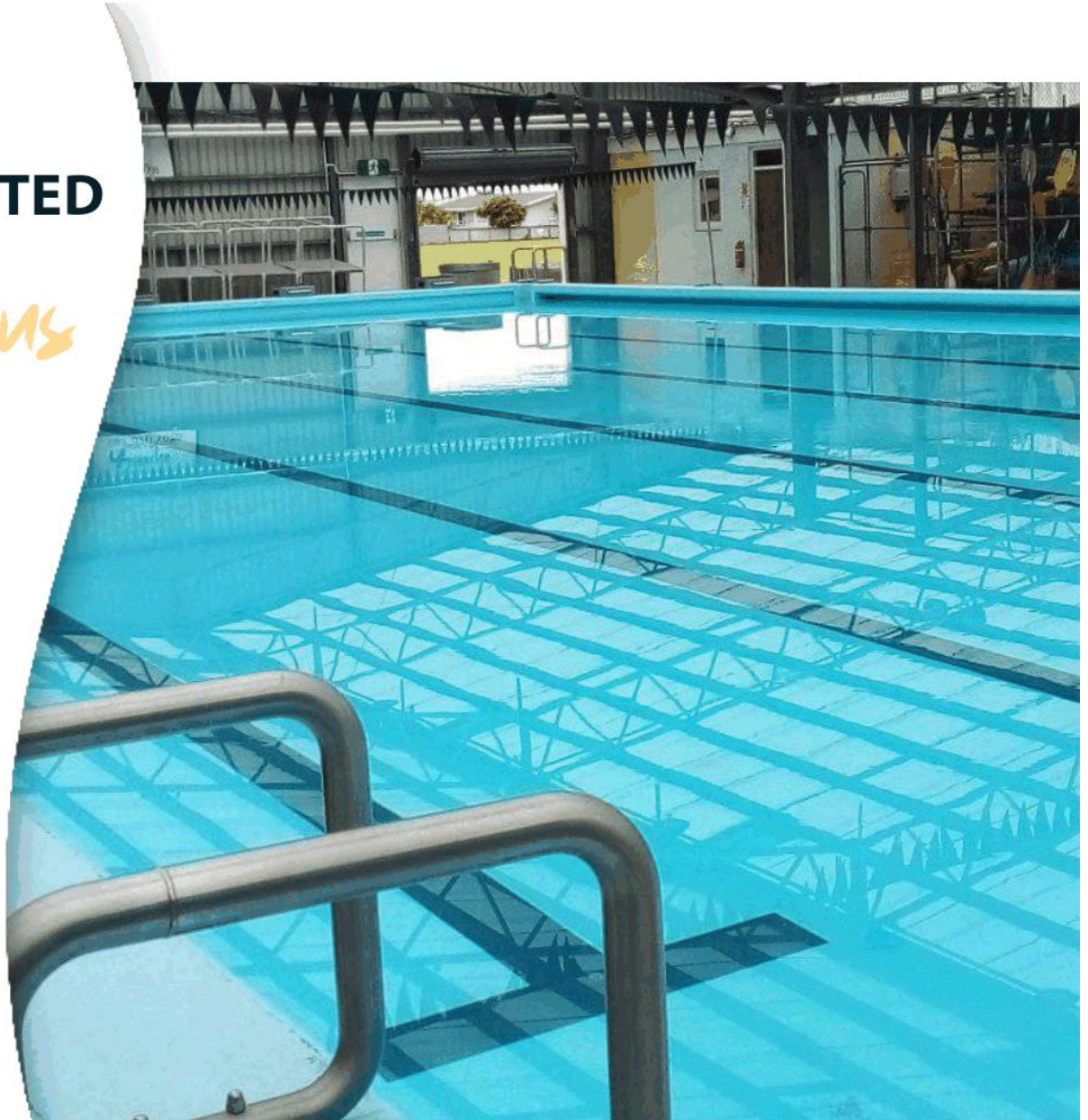
As stated above, both road rehabilitations and bridges were key issues highlighted through the formal consultation process on the LTP.

Council has a good understanding of the community views through that feedback and has been able to utilise the use of \$1 million of the strategic asset reserve to offset the impact on rates for this year.

PROPOSED TARGETED RATE

Extensions

As part of the development of the Annual Plan 2022/2023, Council is extending its targeted rating approach for swimming pools and district wastewater.





NORTHERN SWIMMING POOL RATE

(targeted rate extension)

The Northern Community Board has agreed to provide funding assistance to two pools in its area (Mossburn and Northern Southland in Lumsden).

This involves extending the targeted rate approach, which is already used to fund swimming pool grants in other parts of the district to collect an additional \$17,825 (including GST) in rates for the pool grants.

Consultation

A separate consultation process was undertaken to get feedback on the proposal in March 2022.

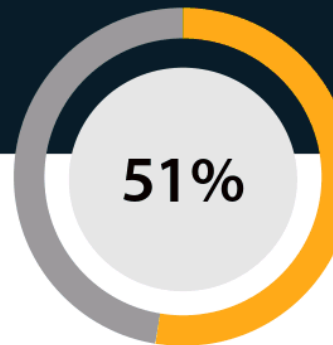
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responses were received from the consultation process and

71%

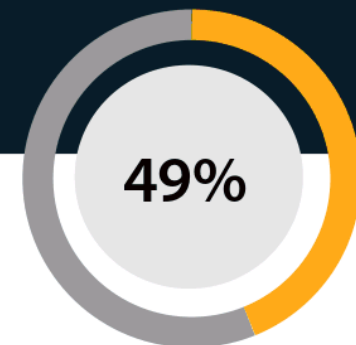
of respondents supported a targeted pool rate in the Northern Community Board area.

The outcome was 51% supported option 1 and 49% supported option 2.



OPTION 1

should all properties pay this rate?



OPTION 2

only ratepayers within the Lumsden, Mossburn and Five Rivers hall rating boundaries pay this rate

This feedback was considered by the Northern Community Board and a recommendation made to Council to establish a new targeted Northern community pool rate with a fixed amount across the ratepayers who live within the Lumsden, Mossburn and Five Rivers hall rating boundaries (equating to \$23.85 including GST in 2022/2023)..



CURIO BAY *Wastewater*

The Council is extending the district wastewater rating boundary (used to define which properties pay the targeted wastewater rate in the Annual Plan) to include properties connected to the Curio Bay wastewater treatment plant (at the Recreation Reserve and Porpoise Bay subdivision).

The costs for the treatment plant are currently funded as part of the Recreation Reserve budget (funded from the General rate).

However, as the plant is now taking waste from properties outside of the reserve, the plant is now considered to be a district wastewater scheme with properties connected to be charged the district-wide targeted wastewater rate.



STEWART ISLAND RAKIURA VISITOR LEVY REVIEW

Process

Council has reviewed the Stewart Island Rakiura Visitor Levy (SIVL) amount. Council undertook an individual consultation process on the SIVL using the special consultation procedure as outlined by section 83 of the Local Government Act 2002.

The key outcomes from this process are detailed below:

- increasing the amount of the visitor levy to \$10 on 1 October 2023, and then increasing the amount of the levy to \$15 on 1 October 2025.
- allowing multi-year funding of up to 30 years for Council and community owned infrastructure, in exceptional circumstances
- removing the requirement to consult via the Annual Plan/LTP process, in the event a change in the levy amount is considered, noting that consultation procedures under the Local Government Act will always be applied
- continuing to undertake the communication measures agreed at the 22 February 2022 meeting to publicise the Stewart Island Rakiura visitor levy
- retaining the levy eligibility requirements outlined in the draft policy
- not seeking a change to the Empowering Act as to who pays the visitor levy
- no change to the current Stewart Island Rakiura Visitor Levy Allocation Subcommittee



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LEGISLATIVE *Changes*

THREE WATERS

In March 2021, Taumata Arowai was established as a Crown entity, becoming New Zealand's dedicated regulator of drinking water, wastewater (sewerage) and stormwater when the Water Services Act came into effect on 15 November 2021. In 2024, it will become the three waters regulator for New Zealand.

In October 2021, Local Government Minister Nanaia Mahuta confirmed that the government will create four publicly owned water entities to ensure every New Zealander has access to affordable, long-lasting drinking water, wastewater and stormwater infrastructure without ballooning costs to households and families.

In November 2021, the establishment of a working group was announced, made up of local government and iwi representatives to recommend strengthened governance and accountability arrangements for the three waters reform programme. On 29 April 2022, the government announced that it had accepted 44 of the three waters working group's 47 recommendations for changes to its water infrastructure reform programme, with minor changes.

After months of deliberations, it confirmed councils would be given non-financial shareholding interests in the four water service entities, guaranteeing ownership – one of the key concerns raised over the government's initial model. This would be allocated based on population – with one share per 50,000 people, rounded up to ensure at least one share per council – and would be reassessed to account for population changes every five years.

On 2 June 2022, the Water Services Entities Bill was introduced to Parliament. The bill will shortly undergo its first reading debate in Parliament and will then be subject to a full select committee process where further public submissions will be welcomed. Further legislation will be introduced later this year and a National Transition Unit will oversee the establishment of the new entities over the next two years.



RESOURCE MANAGEMENT ACT

Reform

It is proposed to replace the current resource management system with three new acts.

1. Natural and Built Environments Act (NBA)
2. Strategic Planning Act (SPA)
3. Managed Retreat and Climate Change Adaptation Act (CAA)

The Natural and Built Environments Act and the Strategic Planning Act will be formally introduced in 2022.



LOCAL GOVERNMENT

Review

On 23 April 2021 the Minister of Local Government established a review into the Future for Local Government.

The overall purpose of the review is, as a result of the cumulative changes being progressed as part of the government's reform agenda, to identify how our system of local democracy and governance needs to evolve over the next 30 years, to improve the wellbeing of New Zealand communities and the environment, and actively embody the Treaty of Waitangi partnership.

In September 2021 an interim report was presented to the minister signalling the probable direction of the review and key next steps.

It is expected that by 30 September 2022 a draft report and recommendations will be issued for public consultation then in April 2023 the final report will be presented to the minister and Local Government New Zealand.



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FINANCIAL *Overview*

The purpose of the financial overview is to provide a summary of Council finances.

It informs readers where Council receives its money from and how that money is spent and applied.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Every **\$1** of your rates goes towards:



These figures are indicative only.

Individual properties will vary depending on the location, the local projects being funded and the services received.



WHAT'S HAPPENING WITH *Rates*

This plan includes an overall rate increase of 9.25% for 2022/2023, compared with 8.31% forecast for 2022/2023 in the Long Term Plan (LTP), an increase of approximately \$506,895.

Although there have been minor movements across activities, the key reason for the increase from what was projected in the LTP is the need to increase the interest rates payable on loans from 2% to 3% to complete our capital works projects.

As a result, the financial assumption from the LTP relating to interest rates on borrowing has been amended to reflect this.

RATES COLLECTION BY ACTIVITY	Budget (\$000)	%
Community Leadership	8,694	15%
Community Resources	13,617	23%
Environmental Services	5,532	9%
Sewerage	5,972	10%
Stormwater	1,359	2%
Transport	17,783	30%
Water supply	6,230	11%
	59,189	100%

The key contributors to the 9.25% increase in rates in the 2022/2023 year were the increase in interest rate, biodiversity staff, toilets, waste management, election year costs for representation, staff wages and training, sewerage maintenance, loans and depreciation, additional Waka Kotahi funding for roading, water maintenance and loans, sewerage maintenance and inspections, wheelie bins recycling and waste disposal, and local loans, maintenance and mowing.



These cost increases were offset by \$2 million from roading reserves.

This is a short-term measure by Council to keep the rates increases at an acceptable level given the current economic environment without impacting on service delivery levels.

Rates on properties will vary depending on location, the local projects being funded and the services received. Further details on the specific rate types are included in the funding impact statement (rates section) on page xx



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FUNDING OF *Depreciation*

Depreciation allocates the cost of an asset over its useful life and represents how much of an asset's value has been used.



By funding depreciation, Council is collecting money to fund future replacement of the assets.

The plan includes the phased implementation of funding depreciation of our core infrastructure assets.

Depreciation of our largest assets, roads and bridges, will be fully funded from 2024/2025, while the funding of depreciation on water and sewerage will be fully funded from 2028/2029.

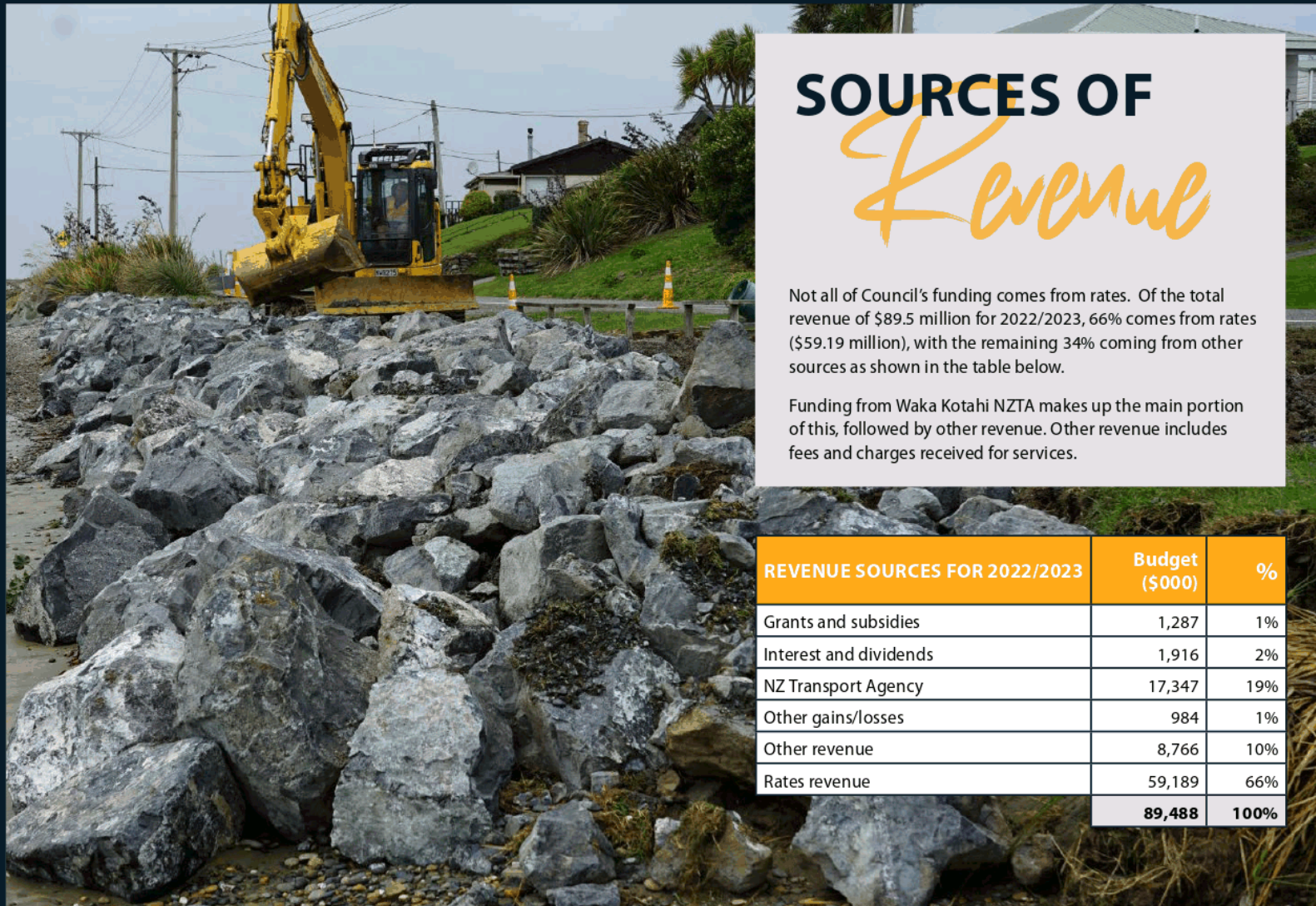
HOW MUCH COUNCIL NEEDS TO SPEND TO DELIVER *Services*

As outlined in the tables, the majority of Council's expenditure (87% of capital expenditure and 57% of operating expenditure) is to provide key infrastructure such as roads, footpaths, water supply, wastewater and stormwater.

OPERATING EXPENDITURE (incl depreciation by activity 2022/2023)	Budget (\$'000)	%
Community Leadership	9,154	10%
Community Resources	17,634	19%
Environmental Services	10,386	11%
Sewerage	7,997	9%
Stormwater	1,861	2%
Transport	37,410	41%
Water Supply	7,087	8%
	91,528	100%

CAPITAL EXPENDITURE (by activity 2022/2023)	Budget (\$'000)	%
Community Leadership	82	0%
Community Resources	4,175	10%
Environmental Services	229	1%
Sewerage	5,185	12%
Stormwater	898	2%
Transport	25,556	59%
Water Supply	7,200	17%
	43,325	100%

* Council also has various corporate services which have operating spend of \$3.1 million (total \$94.7 million) and capital spend of \$1.1 million (total \$44.4 million). These corporate services are funded through internal charges which are spread over the seven activities.



SOURCES OF Revenue

Not all of Council's funding comes from rates. Of the total revenue of \$89.5 million for 2022/2023, 66% comes from rates (\$59.19 million), with the remaining 34% coming from other sources as shown in the table below.

Funding from Waka Kotahi NZTA makes up the main portion of this, followed by other revenue. Other revenue includes fees and charges received for services.

REVENUE SOURCES FOR 2022/2023	Budget (\$000)	%
Grants and subsidies	1,287	1%
Interest and dividends	1,916	2%
NZ Transport Agency	17,347	19%
Other gains/losses	984	1%
Other revenue	8,766	10%
Rates revenue	59,189	66%
Total	89,488	100%

CASH *Management*

Council is planning to fund its capital expenditure for 2022/2023 primarily from cash reserves and loans.





In 2022/2023 Council will be required to borrow from external lenders to fund infrastructure projects.

Council is required to generate sufficient revenue to meet its operational expenditure as part of being fiscally prudent and sustainable.

An analysis of Council's approach to this issue and why it believes it is adopting a prudent and sustainable financial strategy can be found in the section entitled Balancing the budget on page xx.



ANNUAL PLAN DISCLOSURE *Statement*

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 Plan 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.

Council forecast in the LTP that it would not meet the rates (increases) affordability benchmark and the balanced budget benchmark in 2022/2023 and this has not changed. The Council does not meet the rates (increases) affordability benchmark principally as a result of the increase in interest rates.

Further key drivers for the entire 9.25% rates increase can be found in the Financial Overview on page xx.

The Council does not meet the balanced budget benchmark as a result of the phasing in of depreciation funding.

Benchmark	Quantified Limit	Planned as per LTP 2022/2023	Met for LTP 2022/2023	Planned as per LTP 2022/2023	Met for AP 2022/2023
Rates affordability benchmark					
- Income	70%	66.4%	Yes	66.1%	Yes
- Increases	8%	8.31%	No	9.25%	No
Debt affordability benchmark - net debt	175%	62.9%	Yes	102.8%	Yes
Balanced budget benchmark	100%	94.8%	No	94.5%	No
Essential services benchmark	100%	126.0%	Yes	137.9%	Yes
Debt servicing benchmark	10%	1.93%	Yes	2.52%	Yes

Depreciation of our largest assets, roads and bridges, will be fully funded from 2024/2025, while the funding of depreciation on water and sewerage will be fully funded from 2028/2029.

Further commentary on the balanced budget can be found on page xx



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RATES AFFORDABILITY *Benchmark*

For this benchmark, the limit for Council's planned rates income is 70% of its total revenue.

Rates increases are limited to 8%.

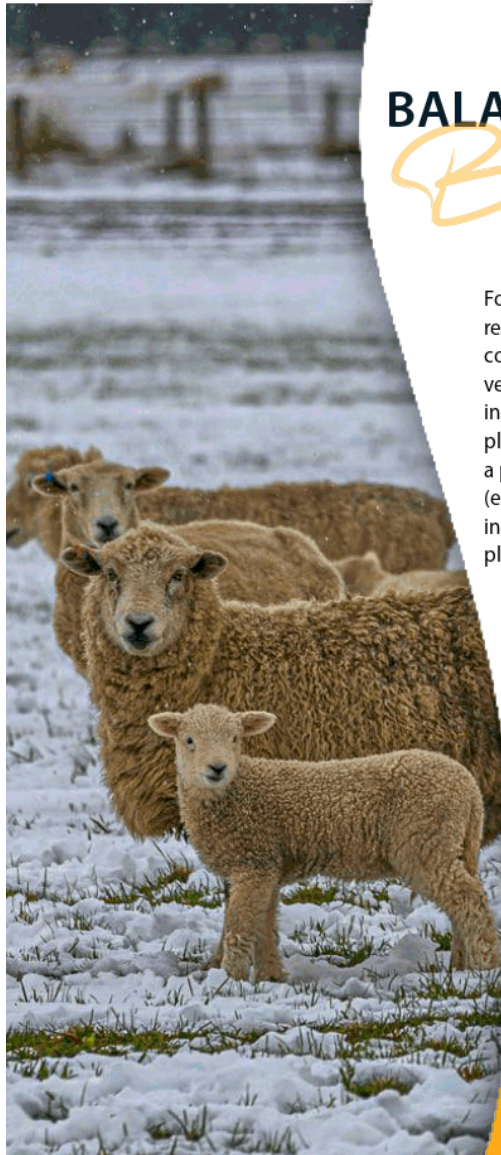
Council meets the rates affordability benchmark if:

1. Its planned rates income equals or is less than each quantified limit on rates; and
2. Its planned rates increase for the year equals or is less than each quantified limit on rates increases.

DEBT AFFORDABILITY *Benchmark (net debt)*

For this benchmark, Council's planned borrowings are compared with 175% of total revenue on borrowing contained in the Financial Strategy included in Council's 10 Year Plan.

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



BALANCED BUDGET *Benchmark*

For this benchmark, Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant, or equipment) is presented 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.

See further commentary in the balancing the budget statement on page ...



ESSENTIAL SERVICES *Benchmark*

For this benchmark, Council's capital expenditure on network services is presented 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.

DEBT SERVICING *Benchmark*

For this benchmark, Council's planned borrowing costs are presented as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property plant or equipment).

Council meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

OUR *Activities*



Part two: Our activities

Council's work at a glance

We organise our work into seven activity groups. These are:

1. Community leadership (including representation and advocacy, community and futures, community assistance)
2. Community resources (including community facilities, community services, open spaces, waste services, Stewart Island Electrical Supply Authority)
3. Environmental services (including environmental health, animal services, resource management, building solutions, emergency management)
4. Stormwater
5. Transport (including roading and footpaths, cycle trails, airport, water facilities)
6. Wastewater (including sewerage and the treatment and disposal of sewerage)
7. Water supply

For more details about what each group does go to Southland District Council's website: southlanddc.govt.nz

For details on our key performance indicators in each activity and how they are measured, please refer to Southland District Council's Long Term Plan 2021-2031, It's Time, Southland/Murihiku.

Community leadership

Includes the following activities:

- representation and advocacy
- community and futures
- community assistance

What is planned for the year?

Work is under way in preparation for the local body elections in October 2022, including drafting induction material and developing campaigns to encourage potential candidates to stand for election and increase voter turnout. There is also a pre-election report, which is a legislatively required document.

The purpose of a pre-election report is to provide information to promote public discussion about the issues facing the local authority. We are also going to be providing information on what community boards do and what elected representatives do, roles and responsibilities including an insight into the time commitments required. It is important from a governance view that we encourage a high level of diversity and ensure that local voices are heard.

Following a recent report that made some key recommendations we are working with our boards to ensure that information is being relayed effectively and efficiently and are working to develop clear communication channels. We are surveying community boards around their roles and responsibilities to assist in this work.

We acknowledge the continuing social, economic and health impacts of the Covid-19 pandemic on our communities. Work continues to look at ways to assist our communities where possible.

There are number of key proposed legislative changes including the local government review, Resource Management Act reforms and the three waters

reforms. We will be working with local communities and other agencies to provide feedback and advice on these changes.

We expect there may be some changes to existing the existing roading bylaw which is scheduled for review in late 2022.

The Stewart Island Visitor Levy went out for consultation from 1 March to 1 April 2022. The key outcomes from this process are detailed below:

- increasing the amount of the visitor levy to \$10 on 1 October 2023, and then increasing the amount of the levy to \$15 on 1 October 2025.
- allowing multi-year funding of up to 30 years for Council and community owned infrastructure, in exceptional circumstances
- removing the requirement to consult via the Annual Plan/LTP process, in the event a change in the levy amount is considered, noting that consultation procedures under the Local Government Act will always be applied
- continuing to undertake the communication measures agreed at the 22 February 2022 meeting to publicise the Stewart Island/Rakiura visitor levy
- retaining the levy eligibility requirements outlined in the draft policy
- not seeking a change to the Empowering Act as to who pays the visitor levy
- no change to the current Stewart Island/Rakiura Visitor Levy Allocation Subcommittee

Key projects

- Local body elections on 8 October 2022.
- Community board plans and their associated action plans (which include the priorities and preferences of each community and form the vision, outcomes and actions for each of the nine boards) are being graphically designed and will be published early this year

Funding impact statement

Community leadership	2021/2022 LTP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
<i>Sources of operating funding</i>			
General rates, uniform annual general charges, rates penalties	7,754	7,766	7,744
Targeted rates	903	923	950
Subsidies and grants for operating purposes	115	115	115
Fees and charges	-	-	-
Internal charges and overheads recovered	551	561	554
Local authorities fuel tax, fines, infringement fees, and other receipts ¹	235	298	298
Total operating funding	9,558	9,663	9,662
<i>Applications of operating funding</i>			
Payments to staff and suppliers	3,825	4,130	3,933
Finance costs	5	2	4
Internal charges and overheads applied	2,525	2,496	2,658
Other operating funding applications	2,990	3,053	3,086
Total applications of operating funding	9,347	9,680	9,682
Surplus (deficit) of operating funding	212	(18)	(20)
<i>Sources of capital funding</i>			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	67	-	-
Gross proceeds from sale of assets	26	28	28
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	93	28	28
<i>Applications of capital funding</i>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	79	82	82
Increase (decrease) in reserves	346	48	45
Increase (decrease) in investments	(120)	(120)	(120)
Total applications of capital funding	305	10	7
Surplus (deficit) of capital funding	(212)	18	20
Funding balance	-	-	-

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

Funding impact statement - variations from LTP to Annual Plan budgets for 2022/2023

Payments to staff and suppliers has decreased due to lower staff costs as a result of a reduction in staff numbers in this activity.

Internal charges and overheads applied have increased due to the corporate overheads allocated to this activity.

Community resources

Includes the following activities:

- community facilities (including toilets, hall and libraries)
- community services (including cemeteries, community housing, library services and heritage and culture)
- open spaces (includes parks and reserves and streetscapes)
- waste services
- Stewart Island Electrical Supply Authority (SIESA)

What is planned for the year?

Library services

The library book bus/mobile service is being reviewed. There are a number of issues with the current bus which include ongoing mechanical faults, shelving being not fit for purpose and outdated IT infrastructure.

The service will be reviewed by an external consultant who will also look into the locations the bus stops at as many of these have seen a large reduction in use, and more locations (especially schools) want to be added to the run. Any recommendations from the review would be consulted on.

RFID (radio frequency identification) is a modern library system that makes it much easier to find books, improves self-service and can scan 20 books at once, which leads to a better service. The RFID project should be installed as planned before the start of 2022/2023. The Winton library refurbishment is nearing completion. It is expected to be opened to the public in June 2022.

Open spaces

Council has recently approved a seven-year programme of work worth \$5.4 million. There are three main streams of work – activation and management, strategic district projects and the community project fund – as well as a variety of projects. The open

spaces lead who will manage this project has been appointed. Work is in progress to identify the programme of works that will be funded by this project.

Projects will be in three categories:

1. Community-led projects
2. Council projects
3. Identification and activation of spaces in partnership with Active Southland.

Encouraging the activation of our spaces is a key part of this work. We want to encourage our communities to use our 155 parks and reserves.

SIESA

The SIESA activity is continuing to improve resilience and efficiency of the electricity supply network on Stewart Island Rakiura. Projects include transmission and generation renewal programmes.

Solid waste

Government consultation ended on 10 December 2021 on a proposed new national solid waste strategy and issues and options for developing new more comprehensive

solid waste legislation to regulate the management of waste, and products and materials circulating in our economy. Once developed, the new legislation will replace the Waste Minimisation Act 2008 and the Litter Act 1979. The government aims to present a final waste strategy to cabinet in the first half of 2022 and release it

by mid-2022, then more specific actions will be set out in action and investment plans every three years. In regards to the legislation a bill is expected to be developed and introduced to parliament later in 2022.

Key projects

The activity group has more than 50 projects planned for this year. Project delivery will be dependent on the availability of contractors as we are seeing ongoing shortages in this area and we are trying to work within these restrictions. The project delivery team has been successful in creating packages of work for Council projects to make them more appealing to contractors. A recent open evening led to the creation of a pool of contractors who wish to work with Council but there is a high level of work currently going on within the region, making it sometimes difficult to source contractors.

Overall, for all of this activity group we are also seeing the impact of Covid-19 disruptions on supply networks and this is expected to continue for some time.

- Activating our open spaces projects include:
 - a signage project to make our open spaces more visible to visitors
 - investigating the opportunity to provide a portable pump BMX/bike track, a rubber track that can be moved from town to

town. There would be lots of benefits such as getting kids active, using spaces that aren't being used, and getting communities together in conjunction with Active Southland.

- the Winton library is expected to open in June 2022.
- this is the second year of creating memorial walls at each of the cemeteries. There are also some new beams being constructed and ongoing maintenance of the cemeteries.
- Waste services transfer station projects include painting in Lumsden, Wyndale and Otautau.
- Transfer station green waste improvements for Te Anau and Winton.
- looking at forming more collaborative partnerships with community groups – eg, a memo of understanding with the Rotary group that looks after the track in Winton that it receives a grant to do the maintenance.

Funding impact statement

Community resources	2021/2022 LTP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
<i>Sources of operating funding</i>			
General rates, uniform annual general charges, rates penalties	6,856	7,380	7,542
Targeted rates	5,712	6,049	6,075
Subsidies and grants for operating purposes	304	93	93
Fees and charges	1,774	1,852	1,840
Internal charges and overheads recovered	2,682	2,825	2,851
Local authorities fuel tax, fines, infringement fees, and other receipts ¹	719	740	724
Total operating funding	18,046	18,940	19,125
<i>Applications of operating funding</i>			
Payments to staff and suppliers	13,240	12,743	13,075
Finance costs	169	267	335
Internal charges and overheads applied	4,604	4,831	5,123
Other operating funding applications	39	39	40
Total applications of operating funding	18,053	17,880	18,572
Surplus (deficit) of operating funding	(7)	1,059	553
<i>Sources of capital funding</i>			
Subsidies and grants for capital purposes	54	77	174
Development and financial contributions	10	-	-
Increase (decrease) in debt	5,781	3,168	3,700
Gross proceeds from sale of assets	83	86	86
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	5,928	3,330	3,960
<i>Applications of capital funding</i>			
Capital expenditure:			
- to meet additional demand	10	-	-
- to improve the level of service	1,515	1,355	1,404
- to replace existing assets	4,810	2,361	2,771
Increase (decrease) in reserves	(289)	794	458
Increase (decrease) in investments	(120)	(120)	(120)
Total applications of capital funding	5,927	4,390	4,513
Surplus (deficit) of capital funding	7	(1,059)	(553)
Funding balance	-	-	-

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

Funding impact statement- variations from LTP to Annual Plan budgets for 2022/2023

Payments to staff and suppliers are higher than planned in the LTP due to increases in staff costs, office building leases, street lighting and community housing maintenance (to bring the units up to healthy homes standards).

Internal charges and overheads applied have increased due to the corporate overheads allocated to this activity.

Subsidies and grants for capital purposes have also increased as a result of the deferral of Stewart Island Visitor Levy grant income for the Golden Bay wharf renewal and the Horseshoe Bay walking track from 2021/2022 to 2022/2023.

Capital expenditure to replace existing assets is higher than expected due to the deferral of the Riverton and Athol toilet refurbishments, and a portion of the Invercargill office fit out from 2021/2022 to 2022/2023. The majority of these works are planned to be funded via external loans and reserves, hence the variances in these balances from the LTP.

Environmental services

Includes the following activities:

- environmental health
- animal services
- resource management
- building solutions
- emergency management

What is planned?

Resource management

A major focus for the group is the central government reforms. It is proposed to replace the current resource management system with three new acts.

1. Natural and Built Environments Act (NBEA)
2. Strategic Planning Act (SPA)
3. Managed Retreat and Climate Change Adaptation Act (CAA).

The Natural and Built Environments Act and the Strategic Planning Act will be formally introduced as a bill in 2022. The Managed Retreat and Climate Change Adaption Act is expected to be in 2023/2024. At this point details are still unknown so staff are trying to plan accordingly.

The central government reforms in these areas are predicted to have a significant impact on the Southland region. The Southland District Plan is currently a permissive document and indications are that the regulatory framework around our natural resources will become more restrictive. Additionally, climate change impacts will drive a focus towards creating more resilient infrastructure and communities throughout Southland.

Our main priorities will be understanding the impact of reform on the Southland region and ensuring that our communities are able to participate and understand how it will affect them.

Building

Earthquake-prone buildings work is ongoing and analysis of information gathered is due to occur in 2022/2023. Monitoring and enforcement is increasing and moving towards better compliance following Ministry of Business, Innovation and Employment (MBIE) audits. Swimming pool fencing will get additional attention this year. Further building code implementation is a priority for the team relating to energy efficiency changes and climate-friendly buildings, and MBIE engagement with the industry is continuing to occur. Building warrant of fitness (BWOF) audits will also continue to be a focus.

We are working actively on building industry relationships and looking for efficiencies to provide more capacity to service communities' needs. International delays in supply of construction materials and increases in demand nationally and locally are having a significant impact on the industry. This is resulting in consent amendments needing to be processed, creating further administration for both applicants and Council staff.

A fee increase of 5% is being implemented this year to ensure the team cover the cost of doing business and prevent additional rate increases.

Environmental health and animal control

Work will start on dogs' one tag for life in late 2022, with a view to implementation for dog registrations in June 2023. We are finding more office time is being utilised

for dog welfare matters due to the SPCA having less capacity. In terms of environmental health, a quality assurance framework for food safety is proposed. Legislative changes regarding the Freedom Camping Act are coming and will likely be transitioned in stages over a period of time.

Civil defence and emergency management

The civil defence and emergency management (CDEM) team continues to look at ways to educate and engage with communities in the challenging Covid-19

environment. Some of the key workstreams include re-establishing community connections through developing community hubs with key stakeholders, increasing readiness of organisations and their preparedness for dealing with emergency, and establishing emergency business continuity plans with councils. Development of a hazardscape and emergency event consequence project has begun. Legislative changes are also in the pipeline this financial year for the CDEM Act and the National CDEM Plan, which are under review.

Key projects

- One of the key projects being carried out by the resource management team is a review of the landscapes section of the District Plan. The formal public consultation process for this is likely to occur around mid-2022.
- International Accreditation New Zealand (IANZ) audits building consent authorities against regulatory criteria set by MBIE. IANZ is due to carry out its next full assessment of the building team in February 2023.
- AF8 (Alpine Fault magnitude 8) is a collaborative effort to save lives by planning and preparing a co-ordinated response across the South Island in the event of a severe earthquake on the Alpine Fault. The AF8 programme is proposed to continue over three years. CDEM is looking at ways to respond to emergencies using new technologies. An example of this is trialling virtual responses to small-scale emergencies or events

Funding impact statement

Environmental services	2021/2022 LTP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
<i>Sources of operating funding</i>			
General rates, uniform annual general charges, rates penalties	4,792	5,395	5,532
Targeted rates	-	-	-
Subsidies and grants for operating purposes	10	10	10
Fees and charges	3,678	3,850	4,002
Internal charges and overheads recovered	657	590	634
Local authorities fuel tax, fines, infringement fees, and other receipts ¹	198	203	276
Total operating funding	9,336	10,049	10,454
<i>Applications of operating funding</i>			
Payments to staff and suppliers	6,099	6,285	6,783
Finance costs	2	4	12
Internal charges and overheads applied	3,448	3,557	3,650
Other operating funding applications	419	445	455
Total applications of operating funding	9,968	10,290	10,900
Surplus (deficit) of operating funding	(632)	(241)	(446)
<i>Sources of capital funding</i>			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	105	-	-
Gross proceeds from sale of assets	-	29	47
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	105	29	47
<i>Applications of capital funding</i>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	109	4	4
- to replace existing assets	-	114	225
Increase (decrease) in reserves	(516)	(210)	(134)
Increase (decrease) in investments	(120)	(120)	(494)
Total applications of capital funding	(527)	(212)	(399)
Surplus (deficit) of capital funding	632	241	446
Funding balance	-	-	-

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

Funding impact statement - variations from LTP to Annual Plan budgets for 2022/2023

Fees and charges revenue is more than what was planned in the LTP due to an increase in the volume of work expected in both building and resource consent processing.

Local authorities other receipts have also increased as a result of anticipated recovery of costs associated with resource consents.

Payments to staff and suppliers are higher than what was planned in the LTP due to additional staff required for the building activity, as a result of an increase in building consent volumes, along with building code changes. Resource consent processing costs for consultants and legal fees has also increased due to the increasing volume and complexity of consent applications.

Internal charges and overheads applied have increased due to the corporate overheads allocated to this activity.

Transport

Includes the following activities:

- | | |
|--|--|
| <ul style="list-style-type: none"> • roads • signs • bridges • footpaths | <ul style="list-style-type: none"> • road safety • cycle trails • Te Anau Airport Manapouri • water facilities |
|--|--|

What is planned for the year?

In the LTP 2021-2031 we talked about the need to invest in our roads and bridges and to ensure our levels of service in providing that critical infrastructure remained at the standards of safety and performance that Southlanders expect and deserve. We asked for your feedback on whether we should invest more in our roading network to maintain our existing sealed road network or to continue at existing levels of investment resulting in lower levels of service across the district. We decided to invest more but just before the adoption of the LTP we were advised of a shortfall from Waka Kotahi NZ Transport Agency and then the amount of the initial shortfall was reduced. However, this meant for year two of the LTP an additional \$965,614 needed to be funded from rates. To offset this, staff are proposing to bring forward from year four of the LTP \$1 million from the strategic asset reserve to use in the 2022/2023 year.

Before the late changes to the LTP as a result of the original funding announcement by Waka Kotahi in June 2021, the plan was to use this extra \$1 million from the strategic asset reserve in year one of the LTP. Due to the changes in the roading programme and anticipated step change required in year four of the LTP, the use of the strategic asset reserve was moved to assist with offsetting rates in year four. However, now that the majority of the funding has been reinstated into the first three years, particularly for the road rehabilitation and bridge programmes, it is proposed

to move the strategic asset reserve back to year two to help offset any rate increase associated with the increased funding from Waka Kotahi.

In the LTP, Council identified that 161 bridges required replacement as they reach the end of their life span. The primary risk of not replacing the bridges is to public safety due to continued deterioration over time, potentially resulting in a structural failure. Although well built at the time, these bridges were not designed for the larger vehicles, heavier freight loads and greater frequency of traffic that occurs today. It was agreed to increase the amount invested in the bridge replacement programme by an extra \$1 million a year. The replacement work continues this year.

In July 2021 it was announced that funding would be provided from the government's Tourism Infrastructure Fund (TIF) for several Council projects including the replacement of the Ulva Island jetty. TIF funding was also given for the Pearl Harbour boat ramp, toilets and car park. Work will begin on these projects.

Project and maintenance delivery may be impacted by an increased risk of shortage of materials, increased shipping costs and increased costs for petrol and bitumen supply. This is likely to have an impact on levels of service. Contractor availability may be a challenge due to the high number other works in the region, including three water stimulus projects, Invercargill city development and high demand in the construction industry.

Key projects

This year, we plan to replace six bridges including the Waianiwa bridge, which currently is a weight-restricted bridge (light vehicles only) on Argyle Otahuti Road (the railway overbridge at Waianiwa). This bridge has a high level of public interest due to its usage. Planned bridge inspections are ongoing for the district's bridges.

A large number of submissions were received on dust suppression during the LTP consultation process. As a result, Council committed to providing funding towards dust suppression as a new level of service. This new level of service was implemented in late 2021 with physical works beginning in early 2022. This service will continue to be delivered in 2022/2023 but, as with any new service, a review will be carried out on how the process went and any learnings that can be applied going forward.

As part of our planned work programme, we are resurfacing around 140km of sealed road across the district and a total rebuild of around 11km of sealed road. There is also around \$2 million of grading work on unsealed roads planned.

Work will also focus on speed limits around schools in line with the national Road to Zero strategy to reduce speeds around schools. Initially the focus will be on higher speed environments. The Waka Kotahi NZ Transport Agency nationwide strategy's vision is of a New Zealand where no-one is killed or seriously injured on our roads. The Road to Zero strategy is underpinned by the principles of a Safe System and is to be achieved through action in five key areas:

1. infrastructure improvements and speed management
2. vehicle safety

3. work-related road safety
4. road user choices
5. system management

Water facilities

In July 2021, it was announced that funding would be provided from the government's Tourism Infrastructure Fund for several Council projects. The Fiordland area will receive \$1,100,000 to upgrade the boat ramp, toilets, and car park at Pearl Harbour, Manapouri, and to upgrade the access road and toilets at Fraser's Beach, Manapouri, \$1,500,000 additional funding for the Te Anau wastewater project, \$440,000 for the replacement of two boat ramps in Te Anau to meet the required standards and a new toilet for Bluegum Point. Stewart Island Rakiura will receive \$99,125 to build a viewing platform at Observation Rock, and \$600,000 for replacement of the Ulva Island wharf.

The Ulva Island jetty project will be a multi-year project over 2021/2022 and 2022/2023.

We have also planned for the design and consent of the Golden Bay jetty upgrade in 2022/2023, and there is a project for boat ramps maintenance work to be done on Waiau River.

Funding impact statement

Transport	2021/2022 LTP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
<i>Sources of operating funding</i>			
General rates, uniform annual general charges, rates penalties	969	1,017	1,160
Targeted rates	15,810	15,779	16,623
Subsidies and grants for operating purposes	6,316	6,346	6,654
Fees and charges	40	42	42
Internal charges and overheads recovered	374	353	343
Local authorities fuel tax, fines, infringement fees, and other receipts ¹	1,115	1,132	1,350
Total operating funding	24,624	24,669	26,172
<i>Applications of operating funding</i>			
Payments to staff and suppliers	13,435	13,607	14,318
Finance costs	237	271	369
Internal charges and overheads applied	2,296	2,389	2,573
Other operating funding applications	202	206	219
Total applications of operating funding	16,170	16,474	17,478
Surplus (deficit) of operating funding	8,454	8,195	8,695
<i>Sources of capital funding</i>			
Subsidies and grants for capital purposes	9,556	9,747	11,212
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,258	3,354	4,470
Gross proceeds from sale of assets	-	47	47
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	11,814	13,148	15,729
<i>Applications of capital funding</i>			
Capital expenditure			
to meet additional demand	-	-	-
to improve the level of service	2,527	3,073	2,596
to replace existing assets	18,185	19,122	22,960
Increase (decrease) in reserves	(409)	(831)	(1,111)
Increase (decrease) in investments	(35)	(21)	(21)
Total applications of capital funding	20,268	21,343	24,424
Surplus (deficit) of capital funding	(8,454)	(8,195)	(8,695)
Funding balance	-	-	-

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

Funding impact statement - variations from LTP to Annual Plan budgets for 2022/2023

Subsidies and grants income for both operating and capital purposes has increased from the LTP due to the increased work programme approved by Waka Kotahi in September 2021 as well as Tourism Infrastructure Funding for boat ramps and jetty projects.

Local authorities other receipts have also increased due to the anticipated contribution from third parties for the otta seal projects across the district.

Payments to staff and suppliers are higher than the LTP due to the approved work programme from Waka Kotahi as well as costs for the otta seal project, which will be partially funded from third parties as noted above.

Finance costs have increased primarily due to the interest rate increasing from 2 - 3%.

Internal charges and overheads applied have increased due to the corporate overheads allocated to this activity.

Capital expenditure to improve the level of service has reduced from the LTP as a result of a lower level of minor improvements approved by of Waka Kotahi.

Capital expenditure to replace existing assets has increased as a result of the work programme approved by Waka Kotahi as noted above, the deferral of Golden Bay wharf and Manapouri airport runway reseal projects from 2021/2022, as well as the Manapouri boat ramp project being brought forward from 2023/2024.

This overall increase in the capital expenditure has increased the level on borrowing required for the year.

\$1.0 million of strategic asset reserve funds have been used to assist in funding Council's share of the increased work programme, and therefore reducing the impact on the district roading rate increase for 2022/2023.

Three waters (drinking water, wastewater and stormwater)

In March 2021, Taumata Arowai was established as a Crown entity, becoming New Zealand's dedicated regulator of drinking water, wastewater (sewerage) and stormwater when the Water Services Act came into effect on 15 November 2021. In 2024, it will become the three waters regulator for New Zealand.

In October 2021, Local Government Minister Nanaia Mahuta confirmed that the government will create four publicly owned water entities to ensure every New Zealander has access to affordable, long-lasting drinking water, wastewater and stormwater infrastructure without ballooning costs to households and families.

In November 2021, the establishment of a working group was announced, made up of local government and iwi representatives to recommend strengthened governance and accountability arrangements for the three waters reform programme.

On 29 April 2022, the government announced that it had accepted 44 of the three waters working group's 47 recommendations for changes to its water infrastructure reform programme, with minor changes.

After months of deliberations, it confirmed councils would be given non-financial shareholding interests in the four water service entities, guaranteeing ownership – one of the key concerns raised over the government's initial model. This would be allocated based on population – with one share per 50,000 people, rounded up to ensure at least one share per council – and would be reassessed to account for population changes every five years.

On 2 June 2022, the Water Services Entities Bill was introduced to Parliament. The bill will shortly undergo its first reading debate in Parliament and will then be subject to a full select committee process where further public submissions will be welcomed. Further legislation will be introduced later this year and a National Transition Unit will oversee the establishment of the new entities over the next two years.

Stormwater

Includes the following activities:

- stormwater infrastructure systems to deal with rainfall and disposal of surface water.

What is planned for the year?

The stormwater activity is now district funded. There is a series of planned works over the 10 Year Plan period, including a number of projects in 2022/2023. As indicated in the LTP the water and waste team is planning a gradual upgrade to the district's stormwater network and continues to work to improve knowledge of its condition. The LTP includes a budget of \$500,000 a year for Winton over the 10-year period 2021-2031.

We are closely monitoring these arrangements and the implications and trying to plan accordingly. The activity has been impacted by the price increases for concrete, PE and PVC, while imported product lead times are increasing. Contractor availability and construction lead times are also increasing and are being factored into project planning where known.

Key projects

- Winton stormwater main upgrades
- Lumsden investigation work
- Stewart Island Rakiura stormwater improvements for Oban
- renew soakholes in Mossburn and Riversdale
- Taramea Bay, Riverton outfall improvement investigation

Funding impact statement

Stormwater	2021/2022 LTP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
<i>Sources of operating funding</i>			
General rates, uniform annual general charges, rates penalties	361	376	422
Targeted rates	758	1,486	937
Subsidies and grants for operating purposes	400	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	77	77	77
Local authorities fuel tax, fines, infringement fees, and other receipts ¹	-	-	-
Total operating funding	1,596	1,938	1,436
<i>Applications of operating funding</i>			
Payments to staff and suppliers	977	1,237	663
Finance costs	19	27	41
Internal charges and overheads applied	613	620	676
Other operating funding applications	-	-	-
Total applications of operating funding	1,610	1,885	1,382
Surplus (deficit) of operating funding	(13)	53	54
<i>Sources of capital funding</i>			
Subsidies and grants for capital purposes	1,658	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	443	851	898
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,102	851	898
<i>Applications of capital funding</i>			
Capital expenditure:			
- to meet additional demand	-	-	-
- to improve the level of service	728	383	383
- to replace existing assets	1,480	515	515
Increase (decrease) in reserves	(96)	31	78
Increase (decrease) in investments	(24)	(24)	(24)
Total applications of capital funding	2,088	905	951
Surplus (deficit) of capital funding	13	(53)	(54)
Funding balance	-	-	-

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

Funding impact statement - variations from LTP to Annual Plan budgets for 2022/2023

The reduction in payments to staff and suppliers from the LTP is due to a significant amount of condition assessment work (including CCTV and investigations/audits) being achieved with stimulus funding in 2021/2022, and therefore removed from 2022/2023.

Accordingly, this has resulted in lower targeted rates revenue being required.

Wastewater (sewerage)

Includes the following activities:

- wastewater collection, treatment and disposal facilities

What is planned for the year?

Until the final outcomes of the government's three waters reforms are known, we remain committed to carrying out our programmed renewals, replacements and other capital works projects across our wastewater services.

Key projects

- Edendale/Wyndham (multi-year project) discharge upgrade to meet legislative requirements
- Riversdale wastewater treatment plant discharge upgrade (multi-year project)
- removal of sludge buildup for Nightcaps and Lumsden from oxidation ponds
- Winton, Balfour and Manapouri investigation into design and are multi year projects
- Stewart Island Rakiura consent renewal preparation

Funding impact statement

Wastewater	2021/2022 LTP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
<i>Sources of operating funding</i>			
General rates, uniform annual general charges, rates penalties	646	673	772
Targeted rates	4,094	5,720	5,200
Subsidies and grants for operating purposes	800	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	187	191	191
Local authorities fuel tax, fines, infringement fees, and other receipts ¹	33	34	34
Total operating funding	5,760	6,618	6,197
<i>Applications of operating funding</i>			
Payments to staff and suppliers	3,311	2,732	2,949
Finance costs	306	349	564
Internal charges and overheads applied	1,604	1,620	1,752
Other operating funding applications	-	-	-
Total applications of operating funding	5,221	4,702	5,265
Surplus (deficit) of operating funding	539	1,916	932
<i>Sources of capital funding</i>			
Subsidies and grants for capital purposes	1,450	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,712	5,481	3,749
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	4,163	5,481	3,749
<i>Applications of capital funding</i>			
Capital expenditure			
to meet additional demand	905	937	-
to improve the level of service	5,235	5,222	4,840
to replace existing assets	-	759	345
Increase (decrease) in reserves	(1,390)	528	(456)
Increase (decrease) in investments	(48)	(48)	(48)
Total applications of capital funding	4,702	7,397	4,681
Surplus (deficit) of capital funding	(539)	(1,916)	(932)
Funding balance	-	-	-

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

Funding impact statement - variations from LTP to Annual Plan budgets for 2022/2023

Payments to staff and suppliers has increased from the LTP due to the inclusion of additional operating costs for the Te Anau wastewater treatment plant.

Finance costs have increased primarily due to the interest rate increasing from 2 - 3%.

Internal charges and overheads applied have increased due to the corporate overheads allocated to this activity.

Capital expenditure budgets have decreased from the LTP primarily due to the Te Anau wastewater treatment plant being completed in 2021/2022 (earlier than budgeted in the LTP). The SCADA replacement project was also brought forward to 2021/2022. These reductions in capital expenditure budgets were offset by the addition of Winton and Manapouri wastewater treatment plant level of service projects as well as the deferral of the Riversdale wastewater treatment plant upgrade from 2021/2022 to 2022/2023.

This overall decrease in the capital expenditure has reduced the level on borrowing and reserve funding required for the year. Additionally, \$1.0 million of strategic asset reserve funds have been used to reduce the impact on the district sewerage rate increase for 2022/2023.

Water supply

Includes the following activities:

- managing water resources, treatment, storage and distribution

What is planned for the year?

We will continue with the implementation of strategic zoned metering across all community schemes to help manage demand and detect leaks to ensure that the most use is being made of the water currently being taken. We are continuing a programme of upgrades to our water treatment plants to meet new water standards, and undertaking resource consent renewals.

Drinking water standard consultation

The government is proposing three key areas of improvement to the national environmental standards - drinking water (NES-DW) to strengthen its ability to protect drinking water sources: standardising the way we define source water areas, strengthening regulation of activities around water sources, and including more water suppliers under the NES-DW. The feedback will be used to further refine the proposed changes to the NES-DW, before the regulations are redrafted and gazetted later in 2022

Key projects

- Nightcaps: approximately 1.8km of AC pipe replacement (Osborn Terrace and Sinclair Avenue)
- consent renewal preparation in Edendale, Otautau and Te Anau
- Eastern Bush Otahu Flat water treatment plant upgrade (multi-year project)
- Manapouri (multi-year project) water treatment plant upgrade continuing
- Te Anau reticulation renewals (Cleuddaul, Henry and Duncan Streets)
- Te Anau Basin rural water sanitising project and Kakapo rising main
- Winton pH correction facility (chemical room and dosing equipment)
- replacement of AC pipe – district wide

Funding impact statement

Water supply	2021/2022 LTP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
<i>Sources of operating funding</i>			
General rates, uniform annual general charges, rates penalties	638	665	757
Targeted rates	4,886	5,453	5,473
Subsidies and grants for operating purposes	90	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	113	115	115
Local authorities fuel tax, fines, infringement fees, and other receipts ¹	1	3	3
Total operating funding	5,728	6,235	6,348
<i>Applications of operating funding</i>			
Payments to staff and suppliers	2,684	2,922	2,884
Finance costs	236	344	449
Internal charges and overheads applied	1,697	1,682	1,820
Other operating funding applications	-	-	-
Total applications of operating funding	4,618	4,948	5,153
Surplus (deficit) of operating funding	1,111	1,287	1,195
<i>Sources of capital funding</i>			
Subsidies and grants for capital purposes	2,318	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	5,867	3,580	6,450
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	8,185	3,580	6,450
<i>Applications of capital funding</i>			
Capital expenditure			
to meet additional demand	-	-	-
to improve the level of service	5,217	2,722	5,242
to replace existing assets	3,721	1,609	1,959
Increase (decrease) in reserves	406	585	492
Increase (decrease) in investments	(48)	(48)	(48)
Total applications of capital funding	9,296	4,867	7,644
Surplus (deficit) of capital funding	(1,111)	(1,287)	(1,195)
Funding balance	-	-	-

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

Funding impact statement - variations from LTP to Annual Plan budgets for 2022/2023

Finance costs have increased primarily due to the interest rate increasing from 2 - 3%.

Internal charges and overheads applied have increased due to the corporate overheads allocated to this activity.

Capital expenditure has increased from what was in the LTP primarily as a result of the deferral of the Eastern Bush and Manpouri water supply projects from 2021/2022 to 2022/2023.

Accordingly, this increase in the capital expenditure has resulted in higher levels of debt required.

**COUNCIL
CONTROLLED**
Organisations
(CCOs)



Council-controlled organisations (CCOs)

A council-controlled organisation is a company in which a local authority (or jointly with other local authorities) controls 50% or more of the voting rights, or the rights to appoint 50% or more of the directors/trustees. For the CCO's full statements of intent for the year please go to Southland District Council's website: southlanddc.govt.nz

Southland Regional Development Agency – Great South

The Southland Regional Development Agency, Great South, has been formed as a council-controlled organisation to operate as the region's development agency and contribute to the delivery of the action plan, work and goals of the Southland Regional Development Strategy (SoRDS).

SoRDS was initiated by the Southland Mayoral Forum in 2013. Its objective is to have 10,000 more people living in Southland by 2025, in order to boost employment, strengthen local business and diversify the economy.

As a result of the work done to implement SoRDS and its action plan initiatives, Great South was formed in March 2019 to bring together all the relevant interests to lead regional and economic development opportunities, including tourism.

It is committed to driving economic, social and cultural growth. Great South has a clear mandate to leverage opportunities for Southland in the areas of regional

economic development, business support services, regional tourism development and regional events delivery. Its mission is "better lives through sustainable development".

Focusing on encouraging the region's overall wellbeing and success, Great South incorporates the Southland Regional Tourism Organisation, central government's Regional Business Partner (RBP) network, delivers a range of events and regional initiatives, and delivers a number of government-funded contracts that support regional growth and development.

The shareholders include Southland District Council, Invercargill City Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Mātaura Licensing Trust, Southland Chamber of Commerce and Southern Institute of Technology.

Southland Museum and Art Gallery Trust (SMAG)

The Southland Museum and Art Gallery Trust's mission is to celebrate our people, land and culture. Two of its strategic objectives are to continue to strengthen its relationships with Mana Whenua and to provide support for regional museums in our province.

There more than three million items held in its collections, some of which are important in terms of regional, national and international significance.

The trust receives annual grants from the Southland Regional Heritage Committee and Invercargill City Council.

Milford Community Trust

Southland District Council, Environment Southland and the Department of Conservation jointly established this trust in 2007 to provide leadership and governance for the Milford community. The trust's vision is "the long-term sustainability of Milford Sound Piopiotahi, with a community focus". It allows the Milford community to determine its priorities and projects 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 two community outcomes of kaitiakitanga for future generations and empowered communities with

the right tools to deliver the best services. The trust produces a half-yearly report by the end of February each year and an annual report by the end of September. The trust has adopted a statement of intent that outlines the strategic goals, specific focus areas and activities proposed for 2022-2025.

The ongoing impacts of Covid-19 on the tourism industry continues to affect the revenue of the trust as it has decided not to invoice operators, this time for the entire 2022/2023 financial year. That decision has significant implications for both its revenue stream and key capital project, construction of the recreation centre, which has been deferred. The trust is, however, still in a strong financial position.

Milford Community Trust representatives

Designation	Name	Term expires
Independent Chair	Ebel Kremer	Dec 2022
Milford community appointee	Brad Johnstone	2023
Milford community appointee	Rosco Gaudin	2023
Milford community appointee	Tony Woodham	2024
Milford community appointee	Steve Norris	2024

Planned activities for 2022/2023

- advocate with, and assist, other organisations for strategic improvements in community planning and development in Milford Sound.

FINANCIAL AND RATING *Information*



Part three: financial and rating information

Key assumptions changes

The Long Term Plan 2021-2031 (LTP) included significant forecasting assumptions that had been applied to develop the 10-year forecasts. The assumptions contained in the LTP remain unchanged in this Annual Plan, apart from the variations described below. For details of the unchanged assumptions, please see Council's LTP 2021-2031.

Interest rates on borrowing

Since the LTP was adopted there has been an increase in interest rates and there is a need to increase the interest rates payable on loans from 2% to 3% to complete our capital works projects. As a result, the financial assumption from the LTP relating to interest rates on borrowing has been amended to reflect this.

Return on investment/reserves

In recent months there have been impacts on investment markets due to returns in some of these markets being less than average due to world events such as Covid-19 and the Ukraine war. As a result, the level of uncertainty for the financial assumption from the LTP relating to the return on investments/reserves has been amended to from moderate to high.

Price level changes/inflation

Business and Economic Research Limited (BERL) price level changes/inflation rates were automatically applied to revenue and expenditure items in 2022/2023. Budgets included for 2021/2022 in the LTP were used as the basis for this Annual Plan and have been adjusted as appropriate.

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 prospective financial statements were authorised for issue by Council on XX June 2022.

Basis of preparation

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

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

Prospective financial information

Council has complied with PBE FRS 42 in the preparation of these prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

Description of the nature of the entity’s current operation and its principal activities

Council is a territorial local authority, as defined in the Local Government Act 2020. Council’s principal activities are outlined within the annual plan.

Purpose for which the prospective financial statements are prepared

It is a requirement of the Local Government Act 2002 to present prospective financial statements. This provides an opportunity for ratepayers and residents to review the projected financial results and position of Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

Bases for assumptions, risks and uncertainties

The prospective financial information has been prepared on the basis of best estimate assumptions as the future events which Council expects to take place. Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within the annual plan and relevant long term plan.

Responsibility for the prospective financial statements

Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Cautionary note

The financial information is prospective. Actual results are likely to vary from the information presented and the variations may be material.

Measurement base

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

The prospective financial information reflects the operations of Council. It does not include the consolidated results of Council controlled organisations (being Milford Community Trust).

Change in accounting policies

All accounting policies, except the following, have been applied consistently to all periods presented in these prospective financial statements.

SDC is applying, for the first time, the following standard which is effective for annual periods beginning on 1 July 2022, as described below:

PBE IPSAS 41 Financial instruments

PBE IPSAS 41 *Financial instruments* supersedes parts of PBE IPSAS 29 *Financial instruments: Recognition and Measurement* and PBE IFRS 9 *Financial Instruments*. The standard sets out the recognition and measurement requirements for the various classes of financial instruments (refer to accounting policy (j) below for further information). The adoption of the standard does not have a material impact on the forecast financial statements.

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

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

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.

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

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

(h) Receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council apply the simplified ECL model of recognising lifetime ECL for receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are “written-off”:

- when remitted in accordance with the Council’s rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.

(i) 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 Forecast Statement of Comprehensive Revenue and Expense.

(j) Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); or
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Council’s management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal outstanding, and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council do not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designate into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

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

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include the Council's investment fund portfolio (comprising of listed shares, bonds, and units in investment funds) and LGFA borrower notes.

Expected credit loss allowance (ECL)

The Council recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and including forward-looking information.

The Council considers a financial asset to be in default when the financial asset is more than 180 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

(k) Goods and Services Tax (GST)

The forecast 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, 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 Forecast 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 Forecast Statement of Cashflows.

Commitments and contingencies are disclosed exclusive of GST.

(I) Property, plant and equipment

Property, plant and equipment consist of:

Infrastructure assets

- infrastructure assets are those systems taken as a whole that are intended to be maintained indefinitely. These assets include Council's roading and bridge networks and the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function. For example, wastewater 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 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 Council and the cost of the item can be measured reliably.

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

Disposals

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

ESTIMATED ECONOMIC LIFE		DEPRECIATION	
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.

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. 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 prospective 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 forecast surplus or deficit.

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

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

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

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

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

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

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

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

Value in use for non-cash generating assets

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

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

Value in use for cash generating assets

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

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

(q) Employee benefits

Short-term benefits

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

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

Long-term benefits

Long service leave and retirement leave.

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

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

Superannuation schemes

Defined contribution schemes - Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Forecast Statement of Comprehensive Revenue and Expense as 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 current liability. All other employee entitlements are classified as a non-current liability.

(r) Payables and deferred revenue

Short term payables are recorded at the amount payable.

(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 recognised at the amount of the loss allowance determined in accordance with the ECL model described in policy (j)

Financial guarantees are subsequently measured at the higher of:

- The amount determined in accordance with the ECL model as described in policy (j); and
- The amount initially recognised less, where appropriate, cumulative amortisation as revenue.

Landfill post-closure costs

Council, as 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 costs 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 Council's financial statements.

(u) External borrowings and other financial liabilities

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowing's balance.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

(v) Investments in associates and joint ventures

An associate is an entity over which SDC has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

SDC's investment in its associates and joint ventures is accounted for using the equity method of accounting in the consolidated prospective 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 prospective 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.

(w) Critical accounting estimates and assumptions

In preparing these forecast financial statements, Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements 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:

Infrastructure 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. This risk is minimised by Council performing a combination of physical inspections and condition assessments of underground assets
- 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 Council could be over or under-estimating the annual depreciation charge recognised as an expense in the Forecast Statement of Comprehensive Revenue and Expense.

To minimise this risk Council's infrastructure 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 Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructure asset revaluations.

(x) Critical judgements in applying Council's accounting policies

Management has exercised the following critical judgements in applying Council's accounting policies to the prospective financial statements.

Classification of property

Council owns a number of properties which 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 Council's social housing policy. These properties are accounted for as property, plant and equipment.

(y) Statement of cashflows

Operating activities include cash and cash equivalents (as defined in (f) above) received from all Council'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 Council.

(z) Rounding

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

Prospective statement of comprehensive revenue and expense

	2021/2022 AP (\$'000)	2022/2023 LTP (\$'000)	2022/2023 AP (\$'000)
Revenue			
Rates revenue	54,179	58,682	59,189
Other revenue	9,214	10,003	8,766
Interest and dividends	2,020	1,916	1,916
N7 Transport Agency funding	15,328	16,123	17,347
Grants and subsidies	8,669	640	1,287
Other gains/(losses)	647	965	984
Vested assets	-	-	-
Development and financial contributions	10	-	-
MOH subsidy for sewerage/water scheme	-	-	-
	90,067	88,330	89,488
Expenditure			
Employee benefit expenses	16,907	17,230	18,450
Depreciation and amortisation	27,210	28,769	28,760
Finance costs	1,265	1,709	2,259
Other Council expenditure	45,800	45,429	45,206
	91,182	93,137	94,675
Surplus/(deficit) before tax	(1,115)	(4,807)	(5,187)
Income tax benefit	-	-	-
Surplus/(deficit) after tax	(1,115)	(4,807)	(5,187)
Financial assets at fair value through other comprehensive revenue and expense	-	-	-
Gain/(loss) on property, plant and equipment revaluations	53,208	49,081	49,081
Total comprehensive revenue and expense	52,093	44,274	43,895

Prospective statement of changes in equity

	2021/2022 AP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
Balance at 1 July	1,629,495	1,681,588	1,677,696
Total comprehensive revenue and expense for the year	52,093	44,274	43,895
Balance at 30 June	1,681,588	1,725,862	1,721,590

Prospective statement of financial position

	2021/2022 AP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
Equity			
Retained earnings	720,986	715,049	721,446
Asset revaluation reserves	922,181	971,262	958,602
Fair value reserves	3,577	3,577	4,771
Other reserves	34,844	35,974	36,771
	1,681,588	1,725,862	1,721,590
Current assets			
Cash and cash equivalents	221	392	265
Trade and other receivables	10,378	10,363	14,321
Inventories	105	94	103
Other financial assets	448	448	453
	11,152	11,297	15,142
Non-current assets			
Property, plant and equipment	1,704,339	1,763,763	1,756,170
Intangible assets	3,900	3,321	5,287
Forestry assets	13,320	14,050	14,520
Investments in associates	945	945	1,418
Other financial assets	37,533	38,878	38,580
	1,760,037	1,820,957	1,815,975
Total assets	1,771,189	1,832,253	1,831,117
Current liabilities			
Trade and other payables	7,957	8,227	15,152
Contract retentions and deposits	719	551	744
Employee benefit liabilities	2,122	2,162	2,212
Development and financial contributions	1,730	1,732	1,625
Provision for decommissioning	10	7	7
Borrowings	6,000	6,000	6,000
	18,537	18,679	25,740
Non-current liabilities			
Employee benefit liabilities	-	-	23
Provision for decommissioning	-	-	-
Borrowings	71,064	87,713	83,787
	71,064	87,713	83,787
Total liabilities	89,602	106,392	109,527
Net assets	1,681,588	1,725,862	1,721,590

Prospective statement of cashflows

	2021/2022 AP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
Cashflows from operating activities			
Receipts from rates revenue	54,179	58,682	59,189
Receipts from NZ Transport Agency funding	15,328	16,123	17,347
Interest and dividends	2,020	1,916	1,916
Receipts from other revenue	14,629	10,504	9,914
Payment to suppliers and employees	(63,290)	(62,352)	(63,349)
Interest paid	(1,265)	(1,709)	(2,259)
Net cash inflow/(outflow) from operating activities	21,601	23,164	22,757
Cashflows from investing activities			
Receipts from sale of property, plant and equipment	127	235	254
Receipts from sale of investments	-	-	-
Purchase of property, plant and equipment	(44,478)	(38,521)	(43,590)
Acquisition of investments	1,582	(1,344)	1,173
Purchase of Intangible assets	(1,123)	(11)	(857)
Net cash inflow/(outflow) from investing activities	(43,892)	(39,641)	(43,021)
Cashflows from financing activities			
Proceeds from borrowings	18,447	16,648	20,435
Repayment of borrowings	6,000	-	-
Payments of finance leases	-	-	-
Net cash inflow/(outflow) from financing activities	24,447	16,648	20,435
Net increase/(decrease) in cash and cash equivalents	2,156	171	171
Cash and cash equivalents at the beginning of the year	(1,935)	221	94
Cash and cash equivalents at the end of the year	221	392	265

Reconciliation between the operating surplus (from the statement of comprehensive revenue and expense) and net cash flow from operating activities (statement of cashflows)

	2021/2022 AP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
Operating surplus/(deficit)	(1,115)	(4,807)	(5,187)
Add/(less) non cash items			
Depreciation and amortisation	27,210	28,769	28,760
Vested assets	-	-	-
Forestry revaluation	(520)	(730)	(730)
Emission trading units received	-	-	-
Add/(less) items classified as investing or financing activities			
(Gains)/losses on disposal of property, plant and equipment	(127)	(235)	(254)
Add/(less) movements in working capital items			
Trade and other receivables	(3,652)	15	15
Inventories and work in progress	12	12	12
Trade and other payables	(206)	141	141
Net cash Inflow/(outflow) from operating activities	21,601	23,164	22,757

Depreciation by activity

	2021/2022 AP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
Community leadership	54	54	54
Community resources	1,502	1,936	1,916
Corporate services	1,033	827	818
Environmental services	119	120	120
Sewerage	2,707	2,902	2,923
Stormwater	510	555	555
Transport	19,413	20,326	20,326
Water supply	1,872	2,049	2,049
	27,210	28,769	28,760

Funding impact statement for 2022/2023 for all activities

	2021/2022 LTP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	22,017	23,271	23,930
Targeted rates	32,162	35,410	35,258
Subsidies and grants for operating purposes	8,590	6,564	6,873
Fees and charges	5,633	5,890	6,404
Interest and dividends from investments	2,020	1,916	1,916
Local authorities fuel tax, fines, infringement fees, and other receipts ¹	4,096	4,636	2,871
Total operating funding	74,518	77,688	77,253
Applications of operating funding			
Payments to staff and suppliers	58,740	58,632	59,623
Finance costs	1,265	1,709	2,259
Other operating funding applications	4,115	4,179	4,171
Total applications of operating funding	64,120	64,520	66,053
Surplus/(deficit) of operating funding	10,398	13,168	11,199
Sources of capital funding			
Subsidies and grants for capital purposes	15,036	9,825	11,387
Development and financial contributions	10	-	-
Increase/(decrease) in debt	24,447	16,648	14,435
Gross proceeds from sale of assets	127	235	254
Lump sum contributions	-	-	-
Total sources of capital funding	39,620	26,708	26,075
Applications of capital funding			
Capital expenditure			
to meet additional demand	915	937	-
to improve the level of service	15,418	12,846	14,556
to replace existing assets	29,267	24,750	29,891
Increase/(decrease) in reserves	(1,873)	1,130	(1,495)
Increase/(decrease) in investments	6,291	215	(5,678)
Total applications of capital funding	50,019	39,877	37,275
Surplus/(deficit) of capital funding	(10,398)	(13,168)	(11,199)
Funding balance	-	-	-

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

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

	2021/2022 LTP (\$000)	2022/2023 LTP (\$000)	2022/2023 AP (\$000)
Surplus/(deficit) of operating funding from funding impact statement	10,398	13,168	11,199
Depreciation	(27,210)	(28,769)	(28,760)
Subsidies and grants for capital purposes	15,036	9,825	11,387
Development and financial contributions	10	-	-
Gain on sale	127	235	254
Vested assets	-	-	-
Forestry revaluation	520	730	730
Emission trading units	-	-	-
Accruals	-	-	-
Landfill contingency	3	3	3
Net surplus/(deficit) before tax in statement of comprehensive revenue and expense	(1,115)	(4,807)	(5,187)

Funding impact statement (rates section)

The following information sets out the rates mechanisms that Council will use, including information about how the different rates will be set and assessed for 2022/2023.

All figures in the funding impact statement (rates section) include GST.

Council's revenue from the uniform annual general charge and certain targeted rates set on a uniform basis is 22.99%. The maximum allowed under Section 21 of the Local Government (Rating) Act 2002 is 30%.

At times Council amends/updates the land liable for various targeted rates by altering specific rating boundary maps. These changes are detailed on page 99.

Key rating definitions

The following definitions relate to the terms used in this funding impact statement tables below.

Separately used or inhabited part (SUIP) – includes any portion inhabited or used by the owner/a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence or other agreement. For the purposes of this definition, vacant land which is not used or inhabited is not a SUIP.

The following are additional examples of rating units with more than one separately used or inhabited part:

- single dwelling with flat attached
- two or more houses, flats or apartments on one Record of Title (rating unit)
- business premise with flat above
- commercial building leased to multiple tenants
- farm property with more than one dwelling
- Council property with more than one lessee

Unit of service - the unit of service for the particular activity as set out in the description of the relevant rate. The unit of service is determined by the Council given the type of service, nature and location of the rating unit etc, (including trough, connection, meter, loan, half, bin). This can include part charges for eligible assessments within a water or wastewater scheme area with the ability to connect to the scheme to accommodate the potential future burden of the rating unit on the scheme.

Uniform targeted rate (UTR) - a rate that is set as a fixed-dollar amount irrespective of the value of the rating unit.

Uniform annual general charge (UAGC) - a rate that is set as a fixed charge applied to each rateable rating unit.

Utility asset – includes such uses as hydroelectric power stations, networks such as electricity, phone, postal, water and sewerage

General rates

Background

Local authorities can set general rates either as a uniform or differential rate on property value (land, capital or annual value) and/or a Uniform Annual General Charge (UAGC) as a fixed amount per rating unit or SUIP. Council uses a mix of general rates set on capital value and UAGC. General rates are used to fund those services where there is a high public benefit to the district as a whole or, where Council considers the community as a whole should meet the costs or, where it is not efficient/possible for Council to collect the funds via a targeted rate or other user pays type funding source.

Activities funded

General rates fund the costs associated with providing a range of activities that are not funded by fees and charges, targeted rates, borrowings or any other source of income. General rates contribute towards most Council activities in some way. This includes all costs associated with representation, development and promotions and regional initiatives (which form part of Council's community leadership activity), library services and cemeteries (which form part of Council's community services activity), public toilets and Council buildings (which form part of Council's community facilities activity). The activity also contributes towards a portion of the costs of open spaces as part of Council's community resources activity (for district parks/reserves and street litter bins), public good elements of Council's environmental services activity (which includes emergency management, resource management, animal services, environmental health and building solutions) and corporate overhead functions which support all activities (including communications, customer support strategy and policy, people and capabilities). The Revenue and Financing Policy has more details on the activities funded by general rates including the UAGC.

Land liable for the rates

All rateable land within the Southland District is liable for the general rates.

How the rates are assessed

The uniform annual general charge is assessed on all rating units in the District on the following basis:

- a fixed amount per rating unit of \$748.61 (UAGC). The charge will generate \$12,267,378 in rates revenue in 2022/2023.

A general rate is assessed on all rating units in the District on the following basis:

- a rate in the dollar on capital value of \$0.00063433. The general rate is not set on a differential basis.

The rate will generate \$14,993,496 in rates revenue in 2022/2023.

Targeted rates

Targeted rates may be used to fund specific Council activities. Targeted rates are appropriate for services or activities where a specific group of ratepayers benefit from that service or where the revenue collected is targeted towards funding a specific type of expenditure. Lump sums will not be invited in relation to any of the targeted rates.

Targeted district-wide rates

Council has a number of targeted rates which are used to fund services or activities across all properties in the district. These include the roading rate, regional heritage rate and stormwater rate.

Roading targeted rates

Background

Council administers and maintains the District's roading and bridging network (some 5,000km of network), excluding state highways and national park roads which are maintained by the NZTA and DOC, respectively. Council also provides footpaths, streetlights, carparks and noxious plant control.

Activities funded

This targeted rate funds the costs associated with operating and maintenance of Council's roading network (which forms part of the Council's transport activity). This includes the reseal programme, road pavement rehabilitation programme, minor improvements and bridge maintenance, strengthening and replacement.

Land liable for the rates

All rateable land within the Southland District is liable for the rate.

How the rates are assessed

- a fixed amount of \$92.00 per rating unit. The rate will generate \$1,506,305 in rates revenue in 2022/2023; and
- a differential rate in the dollar of capital value across all properties as per the table of rates. The rate will generate \$17,259,628 in rates revenue in 2022/2023.

Rate differential definitions

The rate in the dollar of capital value is set on a differential basis for different land uses. The differential category is based on the land use of each rating unit. The definition for each rates differential category is listed in the table below:

Differential category	Definition
Commercial	All land that is principally used for commercial purposes. It includes accommodation services, entertainment, rest homes, retail and office-type use, parking buildings, service stations and tourist-type attractions.
Dairy	All land used or suitable for all types of dairy farm supply and stud.

Differential category	Definition
Forestry	All land that is used for forestry, including land either in production or currently available for planting and protected forest areas. It does not include forest nurseries.
Farming non-dairy	All land that is used exclusively, or almost exclusively, for horticultural, forestry nurseries, pastoral and or specialist farming purposes other than dairy farming. It includes land used for cropping, orchards, market gardening or glasshouses, grazing or fattening of livestock, land used for aquaculture, deer farming, horse studs, poultry and pigs.
Industrial	All land that is used exclusively, or almost exclusively, for industrial uses including associated retailing, food processing or storage, light and large-scale manufacturing, tank farms and other noxious or dangerous industrial uses, excluding utility assets.
Lifestyle	Land located in a rural area where the predominant use is for an existing/future residence or in an urban or semi-urban area where the section size is larger than an ordinary residential allotment. The principal use of the land may be non-economic in the traditional farming sense, and the value exceeds the value of comparable farmland.
Mining	All land used for mining and other mineral extraction sites.
Other	Uses not covered by any other category, and including utility assets.
Residential	All land that is used exclusively, or almost exclusively, for residential purposes including investment flats and not already included elsewhere. It does not include lifestyle properties.

A table of the rates

Roading rates	Uniform targeted rate per rating unit 2022/2023 (incl GST)	Rate in the dollar on capital value 2022/2023 (incl GST)	Revenue from roading rates 2022/2023 (incl GST)
Commercial		\$0.00127025	\$503,364
Dairy		\$0.00100082	\$5,967,382
Farming non-dairy		\$0.00060554	\$5,896,292
Forestry		\$0.00444968	\$954,346
Industrial		\$0.00120762	\$523,172
Lifestyle		\$0.00053603	\$982,260
Mining		\$0.02088575	\$298,614
Other		\$0.00016081	\$158,465
Residential		\$0.00053603	\$1,975,734

Further information on how the differentials for each category are established, refer to Council's activity needs funding analysis.

Regional heritage targeted rate

Background

The regional heritage targeted rate is used to fund heritage sites within the Southland region.

Activities funded

This targeted rate funds the costs associated with operating a Regional Heritage Fund, which is administered by the Southland Regional Heritage Committee and is part of Council's community leadership activity, to promote the development and preservation of heritage of value to the region as a whole.

Land liable for the rate

All rateable land within the Southland District is liable for the rate.

How the rate is assessed

The targeted rate is assessed as a fixed amount per SUIP of a rating unit of \$46.47.

The rate will generate \$756,833 in rates revenue in 2022/2023.

Stormwater targeted rates

Background

Stormwater networks are provided to reduce the impact of flooding due to rainfall. The activity protects people's property, improves road safety and mitigates against accessibility/safety issues which may otherwise be caused during flooding events.

Activities funded

This targeted rate funds the costs involved in operating stormwater networks throughout the District which forms part of the stormwater activity. This includes reticulation repairs and upgrades as well as undertaking monitoring and compliance with resource consents.

Land liable for the rate

All rateable land within the designated stormwater full charge and quarter charge boundaries. Maps of these areas can be viewed at www.southlanddc.govt.nz/my-southland/maps/

How the rates are assessed

The rate is set on a differential basis based on the location of the rating unit, set as a fixed amount per rating unit.

Rating units in areas that have been defined will pay a fixed full charge.

Rating units outside of these areas will pay a fixed quarter charge (25% of the full charge).

Rates differential definitions

The rates are set on a differential basis depending on the location of the rating unit. The differential categories reflect Council's assessment of the relative benefit received by those groups from the stormwater activity and therefore the share of costs each group should bear based on the principles outlined in the Revenue and Financing Policy. The definition for each rates differential category is listed in table below.

Differential category	Definition
Full charge	All rating units in the defined stormwater rating area as shown in the rating boundary maps. These areas have generally been defined in line with the urban and semi-urban township areas used for community board targeted rate where stormwater infrastructure and/or services are provided, operated and maintained by Council.
Quarter charge	All other rating units located outside of the stormwater areas as detailed above.

A table of the rates

Stormwater rates	Differential factor for targeted rate per rating unit	Targeted rate per rating unit 2022/2023 (incl GST)	Revenue from stormwater rates 2022/2023 (incl GST)	Map of land liable for rate
Stormwater - full charge	1.0	\$102.23	\$888,711	Map 10, 186 -216
Stormwater – quarter charge	0.25	\$25.56	\$194,298	Map 217

Targeted local community board rates

Council has a number of targeted local rates which are used to fund services or activities from defined areas of benefit/catchments within the community board areas. Each community board consider the rates revenue proposed for the local rate activities in their area. This includes targeted rates for, community boards, community facilities, swimming pools, Te Anau Airport Manapouri and SIESA.

Community board targeted rates**Background**

Council has delegated responsibility for the management of a number of local activities, such as the maintenance of parks and reserves and footpaths to community boards. The cost of providing these activities is funded via local targeted community board rates.

Activities funded

These targeted rates fund the costs associated with operating a range of local activities in each community board area. This includes the operation and maintenance of footpaths, streetscapes, streetlights and water facilities (which form part of the transport activity); open spaces like parks, reserves and playgrounds (which form part of the community resources activity) and community grants (which form part of the community leadership activity).

Land liable for the rate

All rateable land within each specific community board area. Maps of these areas can be viewed at www.southlanddc.govt.nz/my-southland/maps/

How the rates are assessed

The targeted community board rates – are set after considering the recommendation of the relevant community board. For each community board the rate will be set on a differentiated basis, based on location of the rating unit.

- Rating units in the urban area will pay a fixed full charge
- Rating units in the semi-urban area will pay a half charge (50% of the full charge payable by those rating units in the urban area)
- Rating units in the rural area will pay a quarter charge (25% of the full charge payable by those rating units in the urban area)

Rates differential definitions

Some of the rates are set on a differential basis based on the location of the rating unit. The differential categories reflect Council's assessment of the ability of groups of ratepayers to access the activities funded by each local community board rate and the relative benefit received by those groups and therefore the share of costs each group should bear based on the principles outlined in the revenue and financing policy.

The definition for each rate differential category based on the use of land is listed in table below.

Differential category	Definition
Urban	All rating units in the defined community board urban rating area as shown in the rating boundary maps. Urban areas have generally been defined as township areas within the community board area where all or a majority of the local services are provided at scale and with large populations. Some consideration has also been given to the District Plan Urban Zone in defining these areas.
Semi-urban	All rating units in the defined community board semi-urban rating area as shown in the rating boundary maps. Semi-urban areas have generally been defined as township areas within the community board area where most of the local services are provided at a smaller scale and with smaller populations. Some consideration has also been given to the District Plan Rural Settlement Areas in defining these areas.
Rural	All other rating units in the defined community board rating area located outside of the 'urban' and 'semi-urban' areas as detailed above.

A table of the rates

Local rates	Differential factor for targeted rate per rating unit	Targeted rate per rating unit 2022/2023 (incl GST)	Revenue from local rates 2022/2023 (incl GST)	Map of land liable for rate
Ardlussa Community Board rural rate	0.25	\$54.43	\$29,147	Map 177
Ardlussa Community Board urban rate	1.00	\$217.71	\$106,297	Map 203, 186, 211
Fiordland Community Board rural rate	0.25	\$63.60	\$29,415	Map 178
Fiordland Community Board semi-urban rate	0.50	\$127.21	\$15,774	Map 220
Fiordland Community Board urban rate	1.00	\$254.41	\$604,733	Map 196, 206
Northern Community Board rural rate	0.25	\$85.21	\$40,879	Map 179
Northern Community Board semi-urban rate	0.50	\$170.42	\$14,315	Map 185, 192
Northern Community Board urban rate	1.00	\$340.85	\$141,794	Map 195, 198
Oraka/Aparima Community Board rural rate	0.25	\$55.30	\$26,406	Map 180
Oraka/Aparima Community Board semi-urban rate	0.50	\$110.60	\$20,406	Map 188, 207
Oraka/Aparima Community Board urban rate	1.00	\$221.19	\$278,478	Map 204
Oreti Community Board rural rate	0.25	\$54.77	\$110,875	Map 181
Oreti Community Board semi-urban rate	0.50	\$109.55	\$12,543	Map 187, 189, 194
Oreti Community Board urban rate	1.00	\$219.10	\$340,974	Map 213, 214
Stewart Island/Rakiura Community Board urban rate	1.00	\$312.27	\$157,072	Map 10
Tuatapere Te Waewae Community Board rural rate	0.25	\$84.39	\$49,115	Map 182
Tuatapere Te Waewae Community Board semi-urban rate	0.50	\$168.78	\$15,865	Map 197, 201
Tuatapere Te Waewae Community Board urban rate	1.00	\$337.55	\$98,058	Map 209
Waihopai Toetoe Community Board rural rate	0.25	\$52.46	\$106,520	Map 183
Waihopai Toetoe Community Board semi-urban rate	0.50	\$104.91	\$9,678	Map 193, 215
Waihopai Toetoe Community Board urban rate	1.00	\$209.82	\$128,620	Map 191, 208, 216
Wallace Takitimu Community Board rural rate	0.25	\$77.77	\$49,676	Map 184
Wallace Takitimu Community Board semi-urban rate	0.50	\$155.55	\$2,333	Map 212
Wallace Takitimu Community Board urban rate	1.00	\$311.09	\$255,327	Map 199, 200, 202

Community facilities targeted rates

Background

Southland District has a wide range of small community facilities across the District. These facilities (community centres and halls) are maintained by Council through the community facilities activity. Maintenance and upkeep of these facilities is provided by the collection of rates for this activity.

Activities funded

These targeted rates fund community facilities in different areas throughout the District. The targeted rates (which form part of the community resources activity) funds general operating costs (such as electricity, insurance) and maintenance costs (such as painting, replacement roof, carpeting) of community centres and halls across Southland.

Land liable for the rate

All rateable land within the area of service for each specific hall, community centre or recreational facility is liable for the community facilities targeted rate. Maps of these areas can be viewed at www.southlanddc.govt.nz/my-southland/maps/

How the rates are assessed

The rates are assessed as a fixed amount per SUIP of a rating unit.

A table of the rates

Community centre rates	Uniform targeted rate per SUIP of a rating unit 2022/2023 (incl GST)	Revenue from community centre rates 2022/2023 (incl GST)	Map of land liable for rate
Aparima hall	\$44.30	\$2,879	Map 43
Athol memorial hall	\$102.76	\$16,339	Map 174
Balfour hall	\$39.32	\$11,560	Map 45
Blackmount hall	\$51.20	\$2,918	Map 46
Browns hall	\$42.37	\$8,177	Map 171
Brydone hall	\$68.56	\$4,456	Map 48
Clifden hall	\$96.52	\$8,590	Map 49
Colac Bay hall	\$114.87	\$18,954	Map 50
Dacre hall	\$43.00	\$3,999	Map 51
Dipton hall	\$106.75	\$77,704	Map 52
Eastern Bush hall	\$78.89	\$2,367	Map 54
Edendale-Wyndham hall	\$27.22	\$20,143	Map 170*
Fiordland community event centre	\$37.06	\$83,626	Map 94
Five Rivers hall	\$125.13	\$10,511	Map 56
Fortrose Domain	\$11.50	\$782	Map 57
Glenham hall	\$33.45	\$2,709	Map 59
Gorge Road hall	\$49.14	\$12,973	Map 60
Heddon Bush hall	\$69.00	\$4,278	Map 61

Community centre rates	Uniform targeted rate per SUIP of a rating unit 2022/2023 (incl GST)	Revenue from community centre rates 2022/2023 (incl GST)	Map of land liable for rate
Hedgehope-Glencoe hall	\$75.01	\$7,426	Map 62
Limehills hall	\$119.39	\$23,281	Map 65
Lochiel hall	\$36.07	\$5,374	Map 66
Lumsden hall	\$53.14	\$20,791	Map 68
Mabel Bush hall	\$48.27	\$3,862	Map 69
Manapouri hall	\$48.22	\$15,575	Map 71
Mandeville hall	\$45.00	\$1,980	Map 72
Mimihau hall	\$63.25	\$3,289	Map 75
Mokoreta-Redan hall	\$90.23	\$6,226	Map 76
Mossburn hall	\$67.15	\$18,198	Map 78
Myross Bush hall	\$27.70	\$2,271	Map 79
Nightcaps hall	\$86.00	\$17,200	Map 80
Ohai hall	\$80.97	\$16,923	Map 81
Orawia hall	\$95.44	\$10,785	Map 82
Orepuki hall	\$100.09	\$14,513	Map 83
Oreti Plains hall	\$84.12	\$10,094	Map 84
Otahuti hall	\$40.94	\$2,129	Map 85
Otapiri-Lora Gorge hall	\$77.09	\$6,167	Map 86
Riversdale hall	\$62.10	\$25,088	Map 89
Ryal Bush hall	\$72.34	\$9,042	Map 90
Seaward Downs hall	\$33.76	\$3,984	Map 91*
Stewart Island/Rakiura hall	\$75.21	30,046	Map 93
Thornbury hall	\$108.73	\$11,634	Map 95
Tokanui-Quarry Hills hall	\$125.23	\$17,282	Map 173
Tuatapere hall	\$50.50	\$19,847	Map 97
Tussock Creek hall	\$142.76	\$12,563	Map 98
Tuturau hall	\$47.37	\$1,800	Map 99
Waianiwa hall	\$103.50	\$15,525	Map 175
Waikaia Recreation hall	\$55.44	\$17,076	Map 101
Waikawa community centre	\$69.18	\$9,962	Map 102
Waimahaka hall	\$68.32	\$6,969	Map 103
Waimatuku hall	\$38.50	\$2,079	Map 104
Wairio community centre	\$48.51	\$3,978	Map 105
Wallacetown hall	\$60.00	\$21,360	Map 106
Winton hall	\$32.43	\$50,234	Map 107
Wrights Bush hall	\$31.18	\$1,871	Map 110

SIESA targeted rates

Background

The SIESA activity involves generation and transmission of electrical power to Stewart Island consumers. Electricity is produced by diesel generators which are located at a central power house. Electricity is supplied on a 24-hour basis with a level of fault response commensurate with mainland service.

Activities funded

This targeted rate funds the costs involved in managing and operating the electricity supply network on Stewart Island (which forms part of the Council's community resources activity). This includes maintaining, renewing and upgrading the electricity transmission network and generating plant.

Land liable for the rate

All rateable land within the SIESA targeted rate area of service. A map of this area can be viewed at www.southlanddc.govt.nz/my-southland/maps/

How the rates are assessed

The rate is set on a differential basis. Council has defined its differential categories using the below:

- rating units (excluding vacant ones) within the SIESA network rating boundary are charged a fixed amount per rating unit being the SIESA – full charge rate (regardless of whether they are connected or not).
- vacant rating units within the SIESA network rating boundary are charged a fixed amount per rating unit, being the SIESA – half charge rate.

A table of the rates

SIESA rates	Targeted rate per rating unit 2022/2023 (incl GST)	Revenue from SIESA rates 2022/2023 (incl GST)	Map of land liable for rate
SIESA - full charge	\$200.00	\$76,800	Map 219
SIESA - half charge	\$100.00	\$10,500	Map 219

Swimming pool targeted rates

Background

These rates are used to fund community swimming pools which are managed by a local swimming pool committee. These pools are all owned by local community groups, with two on Council land.

Activities funded

These targeted rates fund grants to community groups to assist with the operation and maintenance of community swimming pools (which forms part of the Council's community leadership activity). Each community board liaises with groups in their area about the level of financial support to be provided.

Land liable for the rate

All rateable land within each swimming pool targeted rate area of service is liable for the relevant rate. Maps of these areas can be viewed at www.southlanddc.govt.nz/my-southland/maps/

How the rates are assessed

The swimming pool targeted rate for each area of service is set as a fixed amount per SUIP of a rating unit.

A table of the rates

Pool rates	Uniform targeted rate per SUIP of a rating unit 2022/2023 (incl GST)	Revenue from pool rates 2022/2023 (incl GST)	Map of land liable for rate
Fiordland	\$14.91	\$36,783	Map 38
Northern Community	\$23.85	\$17,822	Map 224
Otautau	\$19.60	\$12,671	Map 35
Riverton/Aparima	\$21.03	\$36,792	Map 36
Takitimu	\$28.93	\$17,756	Map 37
Tuatapere Ward	\$7.51	\$5,828	Map 39
Waihopai Toetoe	\$11.50	\$31,904	Map 218
Winton	\$17.25	\$26,461	Map 40

Te Anau Airport Manapouri targeted rate

Background

The Te Anau Airport Manapouri facility is designed and managed to attract and facilitate access by air to the Te Anau community, its businesses and the natural environment. The activity also contributes to safe places as the airport provides for air-based emergency access which can act as an alternative to road transport in an emergency.

Activities funded

This targeted rate funds the operating costs and initial capital development costs of the Te Anau Airport Manapouri facility(which forms part of the Council's transport activity).

Land liable for the rate

All rateable land within the Te Anau Airport Manapouri targeted rate area of service. A map of this area can be viewed at [www.southlanddc.govt.nz/my-southland/maps/\(Map 11\)](http://www.southlanddc.govt.nz/my-southland/maps/(Map 11)).

How the rate is assessed

The targeted rate is assessed as a fixed amount per rating unit of \$69.02.

The rate will generate \$201,711 in rates revenue in 2022/2023.

Targeted service rates

Council has a number of targeted service rates which are used to fund specific services from those who receive or are able to receive the service which are defined by areas of benefit/catchments. These rates consist of targeted rates for rubbish, recycling, Stewart Island waste management, water supply, wastewater and septic tank cleaning.

Rubbish bin collection targeted rate and recycling bin collection targeted rates

Background

Council operates a solid waste and recycling bin collection service for serviced properties across the District. Through this activity it collects recycling and solid waste for disposal. The service is compulsory to all rating units containing a residential dwelling within the designated urban bin boundaries (copies of the boundary maps can be obtained from Council), all other rating units can optionally have this service. Any rating unit that is able to transport their bins to the designated rural bin route for collection can also have this service. To find out more about our services or when your bin would be collected visit www.wastenet.org.nz.

Activities funded

These targeted rates fund the costs involved in operating a regular rubbish and recycling wheelie bin collection for households on the defined collection route (which form part of waste services for the community resources activity). The service collects and disposes of waste, glass, plastics, paper, cardboard and other recyclables. Please note - separate Stewart Island waste management targeted rate is used to fund the cost of managing solid waste on Stewart Island and the cost of other waste services (such as transfer stations, recycle drop-off centres and green waste disposal sites) are funded through the general rate.

Land liable for the rate

All land within the District which is in the defined service areas for rubbish bin or recycling bin collection that has a residential dwelling is liable for the targeted rates. Other rating units can also opt into the service following agreement with Council. A map of this area can be viewed at [www.southlanddc.govt.nz/my-southland/maps/\(Map 176\)](http://www.southlanddc.govt.nz/my-southland/maps/(Map%20176)).

How the rates are assessed

- the rates are assessed per unit of service. Each rubbish bin and each recycling bin is a separate unit of service. All rating units within the service area are required to have a minimum of one rubbish bin and one recycling bin
- all rating units receiving the service have the option to receive further bins of each type over and above the minimum service. The rate assessed on each rating unit will reflect the number of units of service (for example, a rating unit with two bins of each type will be assessed twice as much as a rating unit with one bin of each type)
- the targeted rubbish bin collection rate is assessed as a fixed amount per unit of service of \$184.51
- the rubbish bin collection rate will generate \$1,948,795 in rates revenue in 2022/2023
- the targeted recycling bin collection rate is assessed as a fixed amount per unit of service of \$184.51
- the recycling bin collection rate will generate \$1,922,779 in rates revenue in 2022/2023.

Stewart Island waste management targeted rates

Background

Stewart Island/Rakiura is serviced by a weekly kerbside refuse bag, recycling and food scrap collection. The service is provided to all rating units on Stewart Island/Rakiura other than vacant land rating units.

Activities funded

This targeted rate funds the collection and disposal of refuse and recycling on Stewart Island/Rakiura (which forms part of waste services for the community resources activity).

Land liable for the rate

All land within the Stewart Island/Rakiura waste management targeted rate area of service is liable for the rate. A map of this area can be viewed at www.southlanddc.govt.nz/my-southland/maps/ (Map 93).

How the rate is assessed

The targeted rate is assessed as a fixed amount per unit of service of \$308.06. A unit of service is a weekly kerbside refuse bag, recycling and food scrap collection.

The rate will generate \$121,376 in rates revenue in 2022/2023.

Water supply targeted rates

Background

Council operates 12 water supply networks (10 urban and two rural residential) throughout the District. The urban supplies are required to meet drinking water standards while the rural supplies provide non-potable water for rural use.

Activities funded

These targeted rates fund the costs involved in maintaining each of the water supply networks including the costs associated with treating and reticulating water for each community (which forms part of the Council's water supply activity).

Land liable for the rate

The targeted rate applies to all properties that are connected or those capable of connecting within the designated boundary to a Council-owned water supply network. Maps of the scheme areas covered by each water supply can be viewed at www.southlanddc.govt.nz/my-southland/maps/.

How the rates are assessed

The water supply targeted rates are assessed as outlined below.

Te Anau rural water scheme targeted rates

- all rating units pay an annual fixed charge per restricted connection
- rating units pay a fixed amount for each unit made available to the rating unit. One unit is 1,814.4 litres of water per day
- a bulk 7.7 units category exists for larger supplies which provides 7.7 units of restricted supply water at 7.7 times a single unit costs
- minimum allocation is one full unit. Half units are only available for rating units receiving at least one full unit. These rates apply to all properties within the Te Anau rural water rating boundary (refer to Map 160).

Matuku rural water scheme targeted rate

All rating units within the Matuku rural water rating boundary (refer Map 144) are required to pay a fixed annual amount for each unit made available to the rating unit. One unit is 1,814.4 litres of water per day.

Metered property water supply targeted rate (excludes properties within the Matuku and Te Anau rural water rating boundaries)

The Council may require metering of a property when

- a property is estimated to consistently exceed the expected annual usage
- where observation metering indicates high water use in relation to the expected annual usage
- where non-drinking use of water is evident, eg, truck wash-down, water for animal consumption is expected to exceed the expected annual usage quantity; or

- the property is classified commercial/industrial

Properties that have a meter will be charged a fixed annual charge per water meter and a rate for actual water consumption per cubic metre, invoiced quarterly.

Non-metered property water supply targeted rate (excludes properties within the Matuku and Te Anau rural water rating boundaries)

- these rates apply to all properties not within the Matuku rural water and Te Anau rural water rating boundaries and that are not provided with a metered water supply
- one unit of service is one standard domestic connection. All rating units without meters that are connected to a water supply scheme or are within the scheme rating boundary but are not connected are charged a fixed amount for each unit of service.
- rating units with water troughs with direct feed from Council's water mains pay a fixed annual amount per trough (note that backflow prevention and annual testing of backflow preventer is required in these cases)
- vacant rating units within the scheme rating boundary are charged a "half charge" for the provision of the service due to the ability to connect to the scheme.

A table of the rates

Water and metered water rates	\$ per m ³ 2022/2023 (incl GST)	Targeted rate per unit of service 2022/2023 (incl GST)	Revenue from water supply rates 2022/2023 (incl GST)	Map of land liable for rate
District water rate - full charge		\$650.20	\$5,124,876	
District water rate - half charge		\$325.10	\$222,368	
District water rate - trough charge		\$130.04	2,471	
			\$5,349,716	Maps 138 - 162
District water - meter charge		\$196.00	\$41,478	
Metered charge for water consumed	\$1.10			
Matuku rural water		\$474.32	\$52,175	Map 144
Te Anau rural water - annual charge		\$804.84	\$164,187	Map 160
Te Anau rural water - full charge		\$536.56	\$150,076	Map 160
Te Anau rural water - half charge		\$268.28	\$2,683	Map 160
Te Anau rural water - 7.7 charge		\$4,131.52	\$301,601	Map 160
			\$618,547	

Properties capable of connection are defined as being within 30 metres of a public water supply network to which they are capable of being effectively connected.

Wastewater targeted rates

Background

The wastewater activity involves collecting, treating and disposing of sewage from residential properties, business properties and public sanitary facilities. The wastewater system also deals with non-domestic liquid wastes (often known as trade wastes). Eighteen towns within the District are reticulated with Council-owned and maintained infrastructure.

Activities funded

These targeted rates fund the costs involved in maintaining wastewater treatment plants, pump stations, reticulation repairs and minor upgrades including renewals of the respective systems (which forms part of the Council's sewerage activity).

Land liable for the rate

The targeted rate applies to all properties that are connected to a Council-owned wastewater scheme or within the defined boundary of one of Council-owned wastewater schemes. Maps of the areas of service for each Council scheme can be viewed at www.southlanddc.govt.nz/my-southland/maps/.

How the rate is assessed

The rate is set on a differential basis. Council has defined its differential categories based on whether the rating unit produces wastewater and the use of the rating unit. The liability factors used are fixed amount per rating unit, per SUIP of a rating unit or fixed amount for each pan/urinal within the rating unit.

How the rate is calculated

Differential category	Definition	Basis of liability
District wastewater rate – full charge	Excluding the category below, all rating units connected to a District wastewater scheme or within the defined wastewater scheme rating boundary which produce wastewater that are: a) primarily residential/domestic/household in nature (eg. residential, lifestyle, farming) b) other rating units (eg. commercial/industrial/other properties)	The rate for these rating units are set as a fixed amount per: a) SUIP b) pan/urinal.
District wastewater rate – half charge	All rating units within the defined wastewater scheme rating boundaries that are vacant or do not produce wastewater.	The rate for these rating units is set as a fixed amount per rating unit.

A table of the rates

Wastewater rates	Targeted rate per rating unit/SUIP/Pan 2022/2023 (incl GST)	Revenue from rates 2022/2023 (incl GST)	Map of land liable for rate
District wastewater rate - full charge	\$580.30	\$5,641,241	
District wastewater rate - half charge	\$290.16	\$238,802	
		\$5,880,043	Maps 112-135 & 225

Woodlands septic tank cleaning charge targeted rate

Background

Property owners within the Woodlands area are able to have their septic tank cleaned by Council on a three yearly cycle. This service was put in place due to the problems that were experienced in the past with the operation of septic tanks within this community.

Activities funded

The targeted rate is used to fund the costs of cleaning septic tanks within the area of service (which forms part of the Council's sewerage activity).

Land liable for the rate

All land within the Woodlands septic tank cleaning charge area of service is liable for the rate. A map of this area can be viewed at www.southlanddc.govt.nz/my-southland/maps/ (Map 163).

How the rate is assessed

The targeted rate is assessed as an amount of \$122.12 per SUIP of a rating unit.

The rate will generate \$7,816 in rates revenue in 2022/2023.

Water supply loan targeted rates

Background

A water supply loan targeted rate is used to fund the capital contributions towards development of the water supply schemes for the Edendale and Wyndham communities. Council has previously offered ratepayers the option of paying the contribution as a lump sum or over a number of years.

Activities funded

These targeted rates fund the initial capital costs of developing the relevant water supply scheme (which forms part of the Council's water supply activity).

Land liable for the rate

The properties liable for each targeted rate are within the area of service for each scheme and have previously indicated the period over which they wish to pay the initial capital cost. Units were determined at the establishment of each individual scheme. Maps of the areas of service for each Council scheme can be viewed at www.southlanddc.govt.nz/my-southland/maps/

How the rates are assessed

The rates are assessed against each rating unit based on the option that the ratepayer has previously chosen to either pay a one-off capital contribution for a new scheme or pay it over a selected period.

A table of the rates

Water loan rates	Targeted rate per unit of service 2022/2023(incl GST)	Revenue from water loan rates 2022/2023(incl GST)	Map of Land liable for rate
Edendale water loan - 15 years	\$219.09	\$657	Map 161
Edendale water loan - 25 years	\$134.50	\$13,585	Map 161
Wyndham water loan - 15 years	\$190.48	\$1,905	Map 162
Wyndham water loan - 25 years	\$128.30	\$15,653	Map 162

Sewerage loan targeted rates

Background

Sewerage loan targeted rates are used to fund the capital contributions towards development of the wastewater schemes for the Edendale, Wyndham, Tuatapere and Wallacetown sewerage schemes. Council has previously offered ratepayers the option of paying the contribution as a lump sum or over a number of years.

Activities funded

These targeted rates fund the initial capital costs of developing the relevant wastewater scheme (which forms part of the Council's sewerage activity).

Land liable for the rate

The properties liable for each targeted rate are within the area of service for each scheme and have previously indicated the period over which they wish to pay the initial capital cost. Units were determined at the establishment of each individual scheme. Maps of the areas of service for each Council scheme can be viewed at www.southlanddc.govt.nz/my-southland/maps/.

How the rates are assessed

The rates are assessed against each rating unit based on the option that the ratepayer has previously chosen to pay a one-off capital contribution for a new scheme or to pay it over a selected period.

A table of the rates

Sewerage loan rates	Targeted rate per unit of service 2022/2023 (incl GST)	Revenue from sewerage loan rates 2022/2023 (incl GST)	Map of land liable for rate
Edendale sewerage rate - 15 years (incl. connection cost)	\$844.76	\$6,758	Map 115
Edendale sewerage rate - 25 years (incl. connection cost)	\$566.85	\$40,246	Map 115
Edendale sewerage rate - 25 years (excl. connection cost)	\$469.14	\$45,976	Map 115
Tuatapere sewerage loan charge - 15 Years	\$390.12	\$7,022	Map 132
Tuatapere sewerage loan charge - 25 Years	\$327.48	\$33,894	Map 132
Wallacetown sewerage loan charge - 25 Years	\$302.59	\$19,366	Map 133
Wyndham sewerage loan charge - 15 Years (incl. connection cost)	\$761.81	\$8,380	Map 135
Wyndham sewerage loan charge - 25 Years (incl. connection cost)	\$513.13	\$54,905	Map 135
Wyndham sewerage loan charge - 15 Years (excl. connection cost)	\$619.00	\$1,238	Map 135
Wyndham sewerage loan charge - 25 Years (excl. connection cost)	\$416.94	\$9,173	Map 135

Rating base information

Schedule 10 clause 20A of the Local Government Act 2002 requires Council to disclose its projected number of rating units within the district at the end of the preceding financial year. Council is projecting the following rating units as at the end of 2022/2023: 20,915.

Sample properties

The following table calculates the impact of Council's rating policy on properties in 2022/2023:

- in different locations within the District
- with different land uses (residential, dairy, commercial, etc.) and
- with different land values.

The land values presented in the table are representative of the land values in that location and for that land use.

For the reasons above the information should be treated as indicative.

Indicative rates are inclusive of GST.

District rates are those rates charged to all properties in the District irrespective of their location or the services supplied. This includes roading, regional heritage and the general rates.

Local rates are those rates charged to properties that are dependent on the rating unit's location in respect of rating boundaries. This includes hall rates, pool rates, community board rates and community development area rates.

Service rates are those rates charged to properties based on the services that they do or can receive. This includes water supply, sewerage and wheelie bin rates.

Sector	Land Value	Capital Value	TOTAL RATES				DISTRICT RATES				LOCAL RATES				SERVICE RATES			
			2021/ 2022	2022/ 2023	\$ Change	% Change	2021/ 2022	2022/ 2023	\$ Change	% Change	2021/ 2022	2022/ 2023	\$ Change	% Change	2021/ 2022	2022/ 2023	\$ Change	% Change
Residential (Winton)	\$134,000	\$470,000	\$2,902	\$3,408	\$505	17%	\$1,279	\$1,539	\$261	20%	\$242	\$269	\$27	11%	\$1,381	\$1,600	\$218	16%
Residential (Manapouri)	\$560,000	\$1,000,000	\$3,671	\$4,131	\$460	13%	\$1,935	\$2,160	\$225	12%	\$355	\$372	\$17	5%	\$1,381	\$1,600	\$218	16%
Residential (Balfour)	\$97,000	\$330,000	\$1,705	\$2,002	\$296	17%	\$1,116	\$1,376	\$259	23%	\$243	\$257	\$14	6%	\$347	\$369	\$22	6%
Residential (Ohai)	\$50,000	\$225,000	\$2,849	\$3,273	\$425	15%	\$1,063	\$1,253	\$190	18%	\$404	\$421	\$17	4%	\$1,381	\$1,600	\$218	16%
Residential (Te Anau)	\$200,000	\$620,000	\$3,265	\$3,690	\$425	13%	\$1,525	\$1,715	\$190	12%	\$359	\$375	\$17	5%	\$1,381	\$1,600	\$218	16%
Residential (Otautau)	\$56,000	\$375,000	\$2,888	\$3,358	\$470	16%	\$1,188	\$1,428	\$240	20%	\$319	\$331	\$12	4%	\$1,381	\$1,600	\$218	16%
Residential (Tuatapere)	\$72,000	\$235,000	\$2,834	\$3,259	\$425	15%	\$1,062	\$1,264	\$202	19%	\$391	\$396	\$4	1%	\$1,381	\$1,600	\$218	16%
Lifestyle (Athol)	\$500,000	\$765,000	\$1,944	\$2,365	\$421	22%	\$1,410	\$1,808	\$398	28%	\$188	\$188	\$0	0%	\$347	\$369	\$22	6%

Sector	Land Value	Capital Value	TOTAL RATES				DISTRICT RATES				LOCAL RATES				SERVICE RATES			
			2021/ 2022	2022/ 2023	\$ Change	% Change	2021/ 2022	2022/ 2023	\$ Change	% Change	2021/ 2022	2022/ 2023	\$ Change	% Change	2021/ 2022	2022/ 2023	\$ Change	% Change
Lifestyle (Manapouri)	\$295,000	\$700,000	\$2,625	\$2,932	\$307	12%	\$1,525	\$1,732	\$207	14%	\$177	\$181	\$4	2%	\$924	\$1,019	\$96	10%
Lifestyle (Wyndham)	\$210,000	\$750,000	\$2,073	\$2,251	\$178	9%	\$1,633	\$1,790	\$157	10%	\$93	\$91	(\$2)	(2%)	\$347	\$369	\$22	6%
Lifestyle (Riverton/Aparima)	\$900,000	\$1,670,000	\$2,135	\$2,391	\$256	12%	\$1,767	\$2,001	\$234	13%	\$21	\$21	\$0	(1%)	\$347	\$369	\$22	6%
Farming (non-dairy)	\$4,720,000	\$5,470,000	\$7,842	\$7,871	\$29	0%	\$7,689	\$7,695	\$6	0%	\$153	\$175	\$23	15%	\$0	\$0	\$0	0%
Farming (non-dairy)	\$6,650,000	\$7,850,000	\$10,610	\$10,816	\$206	2%	\$10,536	\$10,739	\$203	2%	\$74	\$78	\$3	5%	\$0	\$0	\$0	0%
Farming (non-dairy)	\$5,350,000	\$5,910,000	\$8,595	\$8,416	(\$178)	(2%)	\$8,442	\$8,240	(\$201)	(2%)	\$153	\$175	\$23	15%	\$0	\$0	\$0	0%
Farming (non-dairy)	\$2,020,000	\$2,180,000	\$2,895	\$3,624	\$729	25%	\$2,846	\$3,569	\$723	25%	\$49	\$55	\$6	12%	\$0	\$0	\$0	0%
Mining	\$2,590,000	\$3,930,000	\$86,476	\$85,591	(\$885)	(1%)	\$86,378	\$85,487	(\$892)	(1%)	\$98	\$104	\$7	7%	\$0	\$0	\$0	0%
Industrial	\$245,000	\$470,000	\$2,994	\$3,354	\$360	12%	\$1,718	\$1,855	\$137	8%	\$242	\$269	\$27	11%	\$1,034	\$1,231	\$196	19%
Industrial	\$315,000	\$830,000	\$4,832	\$5,667	\$835	17%	\$2,040	\$2,518	\$478	23%	\$257	\$249	(\$8)	(3%)	\$2,535	\$2,900	\$365	14%
Commercial	\$215,000	\$890,000	\$4,028	\$4,532	\$505	13%	\$2,390	\$2,684	\$294	12%	\$257	\$249	(\$8)	(3%)	\$1,381	\$1,600	\$218	16%
Commercial	\$1,000,000	\$5,900,000	\$12,273	\$12,334	\$62	1%	\$12,092	\$12,150	\$57	(0%)	\$180	\$185	\$4	2%	\$0	\$0	\$0	0%
Dairy	\$10,400,000	\$12,700,000	\$22,572	\$22,268	(\$304)	(1%)	\$22,217	\$21,818	(\$399)	(2%)	\$355	\$449	\$95	27%	\$0	\$0	\$0	0%
Dairy	\$8,650,000	\$10,300,000	\$19,808	\$18,140	(\$1,668)	(8%)	\$19,514	\$17,848	(\$1,666)	(9%)	\$295	\$293	(\$2)	(1%)	\$0	\$0	\$0	0%
Dairy	\$13,000,000	\$16,700,000	\$29,317	\$28,776	(\$541)	(2%)	\$28,995	\$28,452	(\$543)	(2%)	\$323	\$324	\$1	0%	\$0	\$0	\$0	0%
Dairy	\$18,900,000	\$23,000,000	\$42,996	\$42,477	(\$519)	(1%)	\$39,617	\$38,846	(\$771)	(2%)	\$259	\$309	\$50	19%	\$3,120	\$3,321	\$201	6%
Forestry	\$1,120,000	\$1,160,000	\$6,518	\$6,816	\$298	5%	\$6,464	\$6,764	\$300	5%	\$55	\$52	(\$2)	(4%)	\$0	\$0	\$0	0%
Other	\$73,000	\$83,000	\$951	\$1,017	\$66	7%	\$865	\$932	\$67	8%	\$86	\$85	(\$1)	(1%)	\$0	\$0	\$0	0%

- Please note: Southland District was subject to a property revaluation in 2021 and the values stated are the new values as at August 2021, which are the basis for calculating the 2022/2023 rates. Therefore the change in the proposed rates are 2021/2022 to 2022/2023 is in part, a result of the change in valuation of each property.

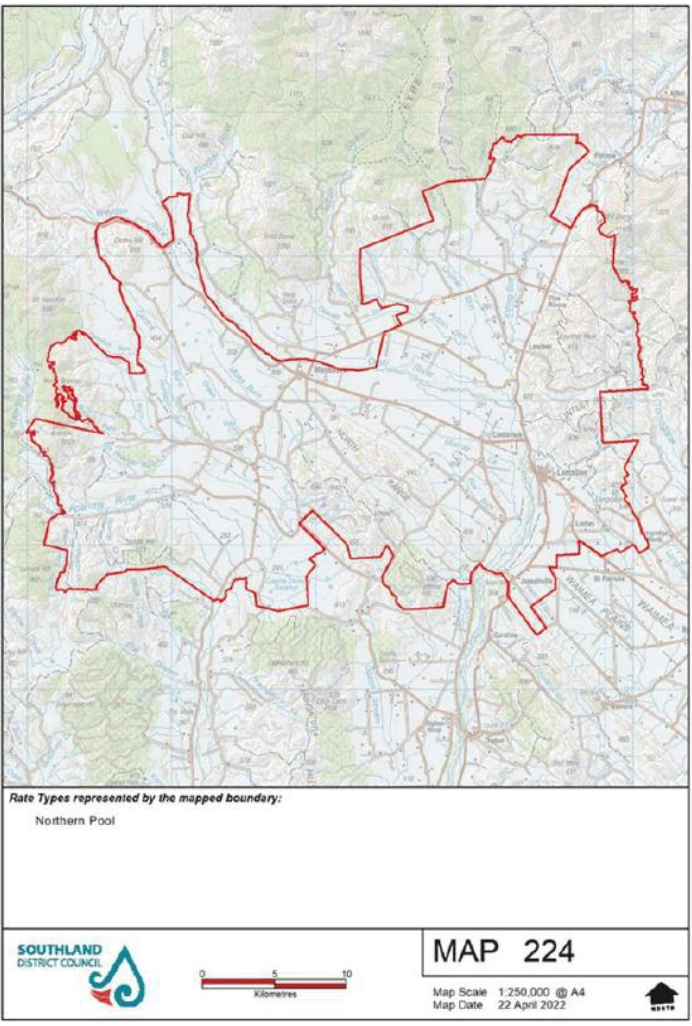
Targeted rate extensions

Wastewater rate – Curio Bay (targeted rate extension)

Council is extending the current targeted rating area for the district wastewater rate to include properties in Curio Bay connected to the Curio Bay wastewater treatment plant. The Curio Bay wastewater treatment plant was upgraded in 2016 to service the Curio Bay Recreation Reserve. At the time Council resolved to fund the annual operating costs (after contributions from third parties) from the general rate (as a district reserve), noting that the funding of the facility would transfer across to a community wastewater scheme (as part of the targeted wastewater rate) if and when properties outside of the recreation reserve connected. This has recently occurred with the connection of properties in Ara Pahu (part of the Porpoise Bay subdivision).

Northern community swimming pool rate

A new boundary extending the targeted rating approach used to fund swimming pool grants, to provide funding assistance to the Mossburn and Northern Southland pools. The area is across all properties in a new area (represented by a combination of the existing Mossburn hall, Lumsden hall and Five Rivers hall rating areas).



Balancing the budget

Section 100 of the Local Government Act 2002 requires Council to ensure that for every year its projected operating revenues are set at a level that is sufficient to meet its projected operating expenditure. Council may set projected operating revenues at a different level from that required, if Council resolves that it is financially prudent to do so.

	LTP 2022/2023 (\$000)	AP 2022/2023 (\$000)
Surplus/(Deficit)	(4,807)	(5,012)

Council is projecting an operational deficit of \$5.187 million. Refer to page XX for commentary on the changes in costs contributing to the increased deficit from the LTP.

The areas contributing to Council not having a balanced budget are:

- 1 Phasing in the funding of depreciation on key District assets
- 2 Council's decision not to fund depreciation on some buildings and all local assets
- 3 Council's partial use of depreciation reserves to fund interest repayments.

If the impact of these was to be removed, Council would have a balanced budget.

Refer to page 195 of Council's Long Term Plan 2021-2031 for further explanation.

Overall

In considering intergenerational equity, Council's policies and ongoing consideration of affordability for its communities, it is considered financially prudent that Council operates a financial deficit in 2022/2023.

Variation to fees and charges

The table below shows the variations to the fees and charges from the Long Term Plan 2021-2031. Additional information can be found in Council's Schedule of Fees and Charges. All fees are GST inclusive unless stated otherwise.

Description	Explanations/ comments	2021/2022 (incl GST)	2022/2023 (incl GST)	\$ Change	% Change	Reason for the change
Sale and supply of alcohol and gambling						
Application for premises						
Cost/risk rating category	Very low	\$112.70	\$161.00	\$48.30	42.86%	Remove 30% discount in fees bylaw
Cost/risk rating category	Low	\$273.70	\$391.00	\$117.30	42.86%	Remove 30% discount in fees bylaw
Cost/risk rating category	Medium	\$442.75	\$632.00	\$189.25	42.74%	Remove 30% discount in fees bylaw
Cost/risk rating category	High	\$742.50	\$1,035.00	\$292.50	39.39%	Remove 30% discount in fees bylaw
Cost/risk rating category	Very high	\$1,006.25	\$1,437.00	\$430.75	42.81%	Remove 30% discount in fees bylaw
Animal control						
Dog control fees						
Sale of collars		\$9.00	\$10.00	\$1.00	11.11%	Increase to reflect actual cost
Leads		\$0.00	\$12.00	\$12.00		New Fee
Dog impounding fees						
Sustenance of impounded dog per day or part thereof		\$20.00	\$25.00	\$5.00	25.00%	Actual cost charged by ICC
Euthanasia		\$40.00	Actual Cost			Reflecting actual veterinary costs.
Building consents						
Building work						
Freestanding fireplace		\$440.00	\$460.00	\$20.00	4.55%	Increase fee by inflation
Inbuilt fireplace		\$630.00	\$660.00	\$30.00	4.76%	Increase fee by inflation
\$0 - \$2,500		\$630.00	\$660.00	\$30.00	4.76%	Increase fee by inflation
\$2,501 - \$5,000		\$1,010.00	\$1060.00	\$50.00	4.95%	Increase fee by inflation
\$5,001 - \$10,000		\$1,300.00	\$1,365.00	\$65.00	5.00%	Increase fee by inflation
\$10,001 - \$20,000		\$1,885.00	\$1,980.00	\$95.00	5.04%	Increase fee by inflation
\$20,000 - \$50,000		\$2,575.00	\$2,705.00	\$130.00	5.05%	Increase fee by inflation
\$50,001 - \$100,000		\$3,225.00	\$3,385.00	\$160.00	4.96%	Increase fee by inflation
\$100,001 - \$250,000		\$3,925.00	\$4,120.00	\$195.00	4.97%	Increase fee by inflation
\$250,001 - \$500,000		\$5,085.00	\$5,340.00	\$255.00	5.01%	Increase fee by inflation

\$500,001 - \$900,000		\$6,975.00	\$7,325.00	\$350.00	5.02%	Increase fee by inflation
\$900,000 +		\$9,085.00	\$9,540.00	\$455.00	5.01%	Increase fee by inflation
Residential Re-roof/Re-clad only (includes addition of insulation)		\$0.00	\$1,450.00	\$1,450.00		New Fee
Other fees and charges applied to a building consent (where relevant)						
Site service assessment		\$225.00	\$235.00	\$10.00	4.44%	Increase fee by inflation
Compliance schedule/statement	Per hour	\$335.00	\$350.00	\$15.00	4.48%	
Application for minor variation		\$150.00	\$160.00	\$10.00	6.67%	Increase fee by inflation
Amendment to building consent	Cost is per hour. Amendments relate ONLY to amending works within the scope of the original application. Additional works that expand the scope are required to be applied for as a new building consent.	\$495.00	\$230.00	-\$265.00	-53.54%	Changed the way this is processed to ensure Council cover the cost and clarify the intended use of an amendment.
Code compliance certificate application		\$120.00	\$125.00	\$5.00	4.17%	Increase fee by inflation
Other applications received by Council						
Service required						
PIM	Project information memorandum (PIM only application)	\$255.00	\$270.00	\$15.00	5.88%	Increase fee by inflation
PIM – commercial/ industrial	Project information memorandum (PIM only application)	\$485.00	\$510.00	\$25.00	5.15%	Increase fee by inflation
Tent/ marquee (> 100 m ²)		\$475.00	\$500.00	\$25.00	5.26%	Increase fee by inflation
Amusement device permit		\$11.55	\$11.50	-\$0.05	-0.43%	Increase fee by inflation
Certificate for public use	First six months	\$350.00	\$370.00	\$20.00	5.71%	Increase fee by inflation
Certificate for public use	Second six months	\$700.00	\$735.00	\$35.00	5.00%	Increase fee by inflation
Certificate for public use	Third and subsequent six months	\$2,000.00	\$2,100.00	\$100.00	5.00%	Increase fee by inflation
Certificate of acceptance – urgent works	Applies to emergency work only	\$1,115.00	\$1,170.00	\$65.00	4.93%	Increase fee by inflation
Exemption to building consent application - Schedule 1	Acceptance of paperwork	\$150.00	\$160.00	\$10.00	6.67%	Increase fee by inflation
Exemption to building consent application - Schedule 1 (2)		\$420.00	\$440.00	\$20.00	4.76%	Increase fee by inflation
Other fees for activities / services performed by Council						

Service required						
Building warrant of fitness (BWOFF) onsite inspection		\$430.00	\$450.00	\$20.00	3.70%	Increase fee by inflation
Annual BWOFF renewal	1-hour admin	\$135.00	\$140.00	\$5.00	5.26%	Increase fee by inflation
Earthquake prone building	Engineer report review and decision	Cost + 10%	\$460.00	\$460.00		Existing charge aligns to other Councils but doesn't make sense. It is anticipated it will take 2 hours to review a report and make a decision
Exemption from undertaking seismic strengthening		\$0.00	\$420.00	\$420.00		New fee line - existing chargeable work. We are doing one of these now and charging 'cost' which is effectively this amount - many don't realise this is an option so adding to fees for clarity.
Compliance schedule – amendments	Per hour – minimum 1 hour	\$230.00	\$240.00	\$10.00	4.35%	Increase fee by inflation
Swimming pool inspection		\$200.00	\$210.00	\$10.00	5.00%	Increase fee by inflation
Swimming pool re-inspection		\$150.00	\$160.00	\$10.00	6.67%	Increase fee by inflation
Swimming pool report	Receipt of independent qualified pool inspector report review.	\$0.00	\$50.00	\$50.00		New fee line - we haven't received one of these reports before as it is not generally known that this is an option. If received under FY21/22 fee structure we would charge 'admin processing time'. Specifying as a fee for clarity.
Alternative solution or waiver	Assessment of other than minor alternatives (paid on lodging)	\$1,155.00	\$1,210.00	\$55.00	4.76%	Increase fee by inflation
Sale of alcohol reviews		\$70.00	\$75.00	\$5.00	7.14%	Increase fee by inflation
Notice to fix		\$225.00	\$240.00	\$15.00	6.67%	Increase fee by inflation
Administration service providers charges						
Electronic Submission fee		\$0.00	\$75.00	\$75.00		New fee
Community housing rents						
Edendale (56 Seaward Road)	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Edendale (Pioneer Place)	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Lumsden (Tauna Place)	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	

Nightcaps	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Ohai	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Otautau	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Riversdale	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Riverton/ Aparima (111 Havelock Street)	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Riverton/ Aparima (127 Havelock Street)	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Tuatapere	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Winton	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Wyndham	Single (per week)	\$105.00	\$110.00	\$5.00	4.76%	
Halls and community centres						
Edendale-Wyndham hall						
Main hall - day and night hire		\$150-240	\$200.00			As per Community Board
Diesel heating	Charged per litre used	\$0.00	At cost			
Breakages/damage	Charged at repair/replacement cost	\$0.00	At cost			
Cleaning (general)	Per hour	\$0.00	\$35.00	\$35.00		
Fortrose Hall						
All day hire	8 hours	\$35.00	\$0.00	-\$35.00	-100%	No fee required as hall closed
All day and night hire		\$80.00	\$0.00	-\$80.00	-100%	
Hokonui Hall						
All day hire	8 hours	\$50.00	\$0.00	-\$50.00	-100%	No fee required as hall closed
All day and night hire		\$100.00	\$0.00	-\$100.00	-100%	
Meeting room	Per hour	\$10.00	\$0.00	-\$10.00	-100%	
Mokoreta/Redan hall						
Bond (Refundable)	No GST	\$0.00	\$50.00	\$50.00		As per Community Board
Tokanui hall						
All day and night hire		\$100.00	\$200.00	\$100.00	100.00%	As per Community Board
Heating	Per 20 minutes	\$0.00	\$2.00	\$2.00		
Bond (refundable)(may be imposed at discretion of the custodian)	No GST	\$0.00	\$400.00	\$400.00		
Waikawa hall						
Damage/breakages	Charged at repair/replacement cost		At cost			As per Community Board
Library charges						
Photocopying/printing A4	Per side	\$0.25	\$0.20	-\$0.05	-20.00%	Rounding
Refuse and transfer stations						

Car loads	Refuse	\$18.00	\$24.00	\$6.00	33.33%	Updated to reflect actual costs incurred in providing this service
Ute type loads and small trailers	Refuse	\$34.00	\$40.00	\$6.00	17.65%	
	Recycling and refuse	\$16.00	\$20.00	\$4.00	25.00%	
Tandem trailers and high side trailers	Refuse	\$66.00	\$80.00	\$14.00	21.21%	
	Recycling and refuse	\$32.00	\$36.00	\$4.00	12.5%	
Truck (Stewart Island only)		\$32.00	\$0.00	-\$32.00	-100.00%	
Trucks per 1,000 kg gross weight		\$74.00	\$90.00	\$16.00	21.62%	
Trucks per tonne confirmed by weight docket		\$146.00	\$190.00	\$44.00	30.14%	
Trucks per tonne confirmed by weight docket (Stewart Island only)		\$72.00	\$0.00	-\$72.00	-100.00%	
Unstripped car body surcharge		\$122.00	\$150.00	\$28.00	22.95%	
Scrap cars (Stewart Island only)		\$40.00	\$50.00	\$10.00	25.00%	
Stripped car body		\$42.00	\$50.00	\$8.00	19.05%	
Car tyres (each)		\$8.00	\$10.00	\$2.00	25.00%	
4WD tyres (each)		\$14.00	\$20.00	\$6.00	42.86%	
Recycling and reuse only available at Stewart Island						
TV/computer monitor		\$8.00	\$16.00	\$8.00	100.00%	Updated to reflect actual costs incurred in providing this service
Car batteries		\$4.00	\$10.00	\$6.00	150.00%	
Whiteware		\$12.00	\$16.00	\$4.00	33.33%	
Gas Bottle		\$10.00	\$16.00	\$6.00	60.00%	
Greenwaste/cleanfill – Braggs Bay						
Small trailer/ute		\$0.00	\$20.00	\$20.00		Updated to reflect actual costs incurred in providing this service
Tandem trailers or high side trailers		\$0.00	\$36.00	\$36.00		
Truck		\$0.00	\$40.00	\$40.00		
Car boot		\$0.00	\$8.00	\$8.00		
Other items available to purchase only at Stewart Island						
Food bucket		\$15.00	\$16.00	\$1.00	6.67%	Updated to reflect actual costs incurred in providing this service
Burn bin – Commercial		\$0.00	\$20.00	\$20.00		
Burn bin - Household		\$0.00	\$12.00	\$12.00		
Resource Management Act						
Staff charge out rates for any input into Resource Management Act and Local Government Act matters						
Resource management staff	Per hour	\$160.00	\$0.00	-\$160.00	-100.00%	Replaces with below New fee to oncharge costs associated with technical experience and is reflective of industry rates and comparable to other TAs
Planning manager/ Team leader	Per hour	\$0.00	\$220.00	\$10.00	6.67%	
Senior planner	Per hour	\$0.00	\$180.00	\$180.00		
Graduate planner	Per hour	\$0.00	\$160.00	\$160.00		
Planning Coordinator	Per hour	\$0.00	\$160.00	\$160.00		
Monitoring and enforcement officer	Per hour	\$0.00	\$160.00	\$160.00		
Development engineer	Per hour	\$0.00	\$190.00	\$190.00		
Roading asset manager or Transport manager	Per hour	\$0.00	\$220.00	\$220.00		

Roading contract manager or Roading engineer	Per hour	\$120.00	\$160.00	\$40.00	33.33%	Fee description adjusted to reflect the roles that would be recovered through this fee. Fee increase reflective of industry rates and comparable to other TA's
Monitoring charges						
Compliance officer	Actual cost plus disbursements (per hour)	\$160.00	\$0.00	-\$160.00	-100.00%	Deleted – captured elsewhere
Charge applied to issuing an abatement notice		\$0.00	\$300.00	\$300.00		New fee to capture cost of issuing abatement notice
Other Matters						
All other activities undertaken by resource management staff		\$140.00	\$0.00	-\$140.00	-100.00%	Deleted – captured elsewhere
Resource management administration fee	Per RMA based application	\$180.00	\$0.00	-\$180.00	-100.00%	
Riverton Harbour licensing fees						
Wharf fee	Per metre	\$26.05	\$34.40	\$8.35	32.05%	As per Community Board
Transfer fee		\$162.00	\$166.70	\$4.70	2.90%	
Road reserve and service fees						
Carriageway						
Dust suppression	Bond (no GST)	\$0.00	No charge			New fee to reflect the cost for applying a semi-permanent seal to mitigate dust from roads. Amount to be determined each year and included as part of the advertising/contractual agreement.
Application of 150m of semi-permanent dust suppressant	Fee	\$0.00	On application			
Temporary closure of roads for public events (treat as a road opening)	Fee plus disbursements (newspaper fees)	\$65.00	\$78.00	\$13.00	20.00%	
Temporary closure of roads for roading purposes (treat as a road opening)	Fee plus disbursements (newspaper fees)	\$65.00	\$78.00	\$13.00	20.00%	To reflect administrative time now required and partial recovery of new corridor management software
Road margin						
Application for permit on road margin, not specified below	Fee	\$0.00	\$78.00	\$78.00		New fee to cover for items in road margin not specified below but still requires approval
Application for permit on road margin, not specified below	Bond (no GST)	\$0.000	No charge	\$0.00		
Dust suppression	Fee	\$65.00	\$0.00	-\$65.00		To reflect administrative time now required and partial

Application fee where dust suppressant carried out by applicant	Fee	\$0.00	No Charge	\$0.00		recovery of new corridor management software
Signs on roads	Fee (resource consent)	\$65.00	\$78.00	\$13.00	20.00%	
Road margin planting	Fee	\$65.00	\$78.00	\$13.00	20.00%	
Cultivation of road margin	Fee	\$65.00	\$78.00	\$13.00	20.00%	
Storage on the road margin (type 3 roads only)	Fee	\$65.00	\$78.00	\$13.00	20.00%	
Whitebait huts	Fee	\$65.00	\$78.00	\$13.00	20.00%	
SIESA electricity charges						
Residential connections						
Standard rate per unit		\$0.61	\$0.62	\$0.01	1.64%	Updated to reflect actual costs incurred in providing this service
Night rate per unit		\$0.55	\$0.56	\$0.01	1.82%	
Fixed monthly charge		\$95.00	\$97.00	\$2.00	2.11%	
Commercial connections						
Standard unit rate		\$0.61	\$0.00	-\$0.61		As per Community Board
Night rate per unit		\$0.55	\$0.00	-\$0.55		
Fixed monthly charge		\$95.00	\$0.00	-\$95.00		
Commercial new connections						
New consumer connection fee		\$293.83	\$0.00	\$293.00		
Capital development charge		\$1,762.95	\$0.00	-\$1,762.95		
Distributed generation						
Subject to its terms and conditions set out in Schedule 1 of the SIESA Domestic Contract, SIESA will buy the electricity generated by residents at the rate of \$0.20c per kilowatt per hour, inclusive of GST		\$0.20	\$0.00	-\$0.20	-100.00%	
Stewart Island jetties						
Wharf and jetty user annual fee		\$1,500.00	\$2,300.00	\$800.00	\$53.33%	As per Community Board
Trade waste charges						
Administrative Charges						
Extra time over two hours will be charged at:	Per hour plus disbursements	\$118.39	\$120.00	\$1.61	1.36%	Small increase to align with charges for water and waste in other divisions eg Resource consent
Inspection fee - actual cost	Per hour plus disbursements	\$118.39	\$120.00	\$1.61	1.36%	
Compliance monitoring - actual cost	Per hour plus disbursements (including re-inspection)	\$118.39	\$120.00	\$1.61	1.36%	

Annual administration fee for waste consent holder - actual cost	Per hour plus disbursements	\$118.39	\$120.00	\$1.61	1.36%	
Wheelie bins						
New/additional recycling bin collection fee (per month charge from 1st of the month following request bin to 30 June of the following year)		\$14.44	\$15.37	\$0.92	6.37%	This fee is based on 1/12 th of the annual amount to be rated per wheelie bin
New/additional rubbish bin collection fee (per month charge from 1st of the month following request bin to 30 June of the following year)		\$14.44	\$15.37	\$0.92	6.37%	This fee is based on 1/12 th of the annual amount to be rated per wheelie bin
Early payment of specified rates – liability schedule						
This schedule below outlines the liability outstanding for each of the following separate rates. Please refer to the Early Payment of Rates Policy for further details						
Edendale sewerage loan - 15 years (incl connection cost)		\$1,655.00	\$829.00	-\$826.00	-49.91%	Reduction of 1 year repayment and amended for interest rate
Edendale sewerage loan - 25 years (incl connection cost)		\$5,760.00	\$5,294.00	-\$466.00	-8.09%	Reduction of 1 year repayment and amended for interest rate
Edendale sewerage loan - 25 years (excl connection cost)		\$4,767.00	\$4,382.00	-\$385.00	-8.08%	Reduction of 1 year repayment and amended for interest rate
Edendale water loan charge - 15 years		\$429.00	\$215.00	-\$214.00	-549.88%	Reduction of 1 year repayment and amended for interest rate
Edendale water loan charge - 25 years		\$1,367.00	\$1,256.00	-\$111.00	-8.12%	Reduction of 1 year repayment and amended for interest rate
Tuatapere sewerage loan charge - 15 years		\$388.00	\$0.00	-\$388.00	-100.00%	Loan fully repaid
Tuatapere sewerage loan charge - 25 years		\$3,094.00	\$2,820.00	-274.00	-8.86%	Reduction of 1 year repayment and amended for interest rate
Wallacetown sewerage loan charge - 25 years		\$2,636.00	\$2,379.00	-\$257.00	-9.75%	Reduction of 1 year repayment and amended for interest rate
Wyndham sewerage loan - 15 years (incl connection cost)		\$2,205.00	\$1,473.00	-\$732.00	-33.20%	Reduction of 1 year repayment and amended for interest rate
Wyndham sewerage loan - 25 years (incl connection cost)		\$5,569.00	\$5,155.00	-\$414.00	-7.43%	Reduction of 1 year repayment and amended for interest rate
Wyndham sewerage loan - 15 years (excl connection cost)		\$1,792.00	\$1,197.00	-\$595.00	-33.20%	Reduction of 1 year repayment and amended for interest rate
Wyndham sewerage loan - 25 years (excl connection cost)		\$4,535.00	\$4,189.00	-\$346.00	-7.63%	Reduction of 1 year repayment and amended for interest rate
Wyndham water loan charge - 15 years		\$551.00	\$368.00	-\$183.00	-33.21%	Reduction of 1 year repayment and amended for interest rate
Wyndham water loan charge - 25 years		\$1,392.00	\$1,121.00	-\$103.00	-7.40%	Reduction of 1 year repayment and amended for interest rate

Schedule of financial reserves

Restricted reserves

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
District reserves							
Holding	SDC - Officers Association	Corporate support	Held on behalf of SDC Officer's Association	1	-	-	1
Holding	Shared services	Corporate support	Held on behalf of shared services forum	-	-	-	-
Assets and Services	Waste minimisation	Waste services	Waste minimisation reserve	17	88	(88)	17
Environmental Services	Dog and animal control	Environmental Services	Residual funds from dog and animal control activity	15	-	30	44
Holding	International relationship	Community leadership	Residual funds from International Relationship activities	58	-	-	58
John Beange	John Beange	Community leadership	Funding available in Edendale and Wyndham area	22	1	(5)	18
Southland Joint Mayoral Fund	Community assistance	Community leadership	Residual funds from Southland Flood Relief	228	11	-	239
Allocation Committee	Community Development Fund	Community leadership	Development of community facilities, Recreational opportunities and events.	3	-	-	3
Allocation Committee	Contribution and levies	Community leadership	Raised through the District Plan be used to remedy, mitigate or offset adverse effects arising from, and in consequence of, or in association with any development	405	5	-	411
Allocation Committee	Contributions and levies - Waihopai Toetoe	Community leadership	Support community initiatives by way of grants	249	-	-	249
Allocation Committee	Creative NZ	Community leadership	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.	20	1	-	20
Allocation Committee	Sport NZ	Community leadership	To subsidise travel costs for people 5-19 years of age participating in regular sporting competition.	3	-	-	3
Allocation Committee	Meridian contribution	Community leadership	Support Northern Southland community initiatives by way of grants.	328	15	(11)	333
Allocation Committee	Ohai Railway Board	Community leadership	Support Ohai community initiatives by way of grants.	1,911	27	-	1,938

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Allocation Committee	Ohai/Nightcaps Doctors	Community leadership	Medical services within Ohai and Nightcaps, including local ambulance.	-	-	-	-
Allocation Committee	District Heritage Grant	Community leadership	Support the heritage in the District area	15	1	(7)	9
Allocation Committee	Fonterra Reserve Contribution	Community leadership	Support to the Edendale township, surrounds and the district's community initiatives by way of grants.	(10)	23	-	13
Holding	Stewart Island/Rakiura visitor levy	Community leadership	Stewart Island/Rakiura Visitor Levy funds	214	4	-	218
Specific	ECNZ - Projects	Corporate support	Funds available for future projects in accordance with ECNZ requirements	23	1	-	24
Total restricted District reserves				3,500	178	(81)	3,597
Local reserves							
Wallacetown	Cemetery bequest	Community services	Wallacetown cemetery	69	1	(10)	60
Total restricted local reserves Wallacetown				69	1	(10)	60
Winton	Birthing centre	Community facilities	Winton Birthing Centre	-	-	-	-
Winton	Medical centre equip	Community facilities	Winton Medical Centre	-	-	-	-
Total restricted local reserves Winton				-	-	-	-
Total restricted local Reserves				69	1	(10)	60
TOTAL RESTRICTED RESERVES				3,569	179	(91)	3,658

Council created – general

Reserves	Community	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
District reserves								
Council	Global	Corporate support	General reserve		1,054	25	(10)	1,069

Reserves	Community	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits in (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Council		District operations	Corporate support	General reserve	218	225	(550)	(107)
Council		Strategic assets reserve	Corporate support	Offset rates	7,508	-	(2,000)	5,508
Total Council created general district reserves					8,780	250	(2,560)	6,470
Total Council created - general reserves					8,780	250	(2,560)	6,470

Council created – special

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
District reserves							
Assets and Services	District reserve surplus	Open spaces	Operational reserve for District parks and reserves	(13)	-	-	(13)
Assets and Services	Community housing	Community services	Operational reserve for community housing	196	254	(274)	176
Assets and Services	Community task force	Community services	Operational reserve for community task force	(9)	(15)	-	(24)
Assets and Services	Forestry Council reserve	Corporate support	Residual funds from forestry activities	5,980	-	(442)	5,538
Assets and Services	Ex Forestry reserve	Corporate support	Residual funds from forestry activities	148	-	-	148
Assets and Services	Forestry reserve	Corporate support	Residual funds from forestry activities	2,675	(155)	(766)	1,754
Assets and Services	Gravel reserves	Transport	Ensure Council has sufficient funds available for reinstatement of Council's pits	547	-	(38)	509
Assets and Services	Property development	Community facilities	Balancing fund for sales and operational building expenditure	167	1	(78)	91
Assets and Services	Proposed wastewater	Wastewater	Operational account for proposed sewerage	-	-	-	-
Assets and Services	Proposed water	Water supply	Operational account for proposed water	553	-	-	553
Assets and Services	Road safety community	Transport	Funding accrued from programmes not completed by year end	-	-	-	-
Assets and Services	Waste management	Waste services	General waste reserve	61	-	(33)	28
Assets and Services	Water schemes	Water supply	Development for water schemes	194	-	-	194

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Assets and Services	Public toilets	Community facilities	Public toilets capital project reserves	-	-	-	-
Assets and Services	District water	Water supply	Development for water supply	72	-	-	72
Assets and Services	District wastewater	Wastewater	Development for sewerage schemes	-	-	-	-
Assets and Services	Sewerage contribution	Wastewater	Development for building sewerage	-	-	-	-
Assets and Services	Roading	Transport	Fund Council's roading activity	285	-	-	285
Assets and Services	District stormwater	Stormwater	District stormwater investigation	3	-	-	3
Assets and Services	Rates civil defence	Emergency management	Fund emergency management	11	-	-	11
Assets and Services	Rates wheelie bin	Waste services	Operation reserve for wheelie bins	-	-	-	-
Total Council created - special reserves assets and services				10,871	85	(1,632)	9,325
Chief executive	SDC/DOC Joint Project	Corporate support	Residual funds from past joint projects for future projects	61	-	-	61
Chief executive	Around the mountains	Transport	Around the Mountains Cycle Trail	125	-	(45)	80
Total Council created - special reserves chief executive				186	-	(45)	141
Policy and community	Waimumu Field Day	Corporate support	Fund Council's field day every three years	-	-	-	-
Policy and community	Community Outcomes	Community leadership	Contribute to Southland Regional Development Strategy	45	-	-	45
Policy and community	Elections	Community leadership	Fund Council's election costs every three years	152	(91)	-	61
Policy and community	War memorial grant	Community leadership	Funding received for memorial archway	3	-	-	3
Total Council created - special reserves policy and community				200	(91)	-	109
Depreciation	Information technology	Corporate support	To fund depreciation	414	131	(144)	401
Depreciation	Motor vehicle	Corporate support	To fund depreciation	1,155	502	(571)	1,086
Depreciation	Matuku water supply	Water supply	To fund depreciation	(7)	8	(3)	(1)
Depreciation	Wastewater	Wastewater	To fund depreciation	(879)	2,046	(2,046)	(879)
Depreciation	Building	Community facilities	To fund depreciation	259	251	(128)	382
Depreciation	Roading	Transport	To fund depreciation	3	7,245	(7,245)	3
Depreciation	Waste management	Waste services	To fund depreciation	-	56	(34)	22
Depreciation	Water	Water supply	To fund depreciation	(31)	1,316	(1,316)	(31)
Depreciation	Public conveniences	Community facilities	To fund depreciation	-	239	(239)	-

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Depreciation	Te Anau rural water supply	Water supply	To fund depreciation	-	106	(106)	-
Depreciation	Wheelie bin	Waste services	To fund depreciation	143	73	(46)	170
Depreciation	Cycle trail	Transport	To fund depreciation	-	99	(99)	-
Total Council created - special reserves depreciation				1,057	12,091	(12,088)	1,060
Development and financial	Parks contribution	Open spaces	Contribution to capital activity - parks and reserves	144	-	-	144
Development and financial	Roading contribution	Transport	Contribution to capital activity - roading and transport	317	-	-	317
Development and financial	Sewerage contribution	Wastewater	Contribution to capital activity - wastewater	338	-	-	338
Development and financial	Water contribution	Water supply	Contribution to capital activity - water	108	-	-	108
Total Council created - special reserves development and financial contributions				907	-	-	907
Community	Corporate uniforms	Corporate support	Staff uniform subsidies	-	-	-	-
Environmental Services	Alcohol licensing-operating	Environmental services	To fund the alcohol licensing services	(2)	16	-	14
Environmental Services	Health licensing	Environmental services	To fund the health licensing services	22	-	(19)	3
Total Council created - special reserves environment and community				19	16	(19)	17
Holding	Milford flood protect	Community leadership	Residual funds from Milford flood protection	46	-	-	46
Holding	Stewart Island heritage building	Community leadership	Set up for new heritage building	-	-	-	-
Council created - special reserves holding				46	-	-	46
Specific	Biodiversity initiative	Community leadership	Funds set aside for future biodiversity initiatives	21	-	-	21
Specific	Disaster recovery	Community leadership	Funds set aside in case of disaster in accordance with insurance requirements	1,443	-	-	1,443
Specific	Predator Free Rakiura	Community leadership	Contribution to the Predator Free Rakiura programme	10	-	-	10
Specific	Tuatapere (Clifden Bridge)	Community services	Residual funds from Tuatapere project in 2000, to be used for community projects at Council's discretion	19	-	-	19
Specific	North Makarewa recreation reserve	Open spaces	North Makarewa recreation reserve	3	1	-	4
Council created - special reserves specific reserves				1,496	1	-	1,497

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Specific	LGFA repayment reserve	Corporate support	LGFA repayment reserve	3,142	3,008	-	6,149
Total council created -special LGFA repayment reserves				3,142	3,008	-	6,149
Total council created -special district reserves				17,926	15,111	(13,784)	19,252
Local reserves							
Athol	General	Various	Athol general purpose	2	-	-	2
Athol	Community centres	Community facilities	Athol hall	8	-	-	8
Council created - special reserves Athol				10	-	-	10
Balfour	General	Various	Balfour general purpose	107	2	-	109
Council created - special reserves Balfour				107	2	-	109
Browns	Community centres	Community facilities	Browns general purpose	1	-	-	1
Browns	General	Various	Browns general purpose	47	1	-	48
Council created - special reserves Browns				48	1	-	49
Clifden	Community centres	Community facilities	Clifden hall	11	-	-	11
Clifden	Recreation reserve	Community services	Clifden Reserves Committee	48	6	-	55
Council created - special reserves Clifden				60	6	-	66
Colac Bay/Oraka	Community centres	Community facilities	Colac Bay hall	3	-	-	3
Colac Bay/Oraka	General	Various	Colac Bay general purpose	31	-	(27)	5
Council created - special reserves Colac Bay/Oraka				34	-	(27)	8
Dipton	Cemetery	Community services	Dipton cemetery	7	-	-	7
Dipton	General	Various	Dipton general purpose	24	-	-	24
Dipton	Stormwater	Stormwater	Dipton stormwater	-	-	-	-
Dipton	Community centres	Community facilities	Dipton hall	3	-	-	3
Council created - special reserves Dipton				34	1	-	35
Drummond	General	Various	Drummond general purpose	10	-	-	10

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Drummond	Recreation reserve	Community facilities	Drummond Reserves Committee	2	1	-	3
Council created - special reserves Drummond				12	1	-	13
Edendale	Cemetery	Community services	Edendale cemetery	8	0	(4)	4
Edendale-Wyndham	Footpaths	Transport	Footpaths	22	-	-	22
Edendale-Wyndham	General	Various	General purpose	519	9	(37)	492
Edendale-Wyndham	Stormwater	Stormwater	Stormwater	-	-	-	-
Edendale-Wyndham	Community centre	Community facilities	Edendale-Wyndham hall	74	2	-	76
Council created - special reserves Edendale-Wyndham				623	11	(41)	593
Five Rivers	Community centre	Community facilities	Five Rivers hall	-	-	-	-
Council created - special reserves Five Rivers				-	-	-	-
Fortrose	Community centre	Community facilities	Fortrose hall	9	-	-	9
Council created - special reserves Fortrose				9	-	-	9
Garston	Special projects	Various	Garston general purpose	29	-	(2)	27
Council created - special reserves Garston				29	-	(2)	27
Gorge Road	Gorge Road general	Various	Gorge Road general purpose	38	1	-	39
Council created - special reserves Gorge Road				38	1	-	39
-	-	Community facilities	Hokonui community centre	92	-	-	92
Council created - special reserves Hokonui				92	-	-	92
Limehills	Hall Improvement	Community facilities	Limehills hall	-	-	-	-
Limehills	General	Various	Limehills general purpose	59	-	-	60
Limehills	Stormwater	Stormwater	Limehills stormwater	-	1	-	1
Council created - special reserves Limehills				59	1	-	60
Lumsden	Footpaths	Transport	Lumsden footpaths	2	-	-	2
Lumsden	Cemetery	Community services	Lumsden cemetery	1	-	-	1
Lumsden	General	Various	Lumsden general purpose	135	2	(78)	59

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Lumsden	Stormwater	Stormwater	Lumsden stormwater	-	-	-	-
Lumsden	Community centre	Community facilities	Lumsden community centre	13	-	-	13
Council created - special reserves Lumsden				151	2	(78)	75
Manapouri	Fraser's Beach	Open spaces	Fraser's Beach reserve	2	1	-	3
Manapouri	General	Various	Manapouri general purpose	57	-	(23)	35
Manapouri	Community centre	Community facilities	Manapouri community centre	22	(20)	-	2
Manapouri	Swimming pool area	Community services	Manapouri pool	2	-	-	3
Council created - special reserves Manapouri				83	(19)	(23)	41
Mararoa/Waimea Ward	Mararoa/Waimea Ward	Various	Mararoa/Waimea Ward	63	1	-	64
Council created - special reserves Mararoa/Waimea Ward-				63	1	-	64
Mataura Island	Community centre	Community facilities	Mataura Island community centre	6	-	-	6
Council created - special reserves Mataura Island				6	-	-	6
Matuku	Rural water supply general	Water supply	Matuku Water	-	-	-	-
Council created - special reserves Matuku				-	-	-	-
Menzies Ferry	Community centre	Community facilities	Menzies Ferry community centre	9	-	-	9
Council created - special reserves Menzies Ferry				9	-	-	9
Mokoreta/Redan	Community centre	Community facilities	Mokoreta/Redan community centre	21	-	-	22
Council created - special reserves Mokoreta/Redan				21	-	-	22
Mossburn	General	Various	Mossburn general purpose	95	4	-	99
Mossburn	Community centre	Community facilities	Mossburn community centre	-	-	-	-
Council created - special reserves Mossburn				95	4	-	99
Nightcaps	McGregor Park	Open spaces	Nightcaps McGregor Park	42	6	(6)	42
Nightcaps	Community centre	Community facilities	Nightcaps community centre	18	-	-	18
Nightcaps	General	Various	Nightcaps general purpose	3	-	-	3
Nightcaps	Stormwater	Stormwater	Nightcaps stormwater	-	-	-	-

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Council created - special reserves Nightcaps				62	7	(6)	63
Ohai	Community centre	Community facilities	Ohai community centre	-	-	-	-
Ohai	General	Various	Ohai general purpose	298	5	(3)	300
Ohai	Stormwater	Stormwater	Ohai stormwater	-	-	-	-
Council created - special reserves Ohai				298	5	(3)	300
Orawia	Community centre	Community facilities	Orawia Hall Group	25	-	-	25
Council created - special reserves Orawia				25	1	-	25
Orepuki	General	Various	Orepuki general purpose	27	-	(20)	8
Orepuki	Community centre	Community facilities	Orepuki community centre	25	-	-	26
Council created - special reserves Orepuki				52	1	(20)	33
Oreti	Community centre	Community facilities	Oreti community centre	-	-	-	1
Council created - special reserves Oreti				-	-	-	1
Otapiri/Lora	Community centre	Community facilities	Otapiri/Lora community centre	63	1	(6)	57
Council created - special reserves Otapiri/Lora				63	1	(6)	57
Otautau	Baths	Community services	Otautau pool	5	-	-	5
Otautau	Brightwood development	Community services	Otautau financial contribution	17	-	-	18
Otautau	CB conference	Community leadership	Community board conference	-	-	-	-
Otautau	Forestry	Community services	Holt Park forestry	170	3	(4)	169
Otautau	General	Various	Otautau general purpose	334	6	(11)	329
Otautau	Stormwater	Stormwater	Otautau stormwater	-	-	-	-
Otautau	Community centre	Community facilities	Otautau community centre	30	1	-	30
Otautau	Bowling Club	Community facilities	Otautau Bowling Club	-	-	-	-
Council created - special reserves Otautau				555	10	(15)	551

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Riversdale	Fire bore	Community services	Riversdale general purpose	-	-	-	-
Riversdale	General	Various	Riversdale general purpose	5	-	-	5
Council created - special reserves Riversdale				5	-	-	5
Riverton/Aparima	Cemetery maintenance	Community services	Riverton cemeteries	79	1	(4)	77
Riverton/Aparima	Doc profits library sale	Community services	Riverton projects	71	1	-	72
Riverton/Aparima	General	Various	Riverton general purpose	178	5	(10)	173
Riverton/Aparima	Riverton Harbour general	Community services	Riverton Harbour	11	-	-	12
Riverton/Aparima	Parks and reserves development	Open spaces	Riverton parks and reserves	-	-	-	-
Riverton/Aparima	Property sales	Community services	Riverton general purpose	154	3	-	157
Riverton/Aparima	War memorial	Community services	Riverton war memorial	14	-	-	15
Riverton/Aparima	Stormwater	Stormwater	Riverton stormwater	-	-	-	-
Riverton/Aparima	Taramea Bay/Rocks development	Community services	Taramea Bay Foreshore	27	-	-	27
Riverton/Aparima	Taramea Howells Point	Community services	Taramea Howells Point	30	-	-	31
Council created - special reserves Riverton/Aparima				565	8	(14)	559
Ryal Bush	Community centre	Community facilities	Ryal Bush community centre	4	-	-	4
Council created - special reserves Ryal Bush				4	-	-	4
SIESA	Operations	SIESA	SIESA operations	366	58	-	424
Council created - special reserves SIESA				366	58	-	424
Stewart Island	General	Various	Stewart Island general purpose	103	3	-	106
Stewart Island	Waste management	Waste services	Stewart Island general purpose	41	1	-	42
Stewart Island	Jetties	Transport	Wharf replacement Golden Bay	-	-	-	-
Stewart Island	Jetties	Transport	Wharf replacement Ulva Island	121	-	-	121
Stewart Island	Jetties	Transport	Stewart Island jetties	-	-	-	-
Council created - special reserves Stewart Island/Rakiura				266	3	-	269

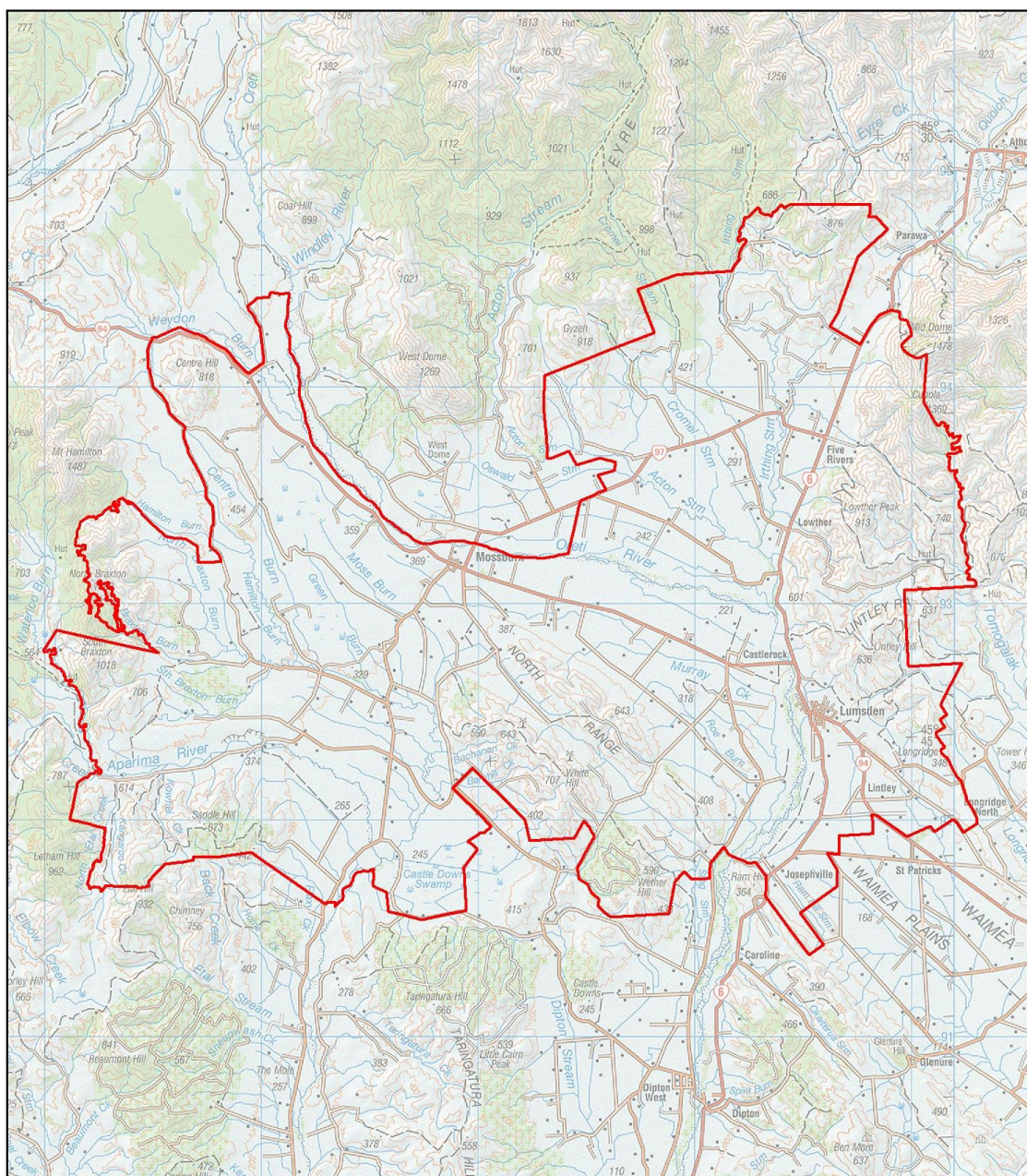
Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Te Anau	Te Anau carpark reserve	Community services	Te Anau general purpose	26	1	-	27
Te Anau	Cemetery improvements	Community services	Te Anau cemetery	-	-	-	-
Te Anau	General	Various	Te Anau general purpose	986	17	(92)	911
Te Anau	Luxmore	Community services	Luxmore subdivision	734	23	-	757
Te Anau	Te Anau Airport Manapouri	Transport	Te Anau Airport Manapouri	178	-	(146)	32
Te Anau	Rural water supply general	Water supply	Te Anau water	-	-	-	-
Te Anau	Stormwater	Stormwater	Te Anau general purpose	-	-	-	-
Te Anau	Sandy Brown loan	Wastewater	Loan to ratepayers	-	-	-	-
Council created - special reserves Te Anau				1,924	40	(238)	1,727
Thornbury	Community centre	Community facilities	Thornbury community centre	-	-	-	-
Thornbury	General	Various	Thornbury general purpose	15	-	-	15
Council created - special reserves Thornbury				16	-	-	16
Tokanui	Community centre	Community facilities	Tokanui community centre	2	-	-	2
Tokanui	General	Various	Tokanui general purpose	51	1	-	51
Council created - special reserves Tokanui				52	1	-	53
Tuatapere	Water meridian contract	Various	Tuatapere general purpose	8	-	-	8
Tuatapere	Community centre	Community facilities	Tuatapere community centre	5	-	-	5
Tuatapere	General	Various	Tuatapere general purpose	147	3	(30)	120
Tuatapere	Property	Community services	Tuatapere general purpose	3	-	-	3
Tuatapere	Waiau River collection	Water supply	Tuatapere Waiau River	1	-	-	1
Ward	Pool	Community services	Tuatapere Ward pool rate	38	1	-	39
Elder Park	Elder Park forestry	Community services	Elder Park forestry reserve	25	-	-	26
Council created - special reserves Tuatapere				226	5	(30)	200
Tussock Creek	Community centre	Community facilities	Tussock Creek community centre	5	-	-	5

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Council created – special reserves Tussock Creek				5	-	-	5
Waianiwa	Community centre	Community facilities	Waianiwa community centres	25	-	-	25
Council created - special reserves Waianiwa				26	-	-	26
Waiau/Aparima Ward	General	Various	Waiau/Aparima Ward general purpose	212	4	-	217
Waiau/Aparima Ward	Cosy Nook	Community services	Cosy Nook general purpose	32	4	-	36
Waiau/Aparima Ward	Hirstfield reserve	Open spaces	Hirstfield reserve general purpose	29	3	-	32
Waiau/Aparima Ward	Arboretum reserve	Open spaces	Arboretum reserve	17	-	-	17
Waiau/Aparima Ward	Wairio cemetery	Community services	Wairio cemetery	36	1	-	38
Waiau/Aparima Ward	Wairio Town general	Various	Wairio general purpose	5	-	(4)	1
Waiau/Aparima Ward	Wairio reserve	Open spaces	Wairio reserve	1	-	(10)	(9)
Waiau/Aparima Ward	Takitimu pool	Community services	Takitimu pool	10	-	-	10
Waiau/Aparima Ward	Calcium cemetery	Community services	Calcium cemetery	3	-	-	3
Council created - special reserves Waiau/Aparima				345	13	(14)	344
Waihopai/Toetoes Ward	Waihopai/Toetoes Ward	Various	Waihopai/Toetoes Ward	59	1	-	60
Council created - special reserves Waihopai/Toetoes Ward				59	1	-	60
Waikaia	Dickson Park	Community services	Waikaia general purpose	6	-	-	6
Waikaia	Drain filling	Stormwater	Waikaia drain filling	6	-	-	6
Waikaia	General	Various	Waikaia general purpose	193	2	(41)	154
Waikaia	Museum donations	Various	Waikaia museum funding	1	2	-	3
Waikaia	Refuse removal	Waste services	Waikaia general purpose	10	-	-	11
Waikaia	Stormwater	Stormwater	Waikaia stormwater	-	-	-	-
Council created - special reserves Waikaia				216	5	(41)	180
Waikawa/Niagara	Community centre	Community facilities	Waikawa/Niagara community centres	-	-	-	-
Council created - special reserves Waikawa/Niagara				-	-	-	-
Waitane Glencoe	Recreation reserve	Open spaces	Waitane Glencoe Reserves Committee	2	-	-	2
Council created - special reserves Waitane Glencoe				2	-	-	2

Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Wallacetown	General	Various	Wallacetown general purpose	206	4	(27)	183
Wallacetown	Stormwater	Stormwater	Wallacetown general purpose	-	-	-	-
Council created - special reserves Wallacetown				206	4	(27)	183
Winton	Community centre	Community facilities	Winton community centres	37	-	(21)	17
Winton	General	Various	Winton general purpose	165	1	(121)	46
Winton	Medical Centre	Community facilities	Winton Medical Centre	148	22	(129)	41
Winton	Multi sports	Community services	Winton Sports Complex	-	-	-	-
Winton	Property sales	Community Services	Winton general purpose	161	9	-	170
Winton	Res capital development	Community services	Winton general purpose	107	2	-	110
Winton	Stormwater	Stormwater	Winton stormwater	-	-	-	-
Council created - special reserves Winton				618	35	(270)	383
Winton/Wallacetown Ward	Winton/Wallacetown Ward	Various	Winton/Wallacetown Ward	344	7	(16)	335
Council created - special reserves Winton/Wallacetown Ward				344	7	(16)	335
Woodlands	General	Various	Woodlands general purpose	52	1	(2)	51
Woodlands	Septic tank rates	Wastewater	Woodlands septic tank cleaning	4	-	(1)	3
Council created - special reserves Woodlands				56	1	(3)	54
Ardlussa	Community	Various	Ardlussa Community Board	-	-	-	-
Fiordland	Community	Various	Fiordland Community Board	53	77	(24)	106
Northern	Community	Various	Northern Community Board	-	-	-	-
Oraka Aparima	Community	Various	Oraka Aparima Community Board	-	-	-	-
Oreti	Community	Various	Oreti Community Board	-	-	-	-
Tuatapere -Te Waewae	Community	Various	Tuatapere -Te Waewae Community Board	-	-	-	-
Waihopai/Toetoe	Community	Various	Waihopai Toetoe Community Board	-	-	-	-
Wallace Takitimu	Community	Various	Wallace Takitimu Community Board	-	-	-	-
Council created - special reserves community				53	77	(24)	106
Total Council created - special local reserves				7,992	296	(896)	7,392
Total Council created - special reserves				25,918	15,407	(14,680)	26,644
Total Council created – general reserves				9,780	250	(2,560)	6,470

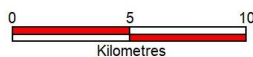
Reserves	Business unit	Activity to which it relates	Purpose	Forecast opening balance 1/7/2022 (\$000)	Deposits In (\$000)	Withdraws out (\$000)	Forecast closing balance 30/6/2023 (\$000)
Total Council restricted reserves				3,569	179	(91)	3,658
Total reserve funds				38,266	15,836	(17,331)	36,771





Rate Types represented by the mapped boundary:

Northern Pool



MAP 224

Map Scale 1:250,000 @ A4
Map Date 22 April 2022



Significant Forecasting Assumptions

Key Strategic Assumptions

'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
Demographics: <ul style="list-style-type: none"> population - population growth affects the demand for Council's services and infrastructure, as well as the ability to cover the cost of services and infrastructure. ageing - a significantly ageing population has implications for the viability and wellbeing of communities within the District. immigration - The District's population is growing at a slower rate than New Zealand population as a 	<p>The estimated resident population of the District in 2017 was 30,300.</p> <p>This is projected to grow to 36,700 by 2043 (source: BERL Detailed Southland population projections).</p> <p>Te Anau and Winton will see the largest growth in total population between 2013 and 2043, with each township growing by between 400 and 500 people.</p> <p>Monowai, Nightcaps, Riversdale, Tokanui, and Otautau are projected to either maintain their 2013 population through to 2043 or see a small decline.</p> <p>The population projections show that between 2013 and 2043 all townships will see an increase in people aged over 65. In addition, a number of townships will see a decline in those aged under 15 and people aged 15 to 64 years of age.</p> <p>There is projected to be a significant tightening of the labour market</p>	Very low	LOW <p>The population growth rate may be significantly different than that assumed.</p> <p>Proportion of the population over 65 of age may vary from the prediction.</p> <p>Economic growth in the District may be held back due to labour shortages.</p>		No change

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'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
whole is growing, which is partly due to the Southland District having a lower rate of international immigration.	between 2018 and 2033, to a point where demand for labour demand exceeds the entire population aged from 15 to 64 years old (BERL Stage 3 report). The rate of volunteering is also expected to decrease.				
Tourism Provision of appropriate visitor infrastructure and increase range of tourism related opportunities.	There will increased impacts on services such as libraries and public toilets which can be met within the scope of the planned infrastructure upgrades within this LTP. Alternatively, environmental quality and the visitor experience in parts of the District declines due to lack of appropriate infrastructure. Whilst Milford Sound is one of NZ's most important attractions, currently the local economy does not harness the full potential from the flow of visitors to this location. Visitor numbers to Milford Sound have almost doubled in the past 5 years from 556,000 in 2014 to 932,000 in 2018. The assumption is that these numbers will continue to increase.	High	MEDIUM There may be a need to accelerate infrastructure upgrades.	<i>Continuing support for regional development initiatives.</i>	No change as the assumption is focused on increase impacts from tourism demand. The impact on tourism across the District due to covid-19 border restrictions is noted.

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'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
	<p>The increase in visitors to Stewart Island/Rakiura will put corresponding pressure on jetties and infrastructure on the Island.</p> <p>The ongoing impact of Covid-19 on tourism has created significant uncertainty in the sector and the wider business sector as whole. The biggest impact will be as a result of the border closure effectively ceasing international tourism overnight. Given the global impact of Covid-19 this may be in place for some time to come.</p>				
<p>Climate change</p> <p>Planning may not adequately account for climate change impacts.</p>	<p>Sea level rise progressively impacts low lying coastal areas affecting ecology and settlements. Water availability in some areas becomes scarce, extreme weather events are larger and more frequent, communities become more resilient to climate change. Transition to a low carbon future</p> <p>Changes and associated impacts such as risk based insurance will influence investment in built development (ie. coastal and flood plain development) and types of farming.</p>	Moderate	<p>MEDIUM</p> <p>A 2018 NIWA report projects increases for all of Southland in sea level, temperature, overall precipitation and the frequency of dry days.</p> <p>There is an increasing likelihood of sea surge, coastal inundation, drought and large severe weather events.</p>	<p><i>LIDAR flights are currently being undertaken and is expected to be completed within 12 months depending on weather. Once the data outlined above has been captured, LIDAR modelling will be undertaken to enable the flood modelling to be run.</i></p> <p><i>There is proposed funding outlined in the</i></p>	No change

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'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
	<p>Climate change will have a significant impact on the coastal settlements within Southland District. It is known that areas of Colac Bay, Orepuki, Fortrose and Stewart Island/Rakiura are subject to coastal processes that are causing erosion resulting in loss of land and council roading infrastructure.</p> <p>Sea level rise is expected to be between 0.2-0.3 m above present levels by 2040 and increasing to 0.4-0.9 m by 2090.</p> <p>The projected Southland temperature changes increase with time and emission scenario. Future annual average warming spans a wide range: 0.5-1°C by 2040, and 0.7-3°C by 2090.</p> <p>Floods are expected to become larger across the District.</p> <p>The central-northern part of the Southland Region is projected to experience the largest increases in drought.</p> <p>The occurrence of heat waves will double by 2040.</p>			<p><i>LTP for a specific role within the Policy</i></p> <p><i>Planning team to lead the next stage of our climate change analysis.</i></p>	

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'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
<p>Significant, unplanned adverse events</p> <p>Significant earthquakes, flooding, tsunami and other hazards outside of expected risk assessments.</p> <p>Assume that none of these events will occur but we need to be prepared.</p>	<p>Borrowing 'headroom' to fund Council's share of a rebuild in relation to a 'maximum probable loss' scenario is provided for within Council's Financial Strategy.</p> <p>There will be community disruption and displacement as well as localised infrastructure and facilities damage.</p> <p>The next severe earthquake on the Alpine Fault is likely to occur within the lifetime of most of us or our children. We are assuming that it will not occur within the ten years covered by this LTP.</p> <p>Under almost every climate change scenario, storms and therefore flooding will become more frequent and intense and communities will feel the effects more regularly and intensively. It is assumed that these events can be managed within current budgets.</p>	Low	<p>HIGH</p> <p>Work to date has shown that a major alpine fault movement would have significant consequences for Southland communities and district infrastructure. Other than planning around the initial response phase no other planning has been undertaken to assess the potential impact on council infrastructure</p>	<p><i>All of these natural disasters highlight the importance of robust emergency management systems and Business Continuity Planning (BCP). These include:</i></p> <ul style="list-style-type: none"> -Alpine Fault Magnitude 8; a South Island wide project to save lives by planning and preparing a coordinated response across the South Island after a severe earthquake on the Alpine Fault. -Environment Southland's flood warning system and Group Tsunami Plan - Emergency Management Southland <p><i>Any new development should be undertaken with a view to mitigating exposure to natural disasters.</i></p>	No change

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'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
<p>Environmental standards, resource consents and land use</p> <p>Council may be required to undertake significant capital works in relation to drinking, stormwater and wastewater.</p>	<p>Changing delivery models and increasing standards impacts Council's regulatory, monitoring and infrastructure requirements. This poses uncertainty to service delivery in this area.</p> <p>There will be a change to the regulatory standards for drinking water and a new regulatory agency has been formed Allowance has been made for meeting the expected new standards. It is assumed that Council will continue to be responsible for the delivery of its existing range of water, wastewater and stormwater services.</p> <p>The Proposed Water and Land Plan for Southland and the Freshwater National Policy Statement will have a continuing impact on the regulatory environment for agricultural land use. This may alter the way that investment decisions are made and therefore the land use changes that will occur.</p> <p>Land use changes as a result of climate change (e.g. flood plain zone changes).</p>	Low	<p>LOW</p> <p>Highly likely to be large scale changes to national requirements and how drinking, storm and waste water are managed.</p>	<p><i>New and revised consenting requirements set by Land and Water Plan are reflected in the proposed works programme. Council will continue to work closely with ES and other relevant agencies that may be formed in the future.</i></p> <p><i>Asset management plans are updated.</i></p>	No change but potential implications are noted due to national discussions regarding the potential fluoridation of drinking water supplies.

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'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
	The amendment to the Climate Change Response (Zero Carbon) Bill may alter the delivery of Council activities. This may impact land use and transport across the District.				
General economic growth trends Long term economic growth may not continue to be consistent with trends. Potential for significant downturn in global dairy prices as well as other primary sector goods. Changes to the primary sector occurring at a faster rate than businesses in the District (automation, niche products, synthetic alternatives to meat and milk products, etc).	The economy maintains current prospects. The median personal income in the Southland District is growing at a faster rate than the median income across NZ. There is an enduring trend that local businesses in the District hire smaller numbers of people (compared the rest of New Zealand). Home ownership rates in the District are falling. Half of the businesses operating in Southland District are in the primary sector. 98% of these primary sector businesses operate in the industries of agriculture or forestry (BERL – Compendium Report 2018). BERL estimate that 18.3% of total employment (measured in Full-time Equivalents) in the District is in dairy farming.	Moderate	LOW If there is a persistent downturn in economic prospects may mean the District is not able to sustain continued growth in income. Ratepayers are unable or unwilling to support maintaining Council levels of service. Dependency on primary sector and dairy farming in particular makes some communities vulnerable to a decline in global dairy prices or a major livestock disease outbreak. It is unlikely that there will be major		No changes but notes the impacts on some industries and incomes from covid-19.

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'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
			changes in current land use patterns and economic activity across the district as a whole which will lead to significant change in demand for current Council services.		
Legislative Changes New/amended legislation or government policy comes into force that has a significant impact on Council to respond or impact on cost to administer by Council; or results in a change to the services delivered by the Council.	It is assumed there will be no major legislative changes or change in government policy that will significantly impact Council aside from the legislative changes identified under the Environmental Standards, Resource Consents and Land Use assumption. Given the recent three waters reform announcements, this plan assumes the delivery of the three waters activities will remain with Council at the same level of service as currently provided.	Moderate	MEDIUM Legislative or government policy changes are expected to have a medium effect on Council's finances and/or levels of service.		No change but potential implications are noted due to national discussions regarding the potential fluoridation of drinking water supplies, three waters and resource management reforms.
Technology Changes in technology will impact the delivery of our key activities.	It is assumed there will be increased access to fibre connectivity will mean more use of online digital services.	Low	LOW There is a low consequence due to council being able to		No change

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'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
	<p>There may be less demand for face-to-face customer service as technology provide alternative methods for answering questions and resolving issues.</p> <p>It is assumed automated technology and artificial intelligence alters the way that council delivers its service.</p> <p>Chorus will have rolled out full internet connectivity throughout the district by the end of 2021.</p>		react to changes prior to them negatively impacting levels of service or customer expectations.		
<p>Resource Constraints</p> <p>Ability to find procure contractors and resources will be diminished due to other work underway across the district.</p> <p>40% of the Southland District Council workforce are born between 1943 and 1966 and are likely to retire in the next 10 years. This may result in the loss of staff resource and knowledge to deliver projects.</p>	<p>It is assumed that due to increased work across the district (e.g. Invercargill city centre development, Dunedin Hospital build, etc) there will be a shortage of workers and resources across the lower South Island.</p> <p>The retirement of the ageing workforce of Southland District Council will impact the delivery of the LTP work programme.</p>	Moderate	<p>MEDIUM</p> <p>Resource constraints may disrupt delivery of the Long Term Plan work programme and meeting the established levels of service.</p>		No change but notes the ongoing challenges for contractors and legislative impacts on staff resources.
<p>Three Waters Reforms</p> <p>In July 2020 the government released its three waters</p>	<p>An overarching regulator, Taumata Arowai, will oversee the sector, and is proposing a small number of larger regional entities providing these</p>	High	<p>Low</p> <p>By assuming that Council will</p>	<p><i>The community will need three waters services whether the council delivers them or not.</i></p>	No change but notes the ongoing challenges for contractors and

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'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
reform, a three-year programme to change the way drinking water, wastewater and stormwater are delivered to improve public health, environmental and economic outcomes.	<p>services rather than the 67 individual councils that currently do.</p> <p>At the same time, a multi-million-dollar stimulus funding package was announced to maintain and improve three waters infrastructure and support the introduction of the reform programme. Funding has been given to councils that agreed to participate in the programme's first stage, including Southland District Council. Our share is being used to carry out pipe replacement and improve treatment across the District as well as carry out condition assessments of sewerage and stormwater assets.</p> <p>There is still a lot of information to come about what the reforms mean for Southland before we have to decide whether to opt in or out of the process later this year.</p> <p>It is assumed that the council will deliver these services over the life of the LTP.</p>		continue to manage the assets over the life of this plan, any changes for how these services are provided in the medium to long term are minimised by this assumption.	<p><i>These activities are reflected in the financial, strategy and the infrastructure strategy and other information that is included in the CD and supporting information.</i></p> <p><i>The purpose of this is to present the community with as a complete and accurate a set of information on the medium-term and long-term for those activities.</i></p>	legislative impacts on staff resources as part of three waters reforms.
<p>Covid-19</p> <p>The Covid-19 pandemic has created a lot of change and economic uncertainty</p>	The Southland economy has weathered the storm relatively well because of its base of food production.	High	Moderate Council may need to prioritise works should economic	<i>Council is consulting over changes to its rates remission and postponement policy to have greater flexibility to</i>	No change but note the impact of covid-19 on the ability of some to pay rates

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'what' strategic issue	'so what' Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	'now what' Application in the LTP Strategies and Policies	Annual Plan review notes
<p>nationwide in the past year. In Southland District, Fiordland has been impacted most by the closure of New Zealand's borders as international tourists are its main source of income. This affects more than just tourism businesses – it has brought financial hardship to the whole community. Domestic visitors have had a cushioning effect on other destinations such as Stewart Island/Rakiura and the Catlins.</p>	<p>It is assumed that this should continue as long as international exports continue and we're able to receive imported components like pipes for our own capital works. Given that much of this plan is about investing in infrastructure to maintain our services over the long term, that work still needs to progress despite Covid-19.</p>		<p>conditions worsen and affect the capacity of our communities to pay rates.</p>	<p><i>provide relief from rates during unexpected events.</i></p>	<p>and potential flow on effect to rates income.</p>

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Key Financial Assumptions

Financial issue/risk	Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	Annual Plan review notes
Price level changes Inflation may vary significantly than that allowed for in the Long Term Plan.	Inflation is included using projections prepared by Business and Economic Research Limited (BERL), which are based on October 2020 published values, as summarised in Appendix 1.	Low	MEDIUM Inflation is affected by external economic factors and therefore actual inflation increases will vary from those used in developing this plan. The result of any variation (up or down) will result in a higher or lower rates requirement, and may therefore also impact on the levels of service, particularly in relation to roading, water, wastewater and stormwater.	No change but notes the minor risk with budget being slightly overstated but offset by increased costs from supply chains.
Cost estimates Cost of operating and maintenance contracts as well as major capital works costs may vary significantly from costs estimated in this plan	When contracts are renewed there are no significant variations allowed for and any annual cost adjustment is in line with the relevant BERL inflation percentage, except for the specific matters listed below: Water – based on inflation, except for a potential increase in the renewal of the operations and maintenance contract. Wastewater – based on inflation, except for a potential increase in the renewal of the operations and maintenance contract as well as additional allowance for any	Low	MEDIUM Greater than anticipated cost increases, especially in construction, capital works and contracting rates, increase the overall cost of the capital and maintenance programs, in turn having an impact on debt servicing costs and rates.	No change but monitoring cost increases in capital works.

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Financial issue/risk	Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	Annual Plan review notes
	<p>new/upgraded schemes (Te Anau and Winton).</p> <p>Waste management - based on inflation, except for a potential increase in waste disposal costs to recover waste disposal levy increases, as well as a potential increase for the waste disposal contract.</p> <p>Community facilities – mowing and other contract increases are based on approved contracts. Where new contracts are not currently in place at September 2020, the prices received through the direct negotiation process have been used which include a level of increase in addition to inflation.</p>			
<p>Useful lives of significant assets</p> <p>The useful life of assets determines when an asset is expected to be renewed and the calculation of depreciation. This will impact on the timing of replacements and the amount of rates collected for funding depreciations.</p>	That the useful life of significant assets will be the same as set out in the accounting policies of Council.	High	<p>MEDIUM</p> <p>The timing of renewal projects is inaccurate and will need to be completed earlier/later as required. This will change the timing of funding requirement as shown in Council's revenue and financing policy (including rates).</p> <p>The amount of depreciation being inaccurate will impact on either over/under collecting rates in the relevant years due to the funding of depreciation.</p>	No change

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Financial issue/risk	Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	Annual Plan review notes
			The financial impact of a 1% change in depreciation would result in a change in depreciation of \$272,126 in 2021/2022 to \$382,440 in 2030/2031.	
Vested assets Vested assets are assets that are gifted/donated to Council and as a result associated operating costs and future asset replacement costs become the responsibility of Council.	No significant vested assets are forecast across the 10 years of this plan.	Moderate	MEDIUM The level of vested assets fluctuates from year to year and is unpredictable. Historical levels have not been material. The recognition of vested assets is non-cash in nature and therefore have no effect on rates. However receipt of any vested assets will increase depreciation and operating costs in future years and therefore may also result in additional rates.	No change
Infrastructural asset revaluation Asset revaluation may be higher or lower than estimated.	In the LTP, Council has revalued its significant infrastructural assets on a yearly basis in line with the relevant BERL inflation rate taking into account planned additions.	Very high	HIGH If price level changes are greater or lesser, depreciation and the funding of depreciation, could be under or overstated. high (virtually certain to be wrong). The financial impact of a 1% change in the water depreciation would result in a change in depreciation of \$18,719 in 2021/2022 to \$27,380 in 2030/2031. The financial impact of a 1% change in the wastewater depreciation would result in a change in depreciation of \$27,065 in 2021/2022 to \$44,431 in 2030/2031.	No change

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Financial issue/risk	Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	Annual Plan review notes
			The financial impact of a 1% change in the roading depreciation would result in a change in depreciation of \$194,134 in 2021/2022 to \$263,356 in 2030/2031.	
Forestry assets Fluctuations in the forestry asset revaluation and returns.	Council has forecast the revaluation of forestry assets and operating results on a yearly basis taking into account planned harvesting and replanting.	Moderate	MEDIUM The recognition of forestry assets is non-cash in nature and therefore has no effect on rates. However fluctuations in operating results may impact rates.	No change
Emission Trading Scheme Fluctuation in the value of Council's investment in emission trading units.	Council will retain its investment in the Emission Trading Scheme (105,632 units) at a value of \$32.10 per unit across the 10 years of the plan.	Moderate	LOW Emission trading unit holdings and value increases/decreases over the life of the plan. This movement is a non-cash impact and therefore no impact on rates.	No change
Investments in other entities Fluctuation in the value of Council's investment in other entities, joint ventures and associates. This includes Milford Sound Tourism Ltd, Civic Assurance, WasteNet, Southland Regional Development Agency, Emergency Management Southland and Southland Regional Heritage Committee.	Council will retain its investment in these entities and associates at the current level and will assume an annual dividend across the 10 years of the plan where there is a history of dividends. No income from associates is forecast.	Moderate	LOW Investment value increases/decreases over the life of the plan. This movement is a non-cash impact and therefore no impact on rates. If dividends received differ from forecast this may either impact rates.	No change
Funding of future replacement of significant assets	We have assumed that Council will continue to incrementally increase funding depreciation of the following	Low	MEDIUM The level of depreciation being funded is inaccurate and will result in either	No change

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Financial issue/risk	Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	Annual Plan review notes
Due to the large amount of ageing infrastructure, funding renewals through reserves or loans is inconsistent with good practice. In the 2015-2025 LTP Council commenced a phasing in depreciation funding to build up funds for replacement of assets whilst maintaining affordable rates increases.	<p>assets classes: roading, water, wastewater, council buildings, information technology, wheelie bins, public toilets and solid waste.</p> <p>Funding depreciation of these activities (except water and wastewater) will be phased over the next 10 years as follows:</p> <p>2021/2022 70%</p> <p>2022/2023 80%</p> <p>2023/2024 90%</p> <p>2024/2025 onwards 100%</p> <p>Funding depreciation of water and wastewater activities will be phased over the next 10 years as follows:</p> <p>2021/2022 65%</p> <p>2022/2023 70%</p> <p>2023/2024 75%</p> <p>2024/2025 80%</p> <p>2025/2026 85%</p> <p>2026/2027 90%</p> <p>2027/2028 95%</p> <p>2028/2029 onwards 100%</p> <p>Motor vehicles and SIESA assets are funded 100% for the 10 years of the plan.</p>		over/under collecting rates in the relevant years. Additionally any shortfalls will need to be funded by other sources (such as rates, reserves or loans) which may also result in additional rates.	
Subsidies for roading Waka Kotahi NZ Transport Agency (Waka Kotahi) has announced its indicative	Through this LTP we have identified a programme of work necessary to maintain the assets and levels of service for our roading network.	Very High	High There is also additional risk that over the uncertainty of a component of funding from Waka Kotahi being	No change but note change in work programme with additional

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Financial issue/risk	Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	Annual Plan review notes
investment levels for years 1 - 3 of the Long Term Plan. The funding levels indicated are less than those requested by SDC. Sufficient funds may not be available to pay for the planned increase in capital projects and operational/maintenance costs in years 4 - 10 of the Long Term Plan.	<p>Waka Kotahi has very recently outlined the proposed/indicative funding levels for the first three years allocated to SDC. The level proposed by Waka Kotahi is at 85% of the funding level requested.</p> <p>It is assumed Waka Kotahi will be able to meet the requested funding needs of proposed works from Years 4 to 10 of the LTP.</p> <p>It is assumed that the level of financial assistance received from Waka Kotahi will be 52% for the period of the LTP.</p> <p>It was assumed Waka Kotahi funding will be awarded for three-year periods and that the following seven years will be funded in a similar manner.</p> <p>Funding assistance for large capital transport works would be achieved on a case by case basis with Waka Kotahi.</p>		<p>available due to an over-subscription nationally.</p> <p>The planned work programmes will need to be revisited and levels of service would need to be reviewed depending on the ongoing funding available.</p> <p>The uncertainty of funding could impact on the ongoing availability of contractors and capacity to deliver the necessary work programmes.</p> <p>If funding by Waka Kotahi is not to increase as proposed in years 4-10 this may result in the programme of works needing to be amended by approximately \$25 million over those remaining seven years.</p> <p>It is premature to anticipate the level of funding that might be available in years 4 through 10. The impact of any funding change by Waka Kotahi will be assessed as part of the next LTP process.</p>	funding provided for years 2 and 3 following the Waka Kotahi funding announcement in August 2021.
Sources of funds That sources of funds are not achievable.	Sources of funds (being user fees/charges, grants, subsidies and borrowings) for both operating and capital expenditure are obtained in	Low	MEDIUM If revenue sources are not achievable, the levels of service may be reduced or an alternate funding source required to	No change

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Financial issue/risk	Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	Annual Plan review notes
	accordance with the Revenue and Financing Policy.		maintain those levels. This may include setting additional rates.	
Return on investment/reserves Return on investments may vary from the amount included in the ten year plan.	Return on financial investments has been calculated at 5.5% per annum, for funds invested externally for the life of the plan. This is on the basis of a balanced managed fund with approximately 50/50 investment in income and growth assets. Fund administration costs associated with these investments are calculated at 1.10% per annum and are deducted from the fund capital. The first \$750,000 of return on investments is used to offset rates requirements. Interest on reserves is allocated as follows: Restricted reserves 4.4% per annum Local reserves 2.0% per annum Strategic asset reserve 2.0%	Moderate High	MEDIUM A decrease in investment interest rates may require Council to collect more rates to cover the shortfall of interest used to offset rates.	Recommend increasing uncertainty from moderate to high to reflect current investment markets
Interest rates on borrowing The interest rates paid on borrowing will vary over the 10 year period.	Interest on new and existing internal and external borrowings is allowed for at 2.0% 3.0% per annum over the term of the borrowing.	Moderate	MEDIUM An increase in interest rates may require Council to collect more rates to cover the additional interest payments.	Recommend changing the external and internal interest rate assumption from 2% to 3% in the Annual Plan 2022/2023 to reflect the increase in

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Financial issue/risk	Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	Annual Plan review notes
				market interest rates.
Local Government Funding Agency (LGFA) Guarantee Each of the shareholders of the LGFA is a party to a Deed of Guarantee, whereby the parties to the deed guarantee the obligations of the LGFA and the guarantee obligations of the other participating local authorities to the LGFA, in the event of default.	Council believe that the risk of the guarantee being called on and any financial loss arising from the guarantee is low and therefore nothing has been included in the forecasts for the term of the plan.	Low	LOW In the event of a default, Council will be required to pay a proportion of the amount owing. The proportion to be paid by each respective guarantor is set in relation to each guarantors' relative rates income.	No change
External borrowing All external borrowing will be sourced from LGFA.	The borrowings are interest only. Repayments collected from rates will be held in a restricted reserve until the end of the loan term. The term of all borrowings are planned to exceed the term of the LTP.	Low	Medium In the event that Council are unable to borrow from LGFA, Council may be required to borrow from other external lenders with the risk of higher interest rates and different repayment terms.	No change
Capital expenditure delivery Programmes and projects are assumed to be delivered on time.	The Long Term Plan assumes that the timing and cost of capital projects and associated operating costs are as determined through the Council's activity management planning process.	High	Medium There is a risk that capital projects may not be delivered as planned. This could be due to a variety of factors as outlined below: <ol style="list-style-type: none"> 1. Further Covid-19 lockdowns 2. Capacity of local market to deliver due to <ol style="list-style-type: none"> a. Lack for resources 	No change

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Financial issue/risk	Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	Annual Plan review notes
			<ul style="list-style-type: none"> b. Lack of skilled resources for specialist works c. Demand on other local projects in Southland d. Local and International supply chain constraints <p>3. High demand on contractors resulting in higher project costs and need to rescope causing delays to spending</p> <p>4. High demand on consultancy services</p> <p>5. Demand on councils to complete resource and building consents affecting project delivery.</p> <p>Delays/deferrals on the level of capital works completed on time will impact future depreciation (which is, in most instances, funded by rates). Funding of capital works is typically by reserves and loans, therefore will impact future interest and principle repayments, which are funded by rates.</p> <p>There may also be an increase in maintenance costs as a result of any delay of delivering capital works, which will also have an impact on rates.</p>	

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Financial issue/risk	Assumption for the LTP	Level of Uncertainty	Risk if the assumption is incorrect	Annual Plan review notes
			<p>A 1% change in the capital programme ranges from \$452,000 in 2021/2022 to \$458,000 in 2030/2031.</p> <p>If \$1 million of capital works is delayed, there would be a \$50,000 saving per annum in future loan repayments (assuming 30 year term), and accordingly rates, however this saving may potentially be consumed with additional maintenance costs from extending the asset past its useful life.</p>	

	Uncertainty Description	Description	Likelihood of the risk occurring if the assumption is incorrect
Assumption	Very high uncertainty	A very low level of information/confidence in the assumption	Highly likely
	High uncertainty	A poor level of information/confidence in the assumption	Likely
	Moderate uncertainty	A moderate level of information/confidence in the assumption	Possible
	Low uncertainty	A good level of information/confidence in the assumption	Unlikely
	Very low uncertainty	A very good level of information/confidence in the assumption	Rare

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Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Catastrophic
Highly likely	Low	Medium	High	Very High	Very High
Likely	Low	Medium	High	Very High	Very High
Possible	Low	Medium	Medium	High	Very High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

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Risk thresholds

	Insignificant	Minor	Moderate	Major	Catastrophic
Strategic	No significant adverse public comment No impact on achievement of LTP objectives Key stakeholder relationships unaffected	Adverse comment in local or social media Letters to CEO, complaints to Crs May slow achievement of LTP objectives Minor impact on key stakeholder relationships	National media coverage Will impact achievement of one or more LTP objectives Negative impact on key stakeholder relationships	National media coverage 2-3 days Will significantly impact the achievement of multiple LTP objectives Significant impact on multiple key stakeholder relationships	Coverage in national media 3+ days Commission of Inquiry/ Parliamentary questions Stakeholder relations irreparably damaged Cannot deliver on most LTP objectives
Operational	No loss of operational capability Minimal change to service levels Minimal loss of internal capacity	Loss of operational capability in some areas Some disruption to service levels Internal capacity lost for up to 1 week	Serious loss of operational capability for over 6 weeks and/or Disruption to service levels for 4-6 weeks Loss of internal capacity 1-3 weeks	Serious loss of operational capability for over 8 weeks and major disruption to service levels and/or Loss of internal capacity 4-6 weeks	Serious loss of operational capability for 3-4 mths and serious disruption to service levels and Loss of internal capacity for more than 6 weeks
Financial	No impact on financial targets	Up to 1% impact on financial targets	Up to 5% impact on financial targets	Up to 10% impact on financial targets	More than 10% impact on financial targets

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Appendix 1: BERL inflation rates for Long Term Plan 2031

Year	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Property maintenance	2.90%	2.50%	2.50%	2.50%	2.50%	2.60%	2.70%	2.70%	2.60%
Roading	3.10%	3.00%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Property capital	3.00%	2.60%	2.60%	2.70%	2.60%	2.80%	2.80%	2.90%	2.70%
Energy	2.90%	2.50%	2.50%	2.50%	2.50%	2.60%	2.70%	2.70%	2.60%
Water	3.50%	2.60%	2.70%	2.90%	2.80%	3.20%	3.30%	3.40%	3.10%
Other	2.90%	2.50%	2.50%	2.60%	2.50%	2.60%	2.70%	2.70%	2.60%
Staff costs	2.40%	1.50%	1.70%	2.00%	2.20%	2.30%	2.40%	2.60%	2.70%

R/21/2/5200

Rates Resolution - Setting of Rates for the Financial Year 1 July 2022 to 30 June 2023

Record No: R/22/4/13490
Author: Shelley Dela Llana, Accountant
Approved by: Anne Robson, Chief financial officer

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The Local Government (Rating) Act 2002 (the Act) requires Council to set, by Council resolution, the rates for the financial year. The rates for 2022/2023 can only be set once Council has adopted its Annual Plan 2022-2023, including the Funding Impact Statement (Rates Section) for 2022/2023.
- 2 The resolution must also include (instalment) due dates for payment. The Act permits Council to apply penalties of up to 10% for payments not received by the due dates and for any arrears of previous year's rates. The penalty amount and dates must also be set by Council resolution.
- 3 Council's resolution will be publicly available on the Council website within 20 working days of the resolution being made.

Executive Summary

- 4 This report lists the various rates that have been calculated for the financial year 1 July 2022 to 30 June 2023. These rates are included in the Council's Annual Plan 2022-2023 in the Funding Impact Statement (Rates Section).

Recommendation

That the Council:

- a) **Receives the report titled “Rates Resolution - Setting of Rates for the Financial Year 1 July 2022 to 30 June 2023” dated 21 June 2022.**
- 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) Sets the rates detailed below for the financial year commencing 1 July 2022 and ending on 30 June 2023. All rates and amounts are GST inclusive.

Uniform Annual General Charge

Pursuant to the Section 15(1)(a) of the Local Government (Rating) Act 2002, a uniform annual general charge of \$748.61 per rating unit on every rateable rating unit within the Southland District.

General Rate

Pursuant to Section 13(2)(a) of the Local Government (Rating) Act 2002, a general rate of \$0.00063433 in the dollar on the capital value of all rateable rating units within the Southland District.

Targeted Rates

Community Facilities Rates

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, the following uniform targeted rates set per separately used or inhabited part of a rateable rating unit situated in the following Community Facility Areas:

Community Facility Areas	Charge	Community Facility Areas	Charge
Aparima Hall	\$44.30	Mossburn Hall	\$67.15
Athol Memorial Hall	\$102.76	Myross Bush Hall	\$27.70
Balfour Hall	\$39.32	Nightcaps Hall	\$86.00
Blackmount Hall	\$51.20	Ohai Hall	\$80.97
Browns Hall	\$42.37	Orawia Hall	\$95.44
Brydone Hall	\$68.56	Orepuki Hall	\$100.09
Clifden Hall	\$96.52	Oreti Plains Hall	\$84.12
Colac Bay Hall	\$114.87	Otahuti Hall	\$40.94
Dacre Hall	\$43.00	Otapiri-Lora Gorge Hall	\$77.09
Dipton Hall	\$106.75	Riversdale Hall	\$62.10
Eastern Bush Hall	\$78.89	Ryal Bush Hall	\$72.34
Edendale-Wyndham Hall	\$27.22	Seaward Downs Hall	\$33.76
Fiordland Community Event Centre	\$37.06	Stewart Island Hall	\$75.21
Five Rivers Hall	\$125.13	Thornbury Hall	\$108.73

Council

22 June 2022

Fortrose Domain	\$11.50	Tokanui-Quarry Hills Hall	\$125.23
Glenham Hall	\$33.45	Tuatapere Hall	\$50.50
Gorge Road Hall	\$49.14	Tussock Creek Hall	\$142.76
Heddon Bush Hall	\$69.00	Tuturau Hall	\$47.37
Hedgehope-Glencoe Hall	\$75.01	Waianiwa Hall	\$103.50
Limehills Hall	\$119.39	Waikaia Recreation Hall	\$55.44
Lochiel Hall	\$36.07	Waikawa Community Centre	\$69.18
Lumsden Hall	\$53.14	Waimahaka Hall	\$68.32
Mabel Bush Hall	\$48.27	Waimatuku Hall	\$38.50
Manapouri Hall	\$48.22	Wairio Community Centre	\$48.51
Mandeville Hall	\$45.00	Wallacetown Hall	\$60.00
Mimihau Hall	\$63.25	Winton Hall	\$32.43
Mokoreta-Redan Hall	\$90.23	Wrights Bush Hall	\$31.18

Roading Targeted Rates

Pursuant to Sections 16(3)(a) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of \$92.00 per rateable rating unit within the Southland District; and

Pursuant to Sections 16(3)(a) and 16(4)(b) of the Local Government (Rating) Act 2002, a differential rate in the dollar of capital value for all rateable rating units:

Roading Differentials	Rate in the dollar on capital value
Commercial	\$0.00127025
Dairy	\$0.00100082
Farming non-dairy	\$0.00060554
Forestry	\$0.00444968
Industrial	\$0.00120762
Lifestyle	\$0.00053603
Mining	\$0.02088575
Other	\$0.00016081
Residential	\$0.00053603

Regional Heritage Targeted Rate

Pursuant to Sections 16(3)(a) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of \$46.47 set per separately used or inhabited part of a rateable rating unit within the Southland District.

Community Board Targeted Rates

Pursuant to Sections 16(3)(b), and 16(4)(a) or 16(4)(b) of the Local Government (Rating) Act 2002, as relevant, the following rates per rateable rating unit within the below areas:

Community Board Targeted Rates	Differential Targeted Rate per rating unit

Ardlussa Community Board Rural Rate	\$54.43
Ardlussa Community Board Urban Rate	\$217.71
Fiordland Community Board Rural Rate	\$63.60
Fiordland Community Board Urban Rate	\$254.41
Fiordland Community Board Semi-Urban Rate	\$127.21
Northern Community Board Rural Rate	\$85.21
Northern Community Board Semi-Urban Rate	\$170.42
Northern Community Board Urban Rate	\$340.85
Oraka Community Board Rural Rate	\$55.30
Oraka Community Board Semi-Urban Rate	\$110.60
Oraka Community Board Urban Rate	\$221.19
Oreti Community Board Rural Rate	\$54.77
Oreti Community Board Semi-Urban Rate	\$109.55
Oreti Community Board Urban Rate	\$219.10
Stewart Island/Rakiura Community Board Urban Rate	\$312.27
Tuatapere Te Waewae Community Board Rural Rate	\$84.39
Tuatapere Te Waewae Community Board Semi-Urban Rate	\$168.78
Tuatapere Te Waewae Community Board Urban Rate	\$337.55
Waihopai Toetoe Community Board Rural Rate	\$52.46
Waihopai Toetoe Community Board Semi-Urban Rate	\$104.91
Waihopai Toetoe Community Board Urban Rate	\$209.82
Wallace Takitimu Community Board Rural Rate	\$77.77
Wallace Takitimu Community Board Semi-Urban Rate	\$155.55
Wallace Takitimu Community Board Urban Rate	\$311.09

Stormwater Targeted Rates

Pursuant to Sections 16(3)(a) and 16(4)(b) of the Local Government (Rating) Act 2002, the following rates:

- For all rating units within the stormwater full charge rating boundary a uniform targeted rate of \$102.23 per rateable rating unit.
- For all rating units outside the stormwater quarter charge rating boundary a uniform targeted rate of \$25.56 per rateable unit.

SIESA Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(b) of the Local Government (Rating) Act 2002, the following rates:

- For all rating units (other than vacant) that are within the scheme boundary, a uniform targets rate of \$200 for each rating unit.
- For vacant rating units within the scheme rating boundary, a uniform targeted rate of \$100 per rating unit.

Swimming Pool Targeted Rates

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, the following uniform targeted rates set per separately used or inhabited part of a rateable rating unit situated in the following Swimming Pool Areas:

Swimming Pool Area	Charge	Swimming Pool Area	Charge
Fiordland	\$14.91	Takitimu	\$28.93
Northern Community	\$23.85	Tuatapere Ward	\$7.51
Otautau	\$19.60	Waihopai Toetoe Ward	\$11.50
Riverton/Aparima	\$21.03	Winton	\$17.25

Te Anau Airport Manapouri Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of \$69.02 per rateable rating unit within the Te Anau Manapouri Airport Area.

Stewart Island Waste Management Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of \$308.06 per unit of service provided to rating units situated in the Stewart Island Waste Management Area.

Rubbish Bin Collection Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of \$184.51 per unit of service where the collection service is actually provided.

Recycling Bin Collection Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of \$184.51 per unit of service where the collection service is actually provided.

Te Anau Rural Water Scheme Targeted Rates

Pursuant to Sections 16(3)(b) and 16(4)(a) and (b) of the Local Government (Rating) Act 2002, the rates as outlined below to rating units in the Te Anau rural water rating boundary:

An annual charge by way of a uniform targeted rate of \$804.84 per restricted connection.

In regards to the supply of water, the following rates or combination of below will apply to each rating unit pursuant to Section 19(2)(b) of the Local Government (Rating) Act 2002:

- A rate of \$536.56 for each unit supplied to the rating unit.
- For rating units with an allocation of multiples of 7.7 units, a rate of \$4,131.52 for every 7.7 units allocated.
- For rating units allocated half a unit above their first full unit, a rate of 50% of a unit being \$268.28.

Matuku Rural Water Scheme Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of \$474.32 for each unit made available to rating units in the Matuku rural water rating boundary.

Metered Property Water Supply Targeted Rate

For rating units with a meter, outside the Te Anau and Matuku rural water rating boundaries, Pursuant to Section 19 of the Local Government (Rating) Act 2002, a rate for actual water consumption of \$1.10 per cubic metre.

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a fixed charge of \$196.00 per meter.

Non-Metered Property Water Supply Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(b) of the Local Government (Rating) Act 2002, for rating units not covered by the rural water schemes or that are not metered:

- For all rating units without meters that are connected to a water supply scheme or are within the scheme rating boundary but are not connected, a uniform targeted rate of \$650.20 for each unit of service.
- **For rating units with water troughs with direct feed from Council's water mains,** a uniform targeted rate of \$130.04 per trough.
- For vacant rating units within the scheme rating boundary, a uniform targeted rate of \$325.10 per rating unit for the provision of the service due to the ability to connect to the scheme.

District Wastewater Targeted Rates

Pursuant to Sections 16(3)(b) and 16(4)(b) of the Local Government (Rating) Act 2002, the following rates:

- For rating units within the defined wastewater scheme rating boundaries that are vacant or do not produce wastewater, a uniform targeted rate of \$290.16 per rating unit.
- For all rating units that produce wastewater and are either connected to a Council District wastewater scheme or within the defined wastewater scheme rating boundary and are primarily residential/domestic/household in nature, a uniform targeted rate of \$580.30 for each separately used or inhabited part of the rating unit.
- All other rating units that produce wastewater and are either connected to a Council District wastewater scheme or within the defined wastewater scheme rating boundary, a uniform targeted rate of \$580.30 for each pan/urinal.

Woodlands Septic Tank Cleaning Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of \$122.12 in respect of each separately used or inhabited part of a rating unit within the Woodlands Septic Tank Cleaning Area.

Water Supply Loan Targeted Rates

Pursuant to Sections 16(3)(b) and 16(4)(b) of the Local Government (Rating) Act 2002, a uniform targeted rate per rating unit on the option that the ratepayer has previously chosen to pay either a one-off capital contribution for a new scheme or pay it over a selected period as below (in the relevant area of service for each scheme):

Water Supply Loan Rates	Charge
Edendale Water Loan Charge - 15 years	\$219.09
Edendale Water Loan Charge - 25 years	\$134.50
Wyndham Water Loan Charge - 15 years	\$190.48
Wyndham Water Loan Charge - 25 years	\$128.30

Sewerage Supply Loan Targeted Rates

Pursuant to Sections 16(3)(b) and 16(4)(a) and (b) of the Local Government (Rating) Act 2002, a uniform targeted rate per rating unit on the option that the ratepayer has previously chosen to pay either a one-off capital contribution for a new scheme or pay it over a selected period as below (in the relevant area of service for each scheme):

Sewerage Supply Loan Rates	Charge
Edendale Sewerage Loan - 15 years (incl connection cost)	\$844.76
Edendale Sewerage Loan - 25 years (incl connection cost)	\$566.85
Edendale Sewerage Loan - 25 years (excl connection cost)	\$469.14
Tuatapere Sewerage Loan Charge - 15 years	\$390.12
Tuatapere Sewerage Loan Charge - 25 years	\$327.48
Wallacetown Sewerage Loan Charge - 25 years	\$302.59
Wyndham Sewerage Loan - 15 years (incl connection cost)	\$761.81
Wyndham Sewerage Loan - 25 years (incl connection cost)	\$513.13
Wyndham Sewerage Loan - 15 years (excl connection cost)	\$619.00
Wyndham Sewerage Loan - 25 years (excl connection cost)	\$416.94

- e) Resolves under Section 24 of the Local Government (Rating) Act 2002 that all rates (including metered water targeted rates) will be payable in four instalments with the due dates for payment being:

- Instalment One - 26 August 2022
- Instalment Two - 25 November 2022
- Instalment Three - 24 February 2023
- Instalment Four – 26 May 2023.

Rates other than metered water rates will be invoiced in equal instalments. Metered water rates will be invoiced in accordance with recorded consumption.

f) Resolves under Sections 57 and 58 of the Local Government (Rating) Act 2002 to apply penalties to unpaid rates (including metered water targeted rates) as follows:

- A penalty of 10% will be added to the amount of any instalment of rates (including metered water targeted rates) remaining unpaid after the relevant due date in recommendation (e) above, as shown in the table below:

Instalment	Date Penalty Added
1	2 September 2022
2	2 December 2022
3	3 March 2023
4	2 June 2023

- A further penalty of 10% will be added to any amount of rates (including metered water targeted rates) that are unpaid from previous years and remains unpaid at 1 July 2022. The penalty will be added on 1 July 2022.

g) Resolves under Section 88 of the Local Government (Rating) Act 2002 to set a postponement fee at \$200 GST inclusive for the administration costs of registering **a Notice of Charge plus an annual interest charge calculate at Council's internal** borrowing interest rate of 2% as prescribed in the Annual Plan 2022-2023.

h) Resolves that under Section 54 of the Local Government (Rating) Act 2002, where rates charged on a rating unit are less than or equal to \$10 (GST incl), Council will not collect these as it believes it to be uneconomic.

i) Agrees where any payment is made by a ratepayer that is less than the amount now payable, the Council will apply the payment firstly to any rates outstanding from previous rating years and then proportionately across all current year rates due.

j) Agrees that valuation roll and rate records for the District of Southland are open for inspection by ratepayers at all District offices (as listed below), during normal office hours:

- | | |
|--|---|
| - Invercargill Office
15 Forth Street,
Invercargill 9810 | - Te Anau Office
116 Town Centre,
Te Anau 9600 |
| - Lumsden Office
18 Diana Street,
Lumsden 9730 | - Te Anau Office
24 Milford Crescent,
Te Anau 9600 |
| - Otautau Office
176 Main Street,
Otautau 9610 | - Winton Office
184 Great North Road,
Winton 9720 |
| - Riverton Office
117 Palmerston Street,
Riverton 9822 | - Wyndham Library
41 Balaclava Street,
Wyndham 9831 |
| - Oban Office
10 Ayr Street, Oban,
Stewart Island 9846 | |

k) Agrees the following options be available for payment of rates:

- Direct Debit.
- Credit card (Visa or Mastercard).
- Internet banking.
- By cash or Eftpos.

Background

- 5 Council has adopted the Annual Plan 2022-2023. This paper provides for Council to set rates for the year commencing on 1 July 2022 and ending on 30 June 2023.
- 6 Rates for the 2022/23 year are set on a GST inclusive basis. This is the actual amount that the Council will receive from the ratepayer, rather than the amount to which GST will be added.
- 7 Where a targeted rate applies to a particular area, reference is made within the Funding Impact Statement (Rates Section) of Council's Annual Plan 2022-2023 to the land map detailing this. These maps can be viewed at www.southlanddc.govt.nz/my-southland/maps
- 8 Definitions of rating terminology and applicability are explained at the beginning of the Funding Impact Statement (Rates Section) of Council's Annual Plan 2022-2023.
- 9 Under Section 54 of the Local Government (Rating) Act 2002 (the Act), Council has the option to not collect small amounts. It is recommended that Council continue to not collect rates where the individual assessment totals less than \$10 (GST inclusive), as it is uneconomical to do so.
- 10 As part of the annual process, Council engage a legal advisor to undertake a review of this rates resolution report and the associated Funding Impact Statement (Rates Section). Most of the recommendations raised through this process have been actioned and incorporated into this report and Funding Impact Statement (Rates Section).

Factors to Consider

Legal and Statutory Requirements

- 11 Under Section 23(1) and (2) of the Act the Council is required to set its rates by resolution.
- 12 Section 24 of the Act requires that the Council state the financial year for which the rates relate and the due date for payment of the rates in its resolution setting rates.
- 13 Section 57 of the Act states that a local authority may, by resolution, authorise penalties to be added to rates that are not paid by the due date. The resolution must state how the penalty is calculated and the date the penalty is to be added to the amount of unpaid rates. Additionally the penalty must not exceed 10% of the amount of the unpaid rates on the date when the penalty is added.
- 14 Section 58 of the Act sets out the penalties that may be imposed.

Imposition of penalty

A local authority may impose the following types of penalty:

- (a) *a penalty on rates assessed in the financial year for which the resolution is made and that are unpaid after the due date for payment (or after a later date if so specified):*
- (b) *a further penalty on rates assessed in any financial year and that are unpaid on whichever day is the later of—*
- (i) *the first day of the financial year for which the resolution is made; or*
- (ii) *5 working days after the date on which the resolution is made:*
- (c) *a further penalty on rates to which a penalty has been added under paragraph (b), if the rates*

- 15 Pursuant to Section 23(5) of the Act, a copy of this rates resolution will be made publicly available on the Council's website within 20 working days from this resolution being approved.

Community Views

- 16 Members of the community have been provided with the opportunity to express their views in relation to Council's proposed rates for the 2022/2023 financial year via Community Boards.

Costs and Funding

- 17 The rates proposed to be set through the recommendations in this report are consistent with the financial forecasts included in the Annual Plan 2022-2023 that were considered for adoption by Council prior to its consideration of this report.

Policy Implications

- 18 The rates resolution is to set the rates for 2022/23 as detailed in the Funding Impact Statement (Rates Section) from Council's Annual Plan 2022-2023.

Analysis

Options Considered

- 19 Considered all options as part of the preparation of the Annual Plan 2022-2023 and revised during the submission process.

Analysis of Options

Option 1 - Set the rates, penalties and due dates as recommended

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Adhering to the Act and LGA requirements.The rates have been consulted on as part of the Annual Plan 2022-2023.The rates are consistent with the financial forecasts included in the Annual Plan 2022-2023.	<ul style="list-style-type: none">None identified.

Option 2 - Set the rates as indicated but amend the penalties and due dates as discussed at this meeting.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">None identified.	<ul style="list-style-type: none">May affect the total penalties amount collected. A budgeted amount expected to be collected is included in the Annual Plan. Additionally the local rate components of the Annual Plan have been discussed within the open meetings of community boards.

Council

22 June 2022

Assessment of Significance

- 20 In accordance with Council's Significance and Engagement Policy, the resolution to set the rates is considered significant as it has a major effect on the community.
- 21 The rates are formulated on the basis of the Funding Impact Statement (Rates Section).

Recommended Option

- 22 The recommended option is option 1 – Set the rates, penalties and due dates as recommended.

Next Steps

- 23 Rates will be assessed in July in accordance with the recommendations of this report. The Act also requires Council within 20 working days have the resolution available on the Council website.

Attachments

There are no attachments for this report.

Draft Stewart Island/Rakiura Visitor Levy policy and bylaw - adoption

Record no: R/22/5/19163

Author: Jane Edwards, Policy analyst

Approved by: Fran Mikulicic, Group manager democracy and community

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to present the draft Stewart Island/Rakiura visitor levy policy and bylaw (the draft policy and bylaw) for adoption by Council.

Executive summary

- 2 Council has completed the special consultative procedure on the draft policy and bylaw. On 22 February 2022 Council endorsed a statement of proposal, which included the draft policy and bylaw, for public consultation. On 27 April 2022, councillors were given a copy of the 102 written submissions that were received on the proposal, and councillors heard those submitters who wished to speak.
- 3 On 11 May 2022 Council deliberated on how it wanted to proceed. Staff have updated the draft policy and bylaw to incorporate the decisions Council made at that meeting.
- 4 Staff are requesting that Council now proceed and adopt the draft policy and bylaw.
- 5 All provisions outlined in the draft policy and bylaw will come into immediate effect upon adoption with the exception of the increase in levy quantum which will not take effect until October 2023, consistent with the agreements between the approved operators and Council.
- 6 Under Section 4 of the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012 (the Empowering Act) a levy is a sum of money collected from visitors arriving as freedom travellers, and revenue is money collected on behalf of Council by approved operators. For this report, to ensure clarity, both types of money collected (levy and revenue) will be referred to as 'levy'

Recommendation

That Council:

- a) **receives the report titled “Draft Stewart Island/Rakiura Visitor Levy policy and bylaw - adoption ” dated 17 June 2022.**
- b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) notes that on 22 February 2022, Council determined, pursuant to section 155(1) of the Local Government Act 2002 that a bylaw is the most appropriate way of addressing the funding problems faced by Stewart Island/Rakiura.
- e) determines prior to making the bylaw, pursuant to section 155(2)(a) of the Local Government Act 2002 that the draft Stewart Island/Rakiura Visitor Levy Bylaw is the most appropriate form of bylaw.
- f) determines prior to making the bylaw, pursuant to section 155(2)(b) of the Local Government Act 2002, that the draft Stewart Island/Rakiura Visitor Levy Bylaw does not give rise to any implications under the New Zealand Bill of Rights Act 1990.
- g) notes that on 11 May 2022 Council endorsed increasing the amount of the visitor levy to \$10 on 1 October 2023, and then increasing the amount of the levy to \$15 on 1 October 2025.
- h) adopts the amended Stewart Island/Rakiura visitor levy policy
- i) resolves that the amended Stewart Island/Rakiura visitor levy policy will come into effect and supersede the existing Stewart Island/Rakiura visitor levy policy on 22 June 2022.
- j) adopts the amended Stewart Island/Rakiura visitor levy bylaw
- k) resolves that the amended Stewart Island/Rakiura visitor levy bylaw will come into effect and supersede the existing Stewart Island/Rakiura visitor levy bylaw on 22 June 2022, noting that clause 4 of the bylaw provides for the levy quantum:
 - to increase to \$10 on 1 October 2023
 - to increase to \$15 on 1 October 2025

- l) ensures that in accordance with section 157 of the Local Government Act 2002, public notice be given of the making of the Stewart Island/Rakiura visitor levy bylaw, advising:
 - that the bylaw will come into force on 22 June 2022
 - that copies of the bylaw may be inspected, without fee, at all Council offices
 - that copies of the bylaw can be obtained upon payment of a reasonable charge
- m) notes that the Stewart Island/Rakiura visitor levy policy and bylaw will be reviewed within six years of being made.

Background

- 7 Council currently has a Stewart Island/Rakiura visitor levy policy (the current policy) and a Stewart Island/Rakiura visitor levy bylaw (the current bylaw).
- 8 Council sets and collects levies and obtains revenue from people who visit Stewart Island/Rakiura through the current bylaw, and through contractual agreements.
- 9 The current policy and bylaw became operative, and the levy started being collected, in October 2013. The levy collected is currently \$5 per person. Particular people are not required to pay the levy such as Stewart Island/Rakiura residents and ratepayers, and people visiting who are under 18 years.
- 10 As is required under the Empowering Act and the current bylaw, levies collected have been used to fund activities used by or for the benefit of visitors, and to mitigate the adverse effects of visitors on the island.
- 11 Staff undertook preliminary consultation and obtained feedback from internal and external stakeholders (members of the Stewart Island/Rakiura community and stakeholders involved with the levy, and staff members) on this matter, which helped develop the draft policy and bylaw.
- 12 On 22 February 2022 Council endorsed a statement of proposal, which included the draft policy and draft bylaw, for public consultation. Council consulted on the draft policy and bylaw from 1 March 2022 to 1 April 2022.
- 13 At a meeting on 27 April 2022, councillors were given a copy of the 102 written submissions that were received on the proposal, and heard from 16 submitters who wished to speak.
- 14 On 11 May 2022, Council deliberated on the draft policy and bylaw and the submissions that had been made and made a number of decisions. A key point that Council deliberated on was the setting of the levy quantum. Council resolved to increase the amount of the visitor levy to \$10 on 1 October 2023, with a further increase to \$15 on 1 October 2025.

Issues

- 15 This report presents the draft policy and bylaw for adoption. The draft policy and bylaw include the changes that were endorsed by Council on 11 May 2022.

Changes to the draft policy

- 16 Key changes to the current policy, that have been endorsed by Council, include:
- increasing the amount of levy collected from \$5 to \$10 (including GST) on 1 October 2023, and then increasing the amount of the levy from \$10 to \$15 (including GST) on 1 October 2025.
 - removing the requirement that public consultation on any change to the levy occur via the annual/long term plan process, but continuing to comply with all consultation and legal requirements for bylaw and policy review
 - allowing multi-year funding of up to 30 years for Council and community owned infrastructure in exceptional circumstances, increased from the current 10 years
 - wording to clarify the allocations process, including:
 - clarifying that the Stewart Island/Rakiura Visitor Levy Allocation Subcommittee may only allocate funding once a year, at its annual allocation meeting
 - adding examples to the descriptions of the three allocation categories (Council/community infrastructure, operational costs, community costs)
 - adding that for applications made by Council (including community boards), the inclusion of a project in Council's long term plan indicates that it has gone through a community engagement process, and Council has endorsed the project as supporting the community's long term objectives
 - updates to improve legal accuracy and clarity of the policy, including titles and delegations.

Changes to the draft bylaw

- 17 Changes to the current bylaw, that have been endorsed by Council:
- increasing the amount of levy collected from \$5 to \$10 (including GST) on 1 October 2023, and then increasing the amount of the levy from \$10 to \$15 (including GST) on 1 October 2025.

Implementation

- 18 If Council adopts the draft policy and bylaw, the change in levy quantum from \$5 currently charged would not take effect until 1 October 2023, consistent with the agreements between the approved operators and Council. To note is that the contract terms slightly differ for ISS Mackay and Council is not required to give a 15 month notice period. However, staff consider it appropriate that the quantum increase timeframe remains consistent for all three approved operators.
- 19 If Council adopts the draft policy and bylaw, notice will be given to the approved operators of the increase in levy quantum.
- 20 All other provisions will come into effect upon adoption.

Factors to consider

Legal and statutory requirements

The Empowering Act

- 21 The Empowering Act provides that Council may make bylaws in accordance with the Local Government Act 2002 (LGA) to prescribe:
- the rates of levies that may be imposed on or in respect of ‘visitors’, and
 - the means by which those levies are to be collected.
- 22 The Empowering Act identifies that the levy is a source of funding under section 103 of the LGA.

Consultation

- 23 Council has undertaken consultation on the draft policy and bylaw in accordance with the special consultative procedure outlined in section 83 and 86 of the LGA. The proposal was made widely available and people were encouraged to give their feedback.
- 24 Under section 78 of the LGA, Council must, when making a decision on how to proceed, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter. Council must consider the views and preferences of submitters but it can reach a different position from the views expressed when making a decision.
- 25 If Council wants significant changes to the draft policy and bylaw, away from the options that were outlined in the statement of proposal and outside of feedback that was given by submitters, Council will be required to re-consult on the draft policy and bylaw.

LGA financial requirements

- 26 Under the LGA Council is required to manage its finances prudently and in accordance with sound business practice. It is also required to make adequate provision for meeting its forecast expenditure requirements. As the levy is a source of ‘funding’ under the LGA, it is subject to the normal LGA financial management provisions.

Contractual obligations

- 27 Council is required to provide 15 months’ notice of a change to levy quantum to the approved operators (with the exception of the ISS Mackay contract as outlined in paragraph 18). The approved operators are only required to collect revenue through their contractual commitments with Council. Under the contract they have the option to terminate the contract by giving six months’ notice of termination. Termination cannot take place during the peak months of October to April (inclusive).
- 28 As endorsed at its meeting 11 May 2022, it is intended that Council would adopt the increases to the levy quantum at this meeting however any change to the quantum of the levy would not take effect until 1 October 2023 with a further increase 1 October 2025, consistent with the agreements between the approved operators and Council.

Determinations

- 29 Council was required, before commencing the process for making a bylaw, to determine whether a bylaw is the most appropriate way of addressing the perceived problem. The problem is that the Island hosts many short term visitors but has a small permanent population. The Empowering Act enables Council to collect a levy from passengers travelling to Stewart Island/Rakiura to provide services, facilities, and amenities for those people while they are on the Island. Council determined a bylaw is the most appropriate way to address the problem at its meeting 22 February 2022.
- 30 On 22 February 2022, Council also determined that the proposed bylaw, at that stage, was the most appropriate form of bylaw and did not give rise to any implications under the New Zealand Bill of Rights Act 1990. The bylaw, as amended following the consultation process and deliberations, is in the most appropriate form and does not give rise to any implications under the New Zealand Bill of Rights Act 1990.

Community views

- 31 Council has undertaken a thorough consultation process on this matter. The community views captured through the preliminary and formal consultation process have been provided to councillors in previous Council and committee reports. All reports are available for councillors on the Hub and they can be accessed on Council's website.
- 32 Submitters generally supported an increase in the visitor levy quantum from \$5 (the current amount) and there was acknowledgement that increasing funds were needed to protect and support the unique environment of Stewart Island/Rakiura. Some of the submitters that did not support an increase commented that an increase in levy would make the Island an uneconomical destination for visitors.
- 33 There was general support for the Stewart Island/Rakiura Visitor Levy Allocation Subcommittee (the subcommittee) being able to commit to multi-year funding, however, of those submissions in support, a slight majority considered the current approach of being able to commit funding for ten years, most appropriate.

Costs and funding

- 34 Costs associated with staff time, advertising, travel and legal advice have been met within current budgets.

Policy implications

- 35 If Council adopts the draft policy and bylaw, there are policy implications for:
- visitors to the Island
 - future applicants to the levy
 - Council, including the subcommittee
 - the approved operators and other transport providers to the Island, and
 - local business and tourism operators on the Island.

- 36 The increase in available funds as a result of raising the levy quantum should better provide for visitors to Stewart Island/Rakiura and raise the quality of current infrastructure provided for the visitor experience to the Island.
- 37 The proposed increase to the multiyear funding period should allow the expenditure allocation to best match the life span of the projects it funds and allow the levy funds to be used as effectively and efficiently as possible.
- 38 The minor changes proposed to clarify the allocations process may make it easier for future applicants to apply for funding.

Analysis

Options considered

- 39 There are two options considered in this report:
- option 1: that Council proceed and adopt the draft policy and bylaw
 - option 2: that Council propose a different way forward

Analysis of Options

Option 1 – that Council proceed and adopt the draft policy and bylaw

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Council has a good understanding of community views on this matter• the increase in the levy quantum from the current \$5 will assist strategic planning to provide for visitors• increasing the multi-year funding period will enable funds to be used more effectively• will complete a review of the policy and bylaw.	<ul style="list-style-type: none">• some community views do not support the proposed changes• there could be more risk associated with an increase in multi-year commitments to 30 years, rather than the current practice of just allocating funds for a period up to 10 years• there is a risk that approved operators may elect to terminate their contract with Council, which would mean alternative collection methods would have to be established• delaying increasing the levy to \$15 until October 2025 may limit strategic planning to provide for visitors.

Option 2 – that Council propose a different way forward

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• will give clarity on Council's preferred approach.	<ul style="list-style-type: none">• if Council wants to make significant changes to the draft policy and bylaw, it will be required to re-consult• this option may contribute to consultation fatigue on Stewart Island/Rakiura• this option may result in reputational risk to Council, as selecting it may give the impression Council is reluctant to decide.

Assessment of significance

- 40 The decisions Council is making in regard to this report have been assessed as being of lower significance in relation to Council's Significance and Engagement Policy and the Local Government Act.

Recommended option

- 41 Staff recommend that Council proceed with option 1 and adopt the draft policy and bylaw.

Next steps

- 42 If Council proceeds and adopts the draft policy and bylaw, staff would give public notice of the making of the policy and bylaw. Staff would also send letters to people who submitted on the statement of proposal, informing of the final outcome.
- 43 The new policy and bylaw would come into immediate effect and would supersede the current (existing) policy and bylaw. Staff would ensure the new policy and bylaw are put up on Council's website.
- 44 The draft policy states that the policy and bylaw will be reviewed within six years of adoption, so if Council adopt the draft policy and bylaw at this meeting, at the latest, a review will be due by June 2028.

Attachments

- A DRAFT Stewart Island/Rakiura Visitor Levy Policy [↓](#)
- B DRAFT Stewart Island/Rakiura Visitor Levy Bylaw [↓](#)



DRAFT Stewart Island/Rakiura Visitor Levy Policy

Group responsible: Democracy and community

Date approved: 12 December 2012

Date amended: 22 June 2022

File number: R/22/6/21560

1.0 Purpose

This policy provides guidance on governance and administration of the Stewart Island/Rakiura visitor levy. The policy outlines who is liable to pay levies and revenue and how levies and revenue will be collected, administered, allocated and enforced.

2.0 Background

Although Stewart Island/Rakiura has a small resident population, it is a destination for a large number of short-term visitors. This creates a unique funding challenge for Council.

The Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012 (the act) was passed into law on 26 March 2012. The act empowers Council to set and collect levies and obtain revenue from visitors to Stewart Island/Rakiura. Under the act, funds must be used to better provide services, facilities, amenities for island visitors, or mitigate environmental effects.

3.0 Definitions

ACCOUNTABILITY FORM	This is a form that must be completed by applicants after they have received funding, so Council is informed how the applicant has spent the funds and so Council is aware of any benefits that have been achieved with the funds
ACTIVITY	Has the meaning given in s.5(1) of the Local Government Act 2002: A good or service provided by, or on behalf of, a local authority or a council-controlled organisation; and includes— (a) the provision of facilities and amenities; and (b) the making of grants; and (c) the performance of regulatory and other governmental functions

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APPROVED OPERATOR	<p>A person who owns or operates or is otherwise in control of a transport vessel and who enters into a contract with the Council—</p> <ul style="list-style-type: none"> (a) relating to the provision of a service to carry to or from the island passengers who, but for the contract, would be visitors to the island; and (b) providing for revenue to be collected from the passengers; and (c) that has the effect of bringing passengers carried by the operator within the definition of an excluded visitor; and (d) including any other terms and conditions that may be agreed from time to time by the approved operator and the Council <p>The Approved Operators are RealNZ Limited (currently trading as Stewart Island Experience), Stewart Island Flights Limited and ISS McKay Limited on behalf of the cruise ships</p>
A STAFF MEMBER	A staff member from Council
BYLAW	Means the Stewart Island/Rakiura Visitor Levy Bylaw
CONTRACTOR	A contractor approved by Council
COUNCIL	Southland District Council
DEPENDENT	A person primarily under the care and responsibility of another person, living with that person as a member of their family and substantially reliant on that person for financial support
EXCLUDED VISITOR	<p>A person who is not to be treated as a visitor because the person—</p> <ul style="list-style-type: none"> (a) travels to the island under a contract of carriage with an Approved Operator; or (b) is the owner or is otherwise in control of a transport vessel or is employed, or under contract, to work on a transport vessel; or (c) is one whose visit is entirely within the boundaries of the Rakiura National Park; or (d) is visiting the island for a continuous period of 21 days or more; or (e) is a person under the age of 18 years on the date of arrival on the island
FREEDOM TRAVELLER	A visitor who travels to the island by means other than as a passenger of an Approved Operator. This includes chartered vessels and independent travel. It does not include people who travel via the ferry (with RealNZ Limited), scheduled flights (Stewart Island Flights) or cruise ships
GST	Goods and services tax chargeable under the Goods and Services Act 1985



ISLAND	Stewart Island/Rakiura
LEVY	The sum of money (inclusive of GST) collected under the Stewart Island/Rakiura Visitor Levy Bylaw from persons who are visitors to the island
MĀORI LAND	Has the meaning given in s.4 of the Te Ture Whenua Māori Act 1993: Māori customary land and Māori freehold land
RAKIURA MAORI LANDS TRUST	The Rakiura Māori Lands Trust is governed by seven trustees appointed by the Māori Land Court upon recommendation from the beneficial owners. The Rakiura Māori Lands Trust holds lands and funds in trust for many Rakiura Māori descendants
RATEPAYER	A person who is named on a current rates notice of a rating unit on the island. Only persons who are named on current rates notices are considered to be ratepayers, regardless of who funds rates payments
RESIDENT	A person recognised as living on the island for electoral residency purposes under s.23 of the Local Electoral Act 2001
REVENUE	Revenue (inclusive of GST) collected from excluded visitors, in place of any levy imposed by the Stewart Island/Rakiura Visitor Levy Bylaw, by an Approved Operator in accordance with a contract entered into for the purpose with Council
SUBCOMMITTEE	The Stewart Island/Rakiura Visitor Levy Allocation Subcommittee
TENANT	A person who has a tenancy agreement for a rating unit on the island under the provisions of the Residential Tenancies Act 1986
THE ACT	The Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012
TRANSPORT VESSEL	(a) means a ship, aircraft, or other vessel carrying passengers to or from the island, whether or not— (i) there is a charge for any or all of those passengers; or (ii) any charge is part of a tourist package; or (iii) the vessel is operated commercially; or (iv) the vessel is used for freight as well as passengers; and (b) includes— (i) a regular ferry or air service to the island; and (ii) a cruise ship whose passengers disembark to land on the island
VISITOR	Any person who—



	<p>(a) travels to or from the island, whether for a single day or for any continuous period of less than 21 days, by any transport vessel; but</p> <p>(b) is not a person who,—</p> <p>(i) for the purposes of the Local Government (Rating) Act 2002, is a ratepayer in respect of a rating unit on the island; or</p> <p>(ii) is a resident of the island by virtue of being a resident for electoral residency purposes under s.23 of the Local Electoral Act 2001; or</p> <p>(iii) is a tenant of a rating unit for the purposes of the Residential Tenancies Act 1986; or</p> <p>(iv) is the spouse, civil union partner, de facto partner, or dependent of a ratepayer or tenant; or</p> <p>(v) is a beneficiary of the Rakiura Māori Land Trust or who has an ownership interest in a Māori land block on the island; or</p> <p>(vi) is an excluded visitor.</p>
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4.0 Collection

The act provides for the collection of money from two sources:

1. **revenue;** and
2. **levy.**

The definitions of revenue and levy are found in section '3.0 Definitions' above. Council will set the revenue and levy at the same amount.

Through contractual arrangements, Council will collect revenue from passengers who travel with Approved Operators. Approved Operators include RealNZ Limited (currently trading as Stewart Island Experience), Stewart Island Flights Limited and ISS McKay Limited on behalf of the cruise ships. Passengers will pay the Approved Operator in accordance with the terms of carriage (i.e. the revenue will form part of their ticket price). If the passenger travels via an Approved Operator and pays a local or child fare, the Approved Operator will not charge the revenue.

Under the bylaw, Council will collect the levy. The levy will be collected from freedom travellers (i.e. those who are visitors under the act, so it does not include people who travel with an Approved Operator). Where a person is a freedom traveller the categories of exemption outlined in Clause 4.1 below apply. This means that if a freedom traveller is not exempt, he or she will have to pay the levy.

4.1 Who pays

All individuals travelling to Stewart Island/Rakiura, including freedom travellers, must pay the levy or pay revenue to an Approved Operator unless they are exempt under the following:



- residents, ratepayers and tenants of Stewart Island/Rakiura and their spouses, civil union partners, de facto partners, or dependents;
- beneficiaries of the Rakiura Māori Land Trust or individuals who have an ownership interest in a Māori land block on the island;
- visitors who remain on the island for any continuous period of 21 days or more;
- owners of a transport vessel or individuals employed under contract to work on a transport vessel;
- individuals whose visit is entirely within the boundaries of the Rakiura National Park; or
- persons under the age of 18 years on the date of arrival on the island.

Where the resident or ratepayer exemption applies to a person, the exemption does not automatically apply to the whole family or group. The exemption applies to the ratepayer(s) set out on the rates notice and their spouse, civil union partner, de facto partner and dependents. This does not include visiting adult children or grandchildren (unless they are dependents).

Holiday home owners are exempt if they are a ratepayer on the Council's rates notice. However, beneficiaries of family trusts will not be exempt unless they are designated by name as ratepayers on Council rates notice, or they meet one of the other reasons for exemption outlined above.

The exemption does not apply to visiting trades-people unless the person stays for more than 21 consecutive days. Visitors undertaking volunteer work are also required to pay the levy unless they fall within a category of exemption.

Visiting entirely within the boundaries of the Rakiura National Park means the person visiting does not arrive or leave through the township of Oban.

5.0 Calculation

The amount of the levy is set out in the bylaw and is \$5.00 before 1 October 2023, \$10.00 on or after 1 October 2023, and \$15.00 on or after 1 October 2025. The revenue is set at the same amount.

If Council decides to increase the levy amount, Approved Operators will receive 15 months lead in time before they start collecting the new amount and the increase will not take effect until 1 October in the year following the decision to adopt a new or amended bylaw and policy.

5.1 Arrangements with Approved Operators

Approved Operators will collect revenue on behalf of Council in accordance with contractual arrangements. The contractual arrangements will be negotiated for each Approved Operator taking into account the individual circumstances of each transport business.

Apart from ISS McKay Limited, Approved Operators will collect revenue from passengers on both inbound and outbound journeys (half the revenue amount each way). This allows for passengers who use different modes of transport to travel to and from the island and allows the revenue to be apportioned across the modes of transport on an equitable basis.

ISS McKay Limited will collect the revenue amount from each passenger (carried to or from Stewart Island/Rakiura (or its internal waters) on behalf of Southland District Council. This applies regardless of



whether or not that passenger disembarks and regardless of the number of times the passenger disembarks and embarks.

5.2 Collection of the levy from freedom travellers

The bylaw outlines levy collection from visitors who travel to the island via private or chartered transportation (i.e. freedom travellers). The levy is payable when the visitor arrives on the island. Council has provided a collection box to receive payments or payment can be made at any Council office. The collection box is placed on the Main Wharf in Oban. Freedom travellers can deposit levy payments at this location at any time. Council may also enter into agreements with agents operating chartered vessels, to collect the levy from passengers on behalf of Council.

Only one payment is required per person for the duration of their stay on the island. Travel to neighbouring islands (excluding the mainland) will not constitute leaving the island.

6.0 Proof of exemption

Persons who are not required to pay the visitor levy or revenue can apply for a Southland District Council photo identification card. Southland District Council photo identification cards will be accepted as proof of exemption by Approved Operators and agents. They will also be accepted by enforcement officers monitoring compliance with the bylaw.

A Southland District Council photo identification card will be issued and renewed at no cost to the applicant. Renewing a Southland District Council photo identification card will require confirmation of entitlement using documentation as set out in Appendix A. Photographs will also be updated at the time of renewal. It is the responsibility of the card holder to advise the Council of any change in contact details or exemption status.

The card remains the property of Southland District Council. Cards are not transferable and cardholders retain sole responsibility for use of the card issued to them. A replacement fee will apply to lost or damaged cards. This fee will be set out in the Southland District Council Schedule of Fees and Charges.

Agreements between Council and Approved Operators with respect to exemption identification are reached on an individual basis and may differ. A Southland District Council photo identification card may be required by the Approved Operator at the time of ticket purchase or boarding the vessel for an exemption to be granted.

Each Approved Operator may choose to compile a list of names eligible for local fares. Eligibility for a local fare is a commercial decision made at the discretion of Approved Operators and is not influenced or administered by Council. Individuals can contact Approved Operators to ascertain whether they maintain such a list and to determine their eligibility for inclusion. Eligibility for local fares may mean that there is no requirement to apply for and carry a photo identification card when travelling.

6.1 Application for exemption

An application to receive a Southland District Council photo identification card can be made by downloading the form from Council's website, attending the Southland District Council office located at



15 Forth Street, Invercargill and by sending a completed application form to Council (PO Box 903, Invercargill 9840 or contactcs@southlanddc.govt.nz) with a colour passport photo of each applicant.

Applicants are also required to provide documentation which proves their exemption. Examples of accepted documentation to prove exemption status are set out in Appendix A.

7.0 Refunds

People who have been charged the levy but believe that they are exempt under the act can apply to Council to receive a refund.

Refund applications should state the reason for the claim, along with a copy of supporting documentation as set out in Appendix A.

An application for a refund must be made within six months of the date of travel.

8.0 Audit

Council has the ability to audit the collection and payment of the levy by agents and revenue by Approved Operators. Audit procedures may include a review of visitor numbers against funds received.

9.0 Enforcement

Part 2 of the act outlines infringement offences. Any person who evades the payment of a levy payable by that person or falsely claims that he or she is not a visitor commits an infringement offence.

An infringement fee has been set by way of regulation and will be displayed on signs erected on the island. The amount of the infringement fee is \$250. Infringement notices can be issued by Southland District Council Enforcement officers if they observe a person committing an infringement offence or if they have reasonable cause to believe that a person has committed an infringement offence.

Council will use the following to identify who is exempt from paying the levy: Southland District Council photo identification cards, a ticket issued by an approved transport operator, and a cruise ship boarding pass. A receipt from the collection box or a levy collection agent will be accepted as proof of payment of the levy.

10.0 Administration

The subcommittee has the delegated authority and is accountable to Council to make decisions regarding funding applications to the Stewart Island/Rakiura visitor levy fund, in accordance with the Act. The subcommittee will meet annually to review applications and allocate funding. It may only allocate funding once a year.

The subcommittee is a subordinate decision-making body of the Community and Strategy Committee. The subcommittee is subject to standard audit procedures. The Community and Strategy Committee will be informed of funding decisions via memoranda. Council's Annual Report will contain an itemised statement of the Stewart Island/Rakiura Visitor Levy fund each year.



10.1 Subcommittee membership

The subcommittee will consist of the following members appointed by Council:

- the chair of the Community and Strategy Committee
- the chair of the Finance and Assurance Committee
- the councillor for Stewart Island/Rakiura
- a representative from the Stewart Island/Rakiura Community Board
- a representative recommended by each of the Approved Operators (three in total)
- a member to represent iwi
- a member from Stewart Island/Rakiura

The chair of the Community and Strategy Committee will act as chair of the subcommittee.

The chair of the subcommittee will have a casting vote, which can only be exercised to resolve an evenly split vote.

If the councillor for Stewart Island/Rakiura is also the chair of the Community and Strategy or the Finance and Assurance Committee, then an additional councillor will be appointed to the subcommittee, by Council.

Elected members on the subcommittee must act in accordance with Council's Code of Conduct. Council's Standing Orders also apply to the subcommittee. If a subcommittee member has any connection to an application greater than that of the general public, that member should declare an interest in the relevant application, prior to it being considered. In such circumstances, the member affected shall still be entitled to speaking and voting rights, unless the member has a pecuniary interest in the application.

Further information on the appointment of the representatives from the Approved Operators, the iwi representative and the representative from Stewart Island/Rakiura, is provided in Appendix B.

10.2 Applications

The application process will be administered by Council. Advertisements will be placed at the beginning of March seeking applications and outlining the deadline for receipt of applications. The application period will close at the end of March.

Applications to the Stewart Island/Rakiura visitor levy fund must be made using the appropriate documentation provided by Council. All applications must include:

- an outline of the project or work requiring funding, including a timeline;
- if the project involves physical works, scale conceptual plans including site plans;
- any requirement for resource or building consent;
- a business plan for the project including costs and on-going funding requirements, if any;
- evidence of legal status of the applicant (eg, charitable trust or body corporate);
- an assessment of how the project is for the benefit of visitors; and
- declarations of interest.



An application can be made for funding in relation to salary and wages and it can relate to a range of things such as the development or maintenance of existing facilities, services and projects.

Applicants can indicate on their application form if they would like to be heard by the subcommittee.

Late applications will not be considered.

10.3 Allocation process

A three step process will be undertaken to allocate funds. The three steps are:

Step 1 - assessing if the application is eligible for funding

Step 2 - assessing which category the application falls under

Step 3 - allocating funds to applications from each category (using the funding allocation percentages as a guide and based on the strength of the application).

Step 1: Assessing if the application is eligible for funding

To be considered for funding, applications must be consistent with s.6(b) of the act. Section 6(b) states that revenue and levies collected must be used to:

- fund, wholly or in part, activities used by visitors or any class of excluded visitor;
- fund, wholly or in part, activities on the island for the benefit of visitors or any class of excluded visitor; and/or
- mitigate the adverse effects of visitors or excluded visitors on the environment of the island.

If an application is not consistent with s.6(b) of the act, this will be identified by a staff member or contractor.

Where appropriate, a staff member or contractor may liaise with an applicant to discuss their application (e.g. whether further information is needed, or whether there is a minor issue with the application etc). The applicant will be permitted to make minor amendments to their application in this circumstance.

If, after engaging with the applicant, the staff member or contractor thinks the application is still not eligible for funding, the staff member or contractor will communicate this to the subcommittee at the allocation meeting.

Step 2: Assessing which category the application falls under

Applications that are consistent with s.6(b) of the act will be assessed by a staff member or contractor as being in one of the following categories.

Allocation Category	Description
COUNCIL/COMMUNITY OWNED INFRASTRUCTURE	Applications relating to Council's/the community's physical and organisational structures and facilities (e.g. buildings, jetties, tracks, power supply, WiFi installation, signage).
OPERATIONAL COSTS	Applications by non-profit organisations to meet their operational needs/requirements. (e.g. printing of maps,



	visitor experience host, museum operational costs, provision of WiFi service)
COMMUNITY PROJECTS	Applications that do not relate to infrastructure. These applications must be made by Stewart Island/Rakiura resident/s, ratepayer/s or tenant/s. e.g. habitat restoration, picnic tables

A staff member or contractor will communicate to the subcommittee, which category they believe the application falls under. It is possible that an application will fit into more than one category.

Step 3 - Allocating funds in accordance with the funding allocation percentages and based on the strength of the application

Funding allocation categories and percentages

The subcommittee will consider the allocation categories when it allocates funding. Although it has complete discretion, as a guide, the subcommittee may allocate the funding received on an annual basis, to applications in each category in accordance with the funding allocation percentages outlined below.

Allocation Category	Funding Allocations
COUNCIL/COMMUNITY OWNED INFRASTRUCTURE	60-70% (% of the funds available annually that will be allocated to Council/community owned infrastructure)
OPERATIONAL COSTS	20-25% (% of the funds available annually that will be allocated to operational costs)
COMMUNITY PROJECTS	5-10% (% of the funds available annually that will be allocated to community projects)

The strength of the application

The subcommittee will allocate funds to applications in the allocation categories based on the strength of the application. The strength of an application will be determined by the extent it will:

- fund, wholly or in part, activities used by visitors or any class of excluded visitor; or
- fund, wholly or in part, activities on the island for the benefit of visitors or any class of excluded visitor; or
- mitigate the adverse effects of visitors or excluded visitors on the environment of the island.

For applications made by Council (including the Stewart Island/Rakiura community board), the inclusion of a project in Council's Long Term Plan indicates that it has gone through a community engagement process, and Council has endorsed the project as supporting the community's long term objectives.

The subcommittee will have regard to the extent to which the proposed project will also benefit the local community.

A staff member or contractor will provide guidance to the subcommittee, on the strength of an application.



Committing to allocating funds in the future

The subcommittee can commit to multi-year funding (committing to give funds in an application round, to an applicant in future allocation rounds). This could be done by the subcommittee to commit to service loans drawn, such as to cover capital works projects. When this can occur, and for how many years, relates to the allocation category of the application, and is outlined in the table below.

Allocation categories	The number of years the subcommittee can commit to giving funds to an applicant, in future allocation rounds
COUNCIL/COMMUNITY OWNED INFRASTRUCTURE	up to 10 years (the current allocation round, and the next nine allocation rounds). In exceptional circumstances, the subcommittee may consider a longer term of up to 30 years (the current allocation round, and the next 29 allocation rounds).
OPERATIONAL COSTS	up to three years (the current allocation round, and the next two allocation rounds)
COMMUNITY PROJECTS	one year (just the current allocation round)

Allocations in each funding year will include those funds committed from prior years.

The subcommittee will work with staff to develop a 10 Year Funding Plan as part of each three year Long Term Plan cycle. This plan would then be approved by Council through the Long Term Plan. The plan could be used to provide forecasting around future revenue streams and also to enable the subcommittee to have a view on what proportions it might want to allocate towards multi-year commitments.

General points about allocation

Local and central government can make applications for funding.

Funding can be allocated to an applicant when he/she has received funding for the same or a similar thing, on a previous occasion.

Applicants are not required to have spent the funding that has been allocated to them previously, in order to be eligible for further funding.

The subcommittee can elect to allocate a lower level of funding to an applicant, but it cannot allocate more than what the applicant has requested.

When an application is considered by the subcommittee, the applicant will be notified within two weeks of the subcommittee meeting whether or not their application was successful, and if it was successful, the amount of funding allocated.

The subcommittee will not give further funding to applicants if they have not returned their accountability form to Council (when they have been required by this policy, to do so).



11.0 Accountability

Applicants will be required to complete and provide Council with accountability forms. Accountability forms must be returned to Council before 31 March, the year after the subcommittee grants the applicant funds. If an applicant hasn't used all (or any) of the funds by that time, the accountability form must still be completed. An applicant also must complete the accountability form by 31 March each subsequent year (even if the applicant outlines that no funding has been spent), until all of the funding allocated has been accounted for by way of an accountability form and/or returned to Council and the fund.

Any funds that are not spent by applicants (completing what was outlined in their application), within five years of the decision to allocate the applicant funding, must be returned to Council and the fund.

If any funding is returned, information on the amount and why the funding was returned, will be communicated to the subcommittee at the annual allocation meeting.

12.0 Review

The review period of the bylaw and this policy is six years.

Council may review the bylaw and this policy at any time, if required, within six years of the last review.



Appendix A: Documents which can be used to claim exemption or refund

The table below contains a list of documents which will be accepted as proof of exemption from the need to pay the Stewart Island/Rakiura Levy.

These documents will be accepted in relation to (1) applying for a photo identification card and (2) applying for a refund.

Original documentation from both Category A and Category B must be presented concurrently. Council requires proof of both identity and levy exemption status. A current address will need to be provided to receive notice of renewals and other information.

This is not a comprehensive list and other equivalent documents may be accepted when applying for a Southland District Council photo identification card or applying for levy refund.

AT LEAST ONE PHOTO ID MUST BE PRODUCED FROM CATEGORY A (THE NAME ON THE DOCUMENT MUST BE EXACTLY THE SAME AS THE APPLICANTS NAME)	
passport (passports can be accepted up to two years past the expiry date)	
proof of age card with photo	
drivers licence	
public service employee ID card bearing photo	
education ID card bearing photo	
firearms licence	
AT LEAST ONE FORM OF IDENTIFICATION FROM CATEGORY B	
REASON FOR EXEMPTION	EXAMPLE OF ACCEPTED PROOF OF EXEMPTION
<ul style="list-style-type: none"> • ratepayers • tenants • residents 	<p>One or more of the following documents showing name and address on Stewart Island/Rakiura:</p> <ul style="list-style-type: none"> • notice of rates or VG number verified by Rates Department. Rates notices must state that the applicant is the owner of the property to which the rates notice was sent and the document must be current at the time of the application • tenancy agreement • utilities bill • insurance renewal advice • motor vehicle registration • electoral roll number • mortgage documents • current land titles office records
<ul style="list-style-type: none"> • spouses of a ratepayer or tenant • civil union or de facto partner of a ratepayer or tenant • dependents of a ratepayer or tenant 	<ul style="list-style-type: none"> • application to be made in conjunction with the respective person



<ul style="list-style-type: none"> • Rakiura Māori Land Trust beneficiaries. 	<ul style="list-style-type: none"> • Council may be able to check property rights via the www.maorilandonline.govt.nz website or work with the Rakiura Māori Land Trust to access its database of beneficiaries
<ul style="list-style-type: none"> • people under the age of 18 	<ul style="list-style-type: none"> • passport • school student concession card • birth certificate
<ul style="list-style-type: none"> • owners or those working on transport vessels 	<ul style="list-style-type: none"> • employment documentation (eg, payslips, letter from employer)
<ul style="list-style-type: none"> • visitors whose visit is for 21 days or more 	<ul style="list-style-type: none"> • tickets or invoices showing names and dates of arrival and departure • receipts for accommodation covering the relevant time period



Appendix B: Appointing representatives to the subcommittee

Representative recommended by each of the Approved Operators

Council will request the Approved Operators to nominate a person to be a voluntary member on the subcommittee.

Representative for iwi

Council will, in accordance with its Charter of Understanding with Te Ao Mārama Incorporated, seek an iwi representative to be a voluntary member on the subcommittee. If a willing iwi representative is not identified through liaising with Te Ao Mārama Incorporated, Council will then approach other people who may be suitable for the role.

The appointment of a member to represent iwi will be reviewed every three years, after Council elections.

Representative from Stewart Island/Rakiura

Council will request expressions of interest from Stewart Island/Rakiura residents and ratepayers, to be a voluntary member on the subcommittee. A person will be selected by Council, following consideration of:

- the skills and experience of those interested
- the extent that conflicts of interest would be likely if the individual became a member (there is a preference for minimal/no conflicts being likely)
- the extent that the individual knows tourist/visitor requirements and impacts on the island.

If no-one suitable expresses interest, Council will approach people who may be suitable for the role.

The appointment of the Stewart Island/Rakiura representative will be reviewed every three years, after Council elections.



Southland District Council

DRAFT Stewart Island/Rakiura Visitor Levy Bylaw

Revision 2, 2022

DRAFT

Southland District Council
Te Rohe Pōtae o Murihiku

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Southland District Council

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Document Revision

Date	Amendments	Amended by	Approved by	Approval date
2012	Original		Council	12 Dec 2012
2019	2019 review <ul style="list-style-type: none"> • adding/amending definitions of 'Approved Operator' and 'Visitor' • adding the location of the collection box • adding the infringement fee that has been set by way of regulation • removing that payment can be made on website. 	Council	Council	7 February 2019 – to come into effect on 1 July 2019
2022	2022 review <ul style="list-style-type: none"> • amending levy quantum 	Council	Council	22 June 2022

Southland District Council

1 Title and commencement

This bylaw may be cited as the Southland District Council Stewart Island/Rakiura Visitor Levy Bylaw.

This bylaw shall come into force on 1 October 2013.

2 Purpose of bylaw

The bylaw is made to prescribe:

- (a) the rate of the levy that will be imposed on or in respect of visitors; and
- (b) the means by which the levy is to be collected.

This bylaw does not apply to a person who travels to or from Stewart Island/Rakiura under a contract of carriage with an 'Approved Operator' or who is otherwise excluded from the definition of 'visitor'. As at the date of this bylaw the Approved Operators are Real NZ Limited (currently trading as Stewart Island Experience), Stewart Island Flights Limited, and ISS McKay Limited (as agent for the cruise ship operators).

3 Interpretation

In this bylaw, unless the context requires otherwise:

Act	means the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012
Approved Operator	means a person who owns or operates or is otherwise in control of a transport vessel and who enters into a contract with the Council: <ul style="list-style-type: none"> (a) relating to the provision of a service to carry to or from the Island passengers who, but for the contract, would be visitors to the Island; and (b) providing for revenue to be collected from the passengers; and (c) that has the effect of bringing passengers carried by the operator within the definition of an excluded visitor; and (d) including any other terms and conditions that may be agreed from time to time by the approved operator and the Council
Council	means the Southland District Council
GST	means goods and services tax chargeable under the Goods and Services Act 1985
Levy	means the levy set under clause 4 of this bylaw
Visitor	means any person who: <ul style="list-style-type: none"> (a) travels to or from the Island, whether for a single day or for any continuous period of less than 21 days, by any transport vessel; but (b) is not a person who: <ul style="list-style-type: none"> (i) for the purposes of the Local Government (Rating) Act 2002, is a ratepayer in respect of a rating unit on the Island; or (ii) is a resident of the Island by virtue of being a resident for electoral residency purposes under s.23 of the Local Electoral Act 2001; or

Southland District Council

	<p>(iii) is a tenant of a rating unit for the purposes of the Residential Tenancies Act 1986; or</p> <p>(iv) is the spouse, civil union partner, de facto partner, or dependent of a ratepayer or tenant; or</p> <p>(v) is a beneficiary of the Rakiura Māori Land Trust or who has an ownership interest in a Māori land block on the Island; or</p> <p>(vi) is an excluded visitor.</p> <p>For the avoidance of doubt, as at the date of this bylaw, 'visitor' excludes a person who travels to or from Stewart Island/Rakiura under a contract of carriage with an Approved Operator or who is otherwise excluded from the definition of 'visitor'.</p>
--	--

4 Levy for visitors to Stewart Island/Rakiura

The levy for a visitor who travels to Stewart Island/Rakiura is:

- (a) \$5.00 (inclusive of GST) before 1 October 2023; and
- (b) \$10.00 (inclusive of GST) on and after 1 October 2023; and
- (c) \$15.00 (inclusive of GST) on and after 1 October 2025.

5 Surrounding islands

For the avoidance of doubt, a visitor who has paid a levy for travel to Stewart Island/Rakiura is not required to pay an additional levy for return travel from Stewart Island/Rakiura to a surrounding island.

6 Means of collection of levies

Levies will be collected:

- (a) by Council at any of its offices;
- (b) by Council at its collection box on the Main Wharf in Oban; and
- (c) by agents of the Council appointed to collect levies on its behalf.

Details of the agents who have been appointed to collect levies will be given on the signs erected by the Council at major points of entry on Stewart Island/Rakiura under s.5(3) of the Act and on Council's website.

7 Offences and penalties

A person commits an infringement offence under the act who:

- (a) evades the payment of a levy payable by that person; or
- (b) falsely claims that he or she is not a visitor.

The infringement fee for each infringement offence has been set by way of a regulation made under the Act and it is \$250.

Southland District Council

This bylaw has been made and confirmed by a resolution passed at a meeting of Council held on Wednesday 12 December 2012.

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

MAYOR

CHIEF EXECUTIVE

Risk management - June 2022 quarterly update

Record no: R/22/4/14068

Author: Jane Edwards, Policy analyst

Approved by: Fran Mikulicic, Group manager democracy and community

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to:
 - a) seek adoption of Council's reviewed top strategic risks with a proposed operational date of 1 July 2022
 - b) inform Council of the significant strategic and corporate risks for the June 2022 quarter.

Executive summary

- 2 A risk management framework (RMF) was adopted by Council in February 2019. This framework supports risk thinking across Council so that risk can be understood, planned for and mitigated across all levels and activities.
- 3 As part of the RMF, Council's priority strategic risks were identified and endorsed in June 2021 and these form the basis of the quarterly risk report (including the risk register) which is monitored and managed by the leadership team (LT) with oversight from the Finance and Assurance Committee (the committee).
- 4 The LT have reviewed the status of the current priority risks endorsed by Council and these were presented to the committee for the June 2022 quarterly risk management update.
- 5 Following consideration at its meeting on 15 June 2022, the committee stated it had confidence in the management of the current priority risks to Council for the June quarter. Any significant areas of issue are highlighted in this report along with a brief summary of each risk area for Council's information.
- 6 In order that the ongoing risk management process remains relevant and continues to support governance in its decision making, the LT is required by the RMF to undertake an annual review of its priority risks.
- 7 The review process took place over two workshops over the last quarter. The review confirmed that the 12 priority risk areas currently being reported on continue to have the potential to significantly impact Council's achievement of its current strategic objectives.
- 8 This report seeks adoption of the reviewed priority strategic risks with a proposed operational date of 1 July 2022.
- 9 The proposed priority strategic risks are presented as Attachment A for Council's consideration.
- 10 The risk register for the June 2022 quarter is included as Attachment B

- 11 The matrices used to assess the risks are included for information as Attachment C.

Recommendation

That the Council:

- a) **receives the report titled “Risk management - June 2022 quarterly update” dated 17 June 2022.**
- 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) adopt the reviewed top strategic risk areas as follows to become effective 1 July 2022:
 - i. change and reform – the risk that Council has inadequate adaptability to respond to a continuously changing environment
 - ii. climate change – the risk that Council fails to adapt to, or mitigate the effects of, climate change impacts
 - iii. compliance and fraud – the risk that Council is unable to adapt to the impacts of fraud and increasing compliance standards on the organisation
 - iv. Covid-19 response – the risk that Council fails to adequately respond to Covid-19 impacts which affects its ability to deliver for the community
 - v. cyber security – **the risk that Council’s systems are vulnerable to cyber-attack and/or error**
 - vi. data and systems – the risk of ineffective and inefficient use of information in **Council’s decision-making**
 - vii. disaster event – the risk that Council is unable to respond to the consequences of a natural or human-induced event impacting the District
 - viii. health, safety and wellbeing – the risk of health, safety and wellbeing harm to staff, contractors and community
 - ix. public health – the risk that Council exposes the community to a public health emergency
 - x. relationships and reputation – the risk that Council fails to manage its local, regional and national relationships. The risk that Council suffers reputational damage because of service delivery failure
 - xi. resource and delivery – the risk of non-performance/delivery of committed outcomes and meeting expectations
 - xii. strategy and direction – the risk of poor or ineffective decision-making due to lack of strategic integration and alignment.
- e) notes those risks currently assessed as of significant issue for the June 2022 quarter.

Annual priority risk review

Background

- 1 The LT jointly owns the current priority risks for Council and is responsible for maintaining oversight of the risks, controls and treatments. In order that the ongoing risk management process remains relevant and continues to inform consistent and effective decision making, the LT is required by the RMF to undertake an annual review of its priority risks.
- 2 Over the last quarter, Council's top risks have been reviewed and reset to ensure their continued relevance in a changing risk environment. The review process has confirmed the 12 priority risk areas currently being monitored continue to be identified as having the potential to significantly impact Council's strategic objectives. These are included as attachment A.
- 3 The reviewed priority strategic risk areas were considered and approved by the committee at its meeting 15 June 2022.
- 4 Following consideration, the committee recommended that Council adopts the reviewed top strategic risks with an operational date of 1 July 2022.

Proposed strategic risks:

Change and reform

- 5 This risk looks to understand and manage both the external and internal factors that could have significant negative impact on Council's resilience. If Council does not have the capacity to respond to increasing levels of change then adequate financial planning and exploiting potential opportunities may be missed. Factors that could affect Council's adaptability could include an external impact such as a significant activity being removed because of legislative change required by central government (e.g. Three Waters), or internal impacts such as the change or loss of key staff/elected members causing a loss of momentum and/or change of direction.
- 6 Mitigations proposed will look to ensure that Council is able to be agile and flexible as change evolves and is not adversely affected by new or unpredictable developments. Council will continue to actively monitor and engage on this issue with LGNZ and central government to keep pace with anticipated reform expectations. Work will also continue internally with workforce planning and succession planning.

Climate change

- 7 This risk relates to Council being unable to adapt to, or mitigate against, the effects of climate change because of inadequate planning for anticipated impacts. Climate change effects are currently and will continue to result in significant uncertainty and challenge for the District. Not only will infrastructure be vulnerable, but so too will economic development and growth, community health and safety and social support systems.
- 8 To tackle the short- and long-term threats of climate change, Council will need to identify effective climate change mitigation and adaptation strategies to ensure it can meet the current and future needs of the community. While it is acknowledged that the uncertainty of climate change modelling and lack of clear direction from central government has slowed the development of a climate change strategy, it is essential that Council begins to proactively build capacity at a District level.

- 9 At a local level, this risk is particularly relevant to district planning (e.g. allowing urban development in hazard zones and managing those that have previously got consent) and the infrastructure team (e.g. identifying areas where critical infrastructure is vulnerable to the effects of climate change and relocating if needed).

Compliance and fraud

- 10 This risk highlights the effects of increasing compliance standards on council's strategic direction. New legislation from central government such as the Privacy Act, new climate change legislation and the Three Waters reform all have the potential to raise challenges in terms of compliance with central government timeframes. Additionally, if Council breaches legislation because of non-compliance with key employment and/or health and safety legislation, there is the potential risk of prosecution and financial penalty.
- 11 Given that a key trigger for this risk is poor resource allocation or prioritisation, mitigations proposed include focusing on 'must do' work e.g. tasks required by legislation and council resolution. Also proposed is forward planning for resourcing the work programme and escalating resourcing issues to LT as required.
- 12 Council has a range of system and management controls in place to detect and prevent fraud. These include financial controls around procurement practices and authorisation, and regular and thorough management reporting. Work will continue to ensure that the procurement process is well documented and in line with Council's procurement manual, and supported by the training of all staff involved in procurement. Council has adopted a Fraud Policy and associated handbook, has nominated fraud control officers, and fraud awareness training has been proposed for all staff.

Covid-19 response

- 13 This risk explores the effects of an inadequate response to Covid-19 impacts on Council's ability to deliver to the community.
- 14 The management of Covid-19, and in particular, the expected long tail of the current Omicron outbreak, has remained prominent over the last year, especially the health, safety and wellbeing impacts, financial implications, and resourcing issues for the organisation.
- 15 The Incident Management Team (IMT) has continued to manage Council's response as cases have continued to emerge both in the District and within the organisation. This has included continued provision of support and advice to the organisation in response to impacts on critical services and the wellbeing of staff and community
- 16 While staff are beginning to transition back into the offices, working remotely has meant the risk of Covid spread has been reduced and the organisation has showed that the majority of work can be done offsite.
- 17 While key internal controls are currently continuing to operate effectively, external issues of supply chain constraints and the potential for critical skills shortages are addressed elsewhere in this report.
- 18 People leaders have continued to monitor productivity levels, barriers, and the wellbeing of their teams. This is currently being done informally with monitoring via conversations rather than surveys to not overload staff already at capacity.

- 19 Regular delivery of information has utilised communication channels from chief executive to staff via a weekly newsletter Kia Korero, and to governance via a weekly elected member newsletter. In addition, weekly meetings have been held between mayor and CE.

Cyber security

- 20 Council continues to experience activity in the cyber-attack space. This risk outlines the mitigations both proposed and in place that seek to manage the organisation's external and internal vulnerabilities.
- 21 Council's IT systems are potentially exposed to greater security threats because of the move towards online and cloud services resulting in the potential for hacking and subsequent outages and/or privacy breaches.
- 22 In order to identify mitigations to both internal and external facing vulnerabilities, Council has engaged an external consultant to create a cyber security strategy. While it is acknowledged that it is impossible to eliminate all risks, this work will identify the areas that Council will not be able to control, and the areas that can be mitigated against. This will clarify the work needed e.g. which risk areas will have to be accepted, work needed with staff and councillors, and policies required.

Data and systems

- 23 This risk looks to illustrate the consequences of incomplete or inaccurate data or systems on Council's ability to effectively and optimally manages its infrastructure and community assets.
- 24 Impacts include Council's ability to identify the true costs of operating its assets (and whether the current level of investment in maintenance and renewals is appropriately matched to asset criticality and condition), the accuracy of asset valuations and insurance coverage, proposed maintenance scheduling and asset management planning.
- 25 Mitigations to this risk include increasing organisation-wide knowledge of systems, processes and equipment with emphasis placed on documented process and procedures, internal and external audit and effective integration and communication between teams.

Disaster event

- 26 This risk relates to a natural or human-induced disaster event that occurs with little or no warning. The risk details the consequences, in terms of Council services, of being unable to appropriately respond to or recover from an emergency because of Council's inadequate emergency response and business continuity planning arrangements.
- 27 Council's emergency management is supported by continued collaboration with local emergency services, National Emergency Management Agency, and Emergency Management Southland (EMS). Emergency response mitigations include continued collaboration with EMS to coordinate response, appropriate and ongoing training of staff and continued review of Council's emergency preparedness.
- 28 Mitigations to this risk also include those that address financial impacts such as having appropriate insurance in place, significant borrowing capacity and a strong balance sheet to reduce reliance on ratepayers to fund recovery. Further work to develop business continuity planning is proposed.

- 29 Further consideration will be given to how Council could best support community resilience in the face of a disaster event and the mitigations that could be put in place such as effective engagement strategies and increased collaboration with Council. Lessons learned from the Covid-19 pandemic highlighted the importance of having effective community networks in place prior to a disaster event unfolding.

Health, safety and wellbeing

- 30 This risk outlines the consequences of a member of the public, a council employee or a contractor working on Council's behalf, being exposed to a critical risk because of the action or inaction of Council.
- 31 Council has a legal obligation to ensure appropriate protection against critical risks including vehicle movements, public health, working at height and contractor management. This strategic risk also incorporates psychosocial risk within the organisation such as mental and social wellbeing which can result in high staff turnover, absenteeism and other performance issues.
- 32 Mitigations include the ongoing implementation of the health and safety framework with particular emphasis on building understanding of Council's PCBU (Person Conducting a Business or Undertaking) obligations; and assessing the culture, systems and employment processes that will help to embed and strengthen health and safety awareness across the organisation.

Public health

- 33 This risk is primarily focused on Council's drinking water supply being disrupted or compromised, but also includes the potential of damaging discharges to water, land or air resulting in poor health outcomes for individuals or groups in the District.
- 34 Council has in place a robust compliance monitoring system and continues to develop processes and controls to ensure compliance with appropriate national and regional plans.

Relationships and reputation

- 35 This risk explores the impacts of dysfunctional strategic relationships internally and externally and the factors that might result in reputational damage.
- 36 Externally, the delivery of Māori outcomes is a key area that Council must consider if its Tiriti o Waitangi obligations are to be met. The risk incorporates the impacts of an incohesive relationship between iwi and Council along with incorporating the risks of dysfunctional relationships with community boards and key stakeholders.
- 37 Internally, consideration is also given to the consequences of poor relationships and mistrust between elected members, management and staff and the potential for resultant reputational damage, undermining of management decisions and/or the appointment of a Crown Manager to replace Council.
- 38 Current and proposed mitigations include relationship management within the organisation, with community boards and stakeholders; and programmes to build understanding of tikanga Māori and Council's Treaty obligations.

Resource and delivery

- 39 This risk focuses on the significant strain on resources locally, nationally and globally, and the impact this has on achieving Council's strategic objectives. Organisational performance, the

delivery of Council's committed outcomes, and meeting community expectations are significantly impacted by difficulties obtaining skilled resources and materials.

- 40 Council continues to monitor and analyse changes that may affect the market capacity and access to supply chains. Recruiting and retaining skilled resources is an issue nationally. Council will continue to support local careers based events while also pushing at a national level for a coordinated approach to help attract appropriately skilled people into the sector. In the meantime, Council continues to work with other councils and agencies to coordinate and share resources. Internally, mitigations include building a culture that encourages people to stay and to recruit into.

Strategy and direction

- 41 This risk looks to understand and manage both the external and internal factors that could have significant negative impact on Council's direction. It also highlights the potential that a lack of consistent direction-setting could result in poorly aligned and uninformed decisions that impact the community.

Quarterly risk management update

- 42 This section of the report highlights key issues or changes to the current strategic risk register for the June 2022 quarter.
- 43 The risk register update for the June 2022 quarter is attached as attachment B.

Issues

- 44 The risk register has twelve priority risks of which there are two 'very high', six 'high', and four 'medium' rated risk post mitigation.
- 45 Issues to note this quarter include:

Change and reform

- 46 This risk continues to be assessed as worsening this quarter.
- 47 The three waters and resource management act reforms along with the review of local government will continue to be monitored and assessed to ensure adequate awareness and understanding at both management and governance levels. Staff will continue to provide visibility of central government's reform agenda where possible through regular reporting and workshops with Council and/or committee.
- 48 It will be essential that Council positions itself to take advantage of opportunities to influence legislative development and potential transition planning on behalf of the District where possible. Staff will continue to monitor and participate where appropriate, for example, a joint submission to the draft National Adaptation Plan is currently underway to try and ensure that the process is relevant and appropriate for the District. However, it should be noted that given the breadth and complexity of anticipated reform, the expectation that Council should respond may begin to exceed the organisation's capacity to do so.
- 49 To ensure the community's ongoing resilience in the face of complex change, it is important that Council both identifies and documents the community's long term needs; and that it also finds a

way to effectively communicate the implications of the anticipated reforms back to the community.

- 50 In October 2022, Council faces the potential for a loss in momentum and a loss of intellectual capital as it approaches local body elections with a number of elected members confirming that they will not stand again. Mitigations currently in place include projects designed to encourage people to stand for both Council and community boards, along with work to smooth the induction programme for new elected members however Council will need to be prepared to manage any further implications of a new Council table transitioning in.

Resource and delivery

- 51 This risk continues to be assessed as worsening.
- 52 The likelihood of negative impacts on the delivery of Council's agreed work programme has been assessed as likely rather than unlikely this quarter despite current mitigations. This raises the post mitigation threshold from medium to very high. Given increasing costs, Council is currently facing this risk being realised with the prospect of delivering less at increased cost.
- 53 The current volatility of the market is impacting nationally and globally and has meant that staff have had to consider different and increasingly flexible ways of procuring materials and services to reduce risk i.e. alliance type tendering and increasing project contingencies for work with high price component risks.
- 54 Procurement plans will need to be updated to reflect current climate regarding Covid 19 and the effects e.g. corporate material controls, availability and/or lead in times required to secure certain high demand materials, volatility of material pricing and labour price increases.
- 55 Council should be aware of the heightened risk for relationship tensions with subcontractors who are also under pressure from rising costs. Putting a tender together has a cost impact for contractors due to time, fuel and complexity and so staff are considering ways in which Council could split work packages to target contractors and ensure the work programme remains attractive.
- 56 To consider also, is the risk if knowledge loss and relationship impacts if key contractor positions are lost. Many contractors are under pressure and some are downsizing plus the current job market is encouraging many to seek other employment.
- 57 Council also faces the potential for a loss of key staff within the organisation with possible diversion of management to the three waters entities and the likelihood of staff positioning their career decisions at the cost of Council.

Analysis

Options Considered

- 58 Staff have identified three practical options for Council to consider:

Option 1 – Council adopts the reviewed priority strategic risks to become operational on 1 July 2022

Option 2 – Council proposes a different way forward

Analysis of Options

Option 1 – Council adopts the reviewed priority strategic risks to become operational on 1 July 2022

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• this ensures clarity and focus is given to those risks deemed as most important to Council• governance will have a clear indication of management's risk priorities• the risk register will continue to give clarity to the community of Council's risk priorities• setting a non-ranked risk register means prioritisation can be fluid for the reporting year	<ul style="list-style-type: none">• this approach is not consistent with the risk management framework requirements which states risks should be ranked by priority weighting

Option 2 – Council proposes a different way forward

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• this will give clarity as to Council's preferred direction for risk management and reporting	<ul style="list-style-type: none">• continuing to utilise the current risk register until further direction is given may result in misleading or inappropriate resource allocation• this approach is not consistent with management's risk priorities• changing the risk management reporting process may have implications for the clear focus on what Council's top strategic risks are• this approach would not be consistent with the risk management framework

Recommended Option

- 59 Staff recommend option 1 – that Council adopts the reviewed priority strategic risks with an operational date of 1 July 2022

Next Steps

- 60 On 1 July 2022, staff will begin the review process for the upcoming quarter and an assessment of the priority strategic risks will be presented to a committee of Council at its meeting in September 2022.

Attachments

- A Proposed priority strategic risks 2022 [↓](#)
- B Risk register - Council - June 2022 quarterly update [↓](#)
- C Risk management framework - risk matrices [↓](#)



Proposed priority strategic risks – 2022

LT annual risk review 2022

CHANGE AND REFORM	Risk that Council has inadequate planning adaptability to respond to a continuously changing environment
CLIMATE CHANGE	Risk that Council fails to adapt to, or mitigate the effects of, climate change impacts
COMPLIANCE AND FRAUD	Risk that Council is unable to adapt to the impacts of fraud and increasing compliance standards on the organisation
COVID-19 RESPONSE	Risk that Council fails to adequately respond to Covid-19 impacts which affects its ability to deliver for the community
CYBER SECURITY	Risk that Council's systems are vulnerable to cyber-attack and/or error
DATA AND SYSTEMS	Risk of ineffective and inefficient use of information in Council's decision-making
DISASTER EVENT	Risk that Council is unable to respond to the consequences of a natural or human-induced event impacting the District
HEALTH, SAFETY AND WELLBEING	Risk of health, safety and wellbeing harm to staff, contractors and community
PUBLIC HEALTH	Risk that Council exposes the community to a public health emergency
RELATIONSHIPS & REPUTATION	Risk that Council fails to manage its local, regional and national relationships Risk that Council suffers reputational damage because of service delivery failure
RESOURCE AND DELIVERY	Risk of non-performance/delivery of committed outcomes and meeting expectations
STRATEGY AND DIRECTION	Risk of poor or ineffective decision-making due to lack of strategic integration and alignment

Proposed priority strategic risks
ELT annual risk review 2021

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Quarterly risk register June 2022

Council

STRATEGIC RISK SUMMARY TABLE											
Change & reform	Climate change	Compliance and fraud	Covid 19 response	Cyber-security	Data & systems	Disaster event	Health, safety & wellbeing	Public health	Relationships & reputation	Resource & delivery	Strategy & direction
PRE TREATMENT THRESHOLD											
High	Very high	High	Very high	Very High	High	Very high	Very high	Very high	Very high	Very high	High
POST TREATMENT THRESHOLD											
High	High	Medium	High	Medium	Medium	Very high	High	High	High	Very high	Medium
RISK STATUS FOR THE CURRENT QUARTER IS ASSESSED AS:											
Worsening	Static	Static	Static	Static	Improving	Static	Improving	Static	Static	Worsening	Static
RISK LEAD											
Chief executive	Leadership team										Chief executive
ACTION OFFICER											
Chief executive	Environmental planning manager	Building solutions manager	Incident management team	Business solutions manager	Leadership team	Communications manager	Health, safety & wellbeing advisor	Strategic manager water & waste	Leadership team	Commercial infrastructure manager Project delivery manager	Leadership team
	Services & assets leadership team	Environmental planning manager				Environmental planning manager		Asset manager – water & waste			
		Strategic manager water & waste						Environmen tal health manager			
		Transactional project lead									

Risk register template
1/06/2019

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Strategic risk CHANGE AND REFORM			
DESCRIPTION	Risk that Council has inadequate adaptability to respond to a continuously changing environment		Status: Worsening
Risk management framework CATEGORY	Strategic	Risk register LINKS	Climate change Compliance Strategy and direction
RISK LEAD	Chief executive	ACTION OFFICER	Chief executive
POTENTIAL RISK TRIGGERS	<p><u>External:</u></p> <ul style="list-style-type: none"> • changes in central government political direction and/or decision-making • changes in community/stakeholder service level expectations • sector messaging creating uncertainty for business, communities and organisation <p><u>Internal:</u></p> <ul style="list-style-type: none"> • organisational lack of agility and resilience due to: <ul style="list-style-type: none"> ○ inadequate capacity and capability ○ complexity and effectiveness of organisational systems and processes ○ siloed culture ○ political personalities, trust and relationships ○ loss of key staff/elected members ○ inadequate contingency planning ○ ineffective change communication ○ lack of strategic direction 		
PRE TREATMENT THRESHOLD	Consequence: Moderate	Likelihood: Highly likely	High



CURRENT MITIGATIONS	<ul style="list-style-type: none"> • monitoring of macro trends/broader environment <ul style="list-style-type: none"> ○ taking an apolitical approach to continue momentum on projects ○ continued monitoring and participation where appropriate to influence the direction of new legislation ○ visibility of central government's reform agenda provided through regular reporting and workshops with Council and/or committee ○ work to understand implications of climate changes to communities and how this will impact on service delivery • improving organisational resilience <ul style="list-style-type: none"> ○ review and improve systems/procedures around data capture, management and storage ○ review of current internal structures and practices to ensure they are fit for purpose ○ review and identify process to increase adaptiveness and agility of governance/management/staff • improving financial resilience <ul style="list-style-type: none"> ○ monitoring of macro trends/broader environment ○ ensuring the ability to urgently reprioritise capital spending and/or community levels of service spending • maintain trust and confidence of our communities through effective communication and engagement <ul style="list-style-type: none"> ○ continued engagement/collaboration with neighbouring councils/central government / governance/management/ staff level relationships 		
POST TREATMENT THRESHOLD	Consequence:	High	Likelihood: Highly likely
PROPOSED MITIGATIONS	High		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • engagement strategy to articulate external messaging to the community • leadership forum – developed but currently on hold due to Covid-19 impacts 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • none reported for the June 2022 quarter 		



Strategic risk		CLIMATE CHANGE		
DESCRIPTION	Risk that Council fails to adapt to, or mitigate the effects of, climate change impacts			Status: Static
Risk management framework CATEGORY	Health, safety and wellbeing Regulatory and compliance	Strategic Social, cultural and environmental	Risk register LINKS	Change and reform Disaster event
RISK LEAD	Leadership team		ACTION OFFICER	Services and Assets Leadership Team Environmental planning manager
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">ineffective clear advice to enable evidence-based quality decisions due to:<ul style="list-style-type: none">variability and uncertainty in climate change modellingchanges in political direction <u>Internal:</u> <ul style="list-style-type: none">inadequate consideration of climate impacts in:<ul style="list-style-type: none">strategic decision-makingfit for purpose activity management			
PRE TREATMENT THRESHOLD	Consequence:	Major	Likelihood:	Likely
CURRENT MITIGATIONS	Very high <ul style="list-style-type: none">effective governance, strategies and plans<ul style="list-style-type: none">infrastructure planning to have activity-based approach to address zoning decisionsclimate change considerations included in draft Long Term Plan 21/31, draft infrastructure strategy, activity management plansensuring continued compliance with appropriate national and regional plansbuild knowledge<ul style="list-style-type: none">understand and identify implications of climate changes to communities and how this will impact service delivery			



	<ul style="list-style-type: none"> ○ research programme including stakeholders ○ continuing to engage with LGNZ and central government to monitor anticipated reform change ○ continuing to engage at regional level on information gathering and analysis relating to hazards ● build capacity <ul style="list-style-type: none"> ○ adequate borrowing capacity in place through the financial strategy to assist with recovery costs ○ Local Authority Protection Programme insurance in place ○ emergency resourcing in place and available 	
POST TREATMENT THRESHOLD	Consequence: Major	Likelihood: Possible
	High	
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> ● development of a climate change strategy which will identify and prioritise actions towards managing climate change impacts ● development of a draft climate change policy that sets out appropriate climate change scenarios to use, governance for climate change, capability and capacity requirements ● investigate Council's carbon footprint to better understand actions required to reduce Council's operational emissions 	
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> ● none reported for the June 2022 quarter 	



Strategic risk COMPLIANCE AND FRAUD			
DESCRIPTION	Risk that Council is unable to adapt to the impacts of fraud and increasing compliance standards on the organisation		Status: Static
Risk management framework CATEGORY	Financial Strategic Regulatory and compliance	Risk register LINKS	Public health Service delivery Reputation
RISK LEAD	Leadership team	ACTION OFFICERS	Fraud – Transactional project lead Compliance – Building solutions manager Environmental planning manager Strategic manager water & waste
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none"> central government changes to the regulatory standards for compliance <ul style="list-style-type: none"> external attempts to perpetrate fraud <u>Internal:</u> <ul style="list-style-type: none"> community and stakeholder service-level expectations not being met breakdown in internal controls resulting in: <ul style="list-style-type: none"> continued or serious breaches leading to increased compliance requirements and regulation poor resource allocation/prioritisation complacency emotionally and financially stressed staff lack of training and awareness remote/flexible working 		
PRE TREATMENT THRESHOLD	Consequence: Catastrophic	Likelihood: Unlikely	
	High		



CURRENT MITIGATIONS	<p>Fraud:</p> <ul style="list-style-type: none"> • effective governance, strategies and plans <ul style="list-style-type: none"> ○ fraud policy adopted, fraud officers nominated and fraud awareness training initiated ○ external and internal audits, segregation of duties and well established documented approvals process ○ well documented and aligned procurement process - procurement policy and manual adopted and training workshops initiated <p>Compliance:</p> <ul style="list-style-type: none"> • ensuring continued compliance with appropriate national and regional plans • effective governance, strategies and plans <ul style="list-style-type: none"> ○ prioritisation of projects to ensure compliance is maintained ○ forward planning for resourcing works programme ○ documented process and procedures, internal and external audit, staff training, strengthened links between teams and quality assurance processes • collaborative governance group meetings 		
POST TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood: Rare
	Medium		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • none reported for the June 2022 quarter 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • none reported for the June 2022 quarter 		



Strategic risk COVID-19 RESPONSE			
DESCRIPTION	Risk that Council fails to adequately respond to Covid-19 impacts which affects its ability to deliver for the community		Status: Static
Risk management framework CATEGORY	Financial, social, cultural and environmental	Risk register LINKS	All strategic risk areas
RISK LEAD	Chief executive	ACTION OFFICERS	Incident management team
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none"> • changes in central government political direction and/or decision-making • changes in community/stakeholder service level expectations • sector messaging creating uncertainty for business, communities and organisations <u>Internal:</u> <ul style="list-style-type: none"> • insufficient organisational agility and resilience as a result of <ul style="list-style-type: none"> ○ inadequate capacity and capability ○ complexity and effectiveness of organisational systems and processes ○ absence of key staff/elected members ○ inadequate contingency planning ○ ineffective change communication 		
PRE TREATMENT THRESHOLD	Consequence: Major	Likelihood:	Likely
	Very high		
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • effective governance, strategies and plans: <ul style="list-style-type: none"> ○ monitoring of macro trends/broader environment to understand implications to the community and the organisation and how this will impact on service delivery and business continuity 		



	<ul style="list-style-type: none"> ○ continued monitoring and adaptation to changes in central government's Covid-19 response strategy including the devolution of isolation management back into the community ● organisational resilience <ul style="list-style-type: none"> ○ adaptive and agile governance/management/staff - People Leaders have been monitoring productivity levels, barriers, wellbeing of their teams, and working to identify capability gaps. ○ build and maintain capacity - prioritised list of critical services/roles, documented plans for preparedness along with second and third fall back plans, separation of key essential roles. ● financial resilience <ul style="list-style-type: none"> ○ ability to urgently reprioritise capital spending and/or community levels of service spending ● effective communication and engagement <ul style="list-style-type: none"> ○ communications out to the community to keep informed of impacts to services ○ regular internal communication channels utilised to keep organisation updated 		
POST TREATMENT THRESHOLD	Consequence: Major	Likelihood: Possible	
	High		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> ● none reported for the June 2022 quarter 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> ● none reported for the June 2022 quarter 		



Strategic risk							CYBER SECURITY	
DESCRIPTION	Risk that Council's systems are vulnerable to cyber-attack and/or error						Status:	
							Static	
Risk management framework CATEGORY	Financial Operational	Regulatory and compliance	Risk register LINKS	Data and systems Disaster event	Reputation Service delivery			
RISK LEAD	Leadership team		ACTION OFFICER	Business solutions manager				
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">external threat attemptscomplacency with regard to international trends and attacks <u>Internal:</u> <ul style="list-style-type: none">technical failure to protect IT systems<ul style="list-style-type: none">increasing digitisation without integration with processesinadequate cyber strategyunderinvestment/lack of maintenancebreakdown of internal controls<ul style="list-style-type: none">inadequate IT security awareness/culture/behaviours /competency potentially resulting in malicious or innocent employee activitiesremote/flexible working creating less secure connections							
PRE TREATMENT THRESHOLD	Consequence:	Catastrophic		Likelihood:	Possible			
	Very high							
CURRENT MITIGATIONS	<ul style="list-style-type: none">increased digital protection<ul style="list-style-type: none">E-delivery project, regular updating of IT equipment including enhanced mobilityeffective governance, strategies and plans<ul style="list-style-type: none">cyber security strategy, SAM for compliance, disaster recovery plan							



	<ul style="list-style-type: none"> improve internal controls <ul style="list-style-type: none"> regular reporting to management and governance phone systems, systems back up, role based controls in place establishment of cyber security engineer role completed 		
POST TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood: Rare
	Medium		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> improve internal controls: <ul style="list-style-type: none"> mobile device management (MDM) 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> SAM audit completed Dec 21 technical disaster recovery test completed Dec 21 cyber security engineer role established Sept 21 		



Strategic risk DATA AND SYSTEMS			
DESCRIPTION	Risk of ineffective and inefficient use of information in Council's decision-making		
	Status: Improving		
Risk management framework CATEGORY	Financial Operational	Strategic	Risk register LINKS Cyber security
RISK LEAD	Leadership team	ACTION OFFICER	Leadership team
POTENTIAL RISK TRIGGERS	<u>Internal:</u> <ul style="list-style-type: none"> inability to maximise effectiveness of information systems and tools due to: <ul style="list-style-type: none"> complexity of organisational systems lack of integration/alignment across information systems lack of analytics capability/capacity insufficient data governance poor resource allocation/prioritisation cyber security <ul style="list-style-type: none"> inefficient systems which are vulnerable to attack and/or error 		
PRE TREATMENT THRESHOLD	Consequence: Moderate	Likelihood: Likely	
	High		
CURRENT MITIGATIONS	<ul style="list-style-type: none"> review and improve systems/procedures around data capture, management and storage <ul style="list-style-type: none"> implementation of asset management tool (IPS) contract alignment staff training and reporting options implementation of metadata standards established infrastructure design standards effective communication 		



	<ul style="list-style-type: none"> ○ part of BAU with operational reporting to community boards • effective resourcing ○ recruitment has been completed and currently being utilised to resolve the backlog of Three Waters data 		
POST TREATMENT THRESHOLD	Consequence:	Moderate	Likelihood: Possible
	Medium		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • review and prioritisation of data analytics 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • asset management workshops • recruitment of data/GIS temporary resources to resolve backlog of 3-Waters data • communication with community – part of BAU with operational reporting via community leadership team and services& assets 		

Dec 21
Jun 21
Jun 21



Strategic risk						DISASTER EVENT	
DESCRIPTION	Risk that Council is unable to respond to the consequences of a natural or human-induced event impacting the District					Status: Static	
Risk management framework CATEGORY	Financial	Social, cultural and environmental	Risk register LINKS	Climate change Cyber security	Public health Relationships		
RISK LEAD	Leadership team		ACTION OFFICERS	Services and Assets Leadership Team	Communications manager Environmental planning manager		
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">• biosecurity outbreak• severe weather event• disaster caused by failure of man-made structure• natural disaster event without warning or build up• global financial crisis <u>Internal:</u> <ul style="list-style-type: none">• critical asset failure that impacts safety as a result of poor resource allocation/prioritisation• insufficient organisational agility and resilience• ineffective clear advice to enable evidence-based quality decisions due to variability and uncertainty• inadequate or ineffective engagement, communication, governance• ineffective or lack of collaboration /partnership• relationship mismanagement• inadequate contingency planning						
PRE TREATMENT THRESHOLD	Consequence: Catastrophic		Likelihood: Possible				
	Very high						



CURRENT MITIGATIONS	<ul style="list-style-type: none"> • emergency management <ul style="list-style-type: none"> ○ collaboration on emergency management response approach across agencies and the region ○ organisational emergency response plans ○ community emergency response plans ○ ensuring warning systems and protocols are in place e.g. flood monitoring system, tsunami alerts • business continuity planning • infrastructure resilience <ul style="list-style-type: none"> ○ identify strategic sites at risk and develop plan for their maintenance and return to normal ○ criticality assessment and asset identification ratings ○ availability of technical expertise to manage, monitor, operate and maintain critical infrastructure ○ infrastructure strategy 		
POST TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood: Possible
	Very high		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • overarching and organisation-wide emergency response plan 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • none reported for the June 2022 quarter 		



Strategic risk		HEALTH, SAFETY AND WELLBEING			
DESCRIPTION	Risk of health, safety and wellbeing harm to staff, contractors and community				Status: Improving
Risk management framework CATEGORY	Health, safety and wellbeing	Operational	Risk register LINKS	Public health	Reputation
RISK LEAD	Leadership team		ACTION OFFICER	Health, safety & wellbeing advisor	
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">• complacency leading to greater risks being taken by the community of public safety issues <u>Internal:</u> <ul style="list-style-type: none">• poor health and safety culture and/or behaviours across the organisation leading to:<ul style="list-style-type: none">○ stressed disengaged staff○ increased staff workloads○ limited capability and capacity○ inadequate governance understanding of role/accountability• competing priorities:<ul style="list-style-type: none">○ deferred maintenance / under resourcing○ time pressures and/or complacency leading to acceptance of high levels of risk• failure to engage with and listen to the community• failure to act on lessons learned from near misses and incidents (including lessons from other industry experiences)• BCP and Pandemic Plans not adhered to				
PRE TREATMENT THRESHOLD	Consequence:	Catastrophic		Likelihood:	Highly likely
	Very high				
CURRENT MITIGATIONS	<ul style="list-style-type: none">○ effective governance, strategies and plans○ health and safety wellbeing policy and framework				



	<ul style="list-style-type: none"> ○ health and safety strategic road map 2021-23 ○ health and safety gap analysis – development of a prioritisation programme to address gap analysis recommendations ○ health and safety risk management framework implemented across organisation ○ pandemic business continuity plan in place and current ○ training for governance and management on roles and responsibilities ○ organisational culture <ul style="list-style-type: none"> ○ wellbeing programme ○ ongoing education process with staff about the controls in place along with continued monitoring of their effectiveness ○ comprehensive audit framework ○ collaboration with other agencies
POST TREATMENT THRESHOLD	Consequence: Catastrophic Likelihood: Unlikely High
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> ● health and safety KPIs linked to individual staff performance ● annual review of health and safety management system ● draft health and safety risk management framework is complete and implementation planning underway
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> ● risk management standard including critical risk management Jun 22 ● incident management standard Jun 22 ● health and safety management system Jun 22 ● health, safety & wellbeing review undertaken and improvements actioned Dec 21 ● wellbeing calendar launched Dec 21 ● health and safety risk management framework in place Dec 21 ● health and safety competency register developed across the organisation Sep 21 ● revised HS&W dashboard reporting prepared for LT and governance reporting providing hot spot data Jun 21 ● core improvement in standardisation of contract administration process Mar 21



Strategic risk		PUBLIC HEALTH				
DESCRIPTION	Risk that Council exposes the community to a public health emergency					Status: Static
Risk management framework CATEGORY	Financial Health, safety and wellbeing Operational	Regulatory and compliance Social, cultural and environmental	Risk register LINKS	Compliance and fraud Disaster event	Health, safety and wellbeing	
RISK LEAD	Leadership team		ACTION OFFICERS	Strategic manager water & waste Asset manager – water & waste Environmental health manager		
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">severe weather, natural disaster, a fire, chemical spillcomplacency leading to greater risks being taken by the community of public safety issues e.g. potential for unknown residential connection to stock water supplies resulting in contamination event <u>Internal:</u> <ul style="list-style-type: none">failures in asset maintenance<ul style="list-style-type: none">ineffective clear advice to enable evidence-based quality decisions results in poor understanding of the health and safety risks within Council’s facilities and services providedcompeting priorities lead to deferred maintenance across portfolio and/or under resourcingtime pressures and/or complacency leading to acceptance of high levels of riskhuman error / inappropriate behaviours / criminal behaviours or damage at Council assetsfailure to engage with and listen to the communityfailure to act on lessons learned from near misses and incidents (including lessons from other industry experiences)BCP and Pandemic Plans not adhered to					



PRE TREATMENT THRESHOLD	Consequence: Catastrophic	Likelihood: Highly likely
	Very High	
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • ensure compliance with appropriate national and regional plans <ul style="list-style-type: none"> ○ robust compliance monitoring system ○ prioritised programme of review including sanitary assessment report and water safety plans ○ condition assessments for assets ○ review of public access to operational sites • effective governance, strategies and plans <ul style="list-style-type: none"> ○ business continuity planning including contractors ○ prioritisation of projects to ensure compliance is maintained ○ collaborative approach with other southern councils ○ sanitary assessment report, water safety plans, ○ conditions assessments for assets ○ review of public access to operational sites 	
POST TREATMENT THRESHOLD	Consequence: Catastrophic	Likelihood: Unlikely
	High	
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • review of sanitary assessment report and water safety plans • increased public education and awareness of requirements of the Health Act • effective communication strategy in place for potential contamination event 	
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • recruitment of water safety officer • establishment of water and waste leadership team 	

Dec 21
Sep 21



Strategic risk							RELATIONSHIPS AND REPUTATION		
DESCRIPTION		Risk that Council fails to manage its local, regional and national relationships					Status:		
		Risk that Council suffers reputational damage because of service delivery failure					Static		
Risk management framework CATEGORY		Social and cultural	Strategic	Risk register LINKS		Change and reform	Health, safety and wellbeing		
						Compliance and fraud	Public health		
						Cyber security	Resource and delivery		
						Disaster event	Strategy and direction		
RISK LEAD		Leadership team		ACTION OFFICER		Leadership team			
POTENTIAL RISK TRIGGERS		<u>External</u> <ul style="list-style-type: none">political EQ <u>Internal:</u> <ul style="list-style-type: none">inadequate or ineffective engagement, communication, governance<ul style="list-style-type: none">narrow, short term/misaligned strategic focusineffective or lack of collaboration/partnership with stakeholders/communitydysfunctional internal relationship between governance and staffdysfunctional organisational culture - job uncertainty/restructures/staff burnout/remote workinglack of awareness regarding Treaty obligations and iwi protocol							
PRE TREATMENT THRESHOLD		Consequence: Major			Likelihood: Likely				
		Very high							
CURRENT MITIGATIONS		<ul style="list-style-type: none">establish strong networks with other agencies and external stakeholders to share knowledge, learnings and culture<ul style="list-style-type: none">regular engagement with stakeholders at political and executive levelcollaborative governance group meetings to progress alignment of strategic direction – Mayoral forum, TAMI board sessions, Te Roopu Taiao meetings, CEG civil defence forums, neighbouring councils							



	<ul style="list-style-type: none"> • understanding Council's Treaty obligations <ul style="list-style-type: none"> ○ Iwi charter of understanding in place ○ identify and address gaps in organisational cultural and diversity awareness • enabling community boards to bring community voice back into Council <ul style="list-style-type: none"> ○ community board 'health check' completed – planning underway to action improvements • establish internal mentoring and knowledge sharing workshops by senior management <ul style="list-style-type: none"> ○ monthly team leader forums established for knowledge sharing across the organisation 		
POST TREATMENT THRESHOLD	Consequence:	Major	Likelihood: Possible
	High		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • induction and training of management in terms of Treaty obligations • establish internal mentoring and knowledge sharing workshops by senior management • proactive steps taken at the start of each local government triennium to re-establish trust and relationships with community and stakeholders • relationship management between: CE/Mayor, LT/key staff, Mayor/elected members 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • community board 'health check' review completed and work has begun to implement recommendations 		
			Sep 21



Strategic risk		RESOURCE AND DELIVERY		
DESCRIPTION	Risk of non-performance/delivery of committed outcomes and meeting expectations			Status: Worsening
Risk management framework CATEGORY	Operational	Regulatory and compliance	Risk register LINKS	Reputation
RISK LEAD	Leadership team		ACTION OFFICER	Commercial infrastructure manager Project delivery manager
POTENTIAL RISK TRIGGERS	<p><u>External:</u></p> <ul style="list-style-type: none"> • market capacity • inadequate response to macro factors affecting price and accessibility e.g. climate change, Covid alert level impacts, international political instability • change in community/ stakeholder service level expectations <p><u>Internal:</u></p> <ul style="list-style-type: none"> • ineffective clear advice to enable evidence-based quality decisions • inadequate measures including accountability, capability, transparent and proactive self-monitoring • complexity of organisational systems • competing priorities resulting in deferred maintenance across portfolio • siloed organisational culture • inadequate or failed cooperation and collaboration with neighbouring councils • difficulty attracting and maintaining skilled resources • strategic objectives: <ul style="list-style-type: none"> ○ narrow strategic approach - not looking at 'big picture' ○ unclear and incomplete understanding of objectives 			
PRE TREATMENT	Consequence:	Major	Likelihood:	Highly likely



THRESHOLD	Very high		
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • effective governance, strategies and plans <ul style="list-style-type: none"> ○ development of a well-informed capital works programme based on known condition and performance of assets ○ allocation of appropriate funding and resources to deliver the prioritised work plan ○ procurement optimisation ○ Three Waters works programme ○ internal and external audit ○ effective communication between teams and other agencies • recruiting and retaining skilled resources <ul style="list-style-type: none"> ○ monitoring organisational climate ○ work closely with industry providers and training institutions ○ workforce strategy ○ resource sharing ○ develop potential for secondments, internships and developing a cadet system • organisational culture <ul style="list-style-type: none"> ○ look after staff by building a culture that encourages staff to stay and to recruit into ○ outsourcing and using external mechanisms at key pressure points to mitigate stress 		
POST TREATMENT THRESHOLD	Consequence: Major	Likelihood: Highly likely	
	Very high		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • prioritisation plan to consider the number and impact of work outside the formally signed off works programme 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • procurement plan prepared for the entire 2021-22 year – completed and signed off by Council as part of LTP Sep 21 • project scoping document developed and signed off by community boards – completed through LTP process Sep 21 • project delivery team in place and adequately resourced Sep 21 		



	• development of established minimum LoS for community facilities. Review was progressed through AMP update process with community board	Sep 21
	• works programme input into Global Forecast Programme and baseline tracking set up	Sep 21



Strategic risk STRATEGY AND DIRECTION			
DESCRIPTION	Risk of poor or ineffective decision-making due to lack of strategic integration and alignment		Status: Static
Risk management framework CATEGORY	Financial Strategic	Risk register LINKS	Change and reform
RISK LEAD	Chief executive	ACTION OFFICER	Leadership team
POTENTIAL RISK TRIGGERS	<ul style="list-style-type: none"> • inadequate discussion of strategic direction • unclear and incomplete understanding of strategic objectives • near-sighted decision making • competing priorities • complex decision-making processes and requirements • ineffective clear advice to enable evidence-based quality decisions 		
PRE TREATMENT THRESHOLD	Consequence: Moderate	Likelihood: Likely	High
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • effective governance, strategies and plans <ul style="list-style-type: none"> ○ strategy development workplan currently being developed 		
POST TREATMENT THRESHOLD	Consequence: Moderate	Likelihood: Possible	Medium
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • long term formal commitment to collaboration between Council and key agencies • deliver strategic vision to the community effectively 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • none reported for the June 2022 quarter 		

**KEY:****CONSEQUENCE****LIKELIHOOD****THRESHOLD****STATUS**

INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
RARE	UNLIKELY	POSSIBLE	LIKELY	HIGHLY LIKELY
	LOW	MEDIUM	HIGH	VERY HIGH
	IMPROVING	STATIC	WORSENING	



Risk management framework – risk matrices

CONSEQUENCE	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
STRATEGIC	No significant adverse public comment No impact on achievement of LTP objectives Key stakeholder relationships unaffected	Adverse comment in local or social media Letter to CEO, complaints to Councillors May slow achievement of LTP objectives Minor impact on key stakeholder relationships	National media coverage Will impact achievement of one or more LTP objectives Negative impact on key stakeholder relationships	National media coverage 2-3 days Will significantly impact the achievement of multiple LTP objectives Significant impact on multiple key stakeholder relationships	Coverage in national media 3+ days Commission of Inquiry/Parliamentary questions Stakeholder relations irreparably damaged Cannot deliver on most LTP objectives
OPERATIONAL	No loss of operational capability Minimal changes to service level Minimal loss of internal capacity	Loss of operational capability in some areas Some disruption to service levels Internal capacity lost for up to 1 week	Serious loss of operational capability for over 6 weeks and/or Disruption to service levels for 4-6 weeks Loss of internal capacity 1-3 weeks	Serious loss of operational of capability for over 8 weeks and major disruption to service levels and/or Loss of internal capacity 4-6 weeks	Serious loss of operational capability for 3-4 months and serious disruption to service levels and Loss of internal capacity for more than 6 weeks
FINANCIAL	No impact on financial targets	Up to 1% impact on financial targets	Up to 5% impact on financial targets	Up to 10% impact on financial targets	More than 10% impact on financial targets
HEALTH, SAFETY AND WELLBEING	No Medical treatment required Issue noted, no action required	Minimal personal injury and/or sickness AND Less than 2 weeks incapacitation H&S issue noted by Worksafe	Personal injury and/or sickness with up to 3mths incapacitation OR H&S issue to court	Significant public health impact OR Personal injury and/or sickness with 3+ months incapacitation or long term disability OR	Permanent severe disability or loss of life OR H&S issue taken to court resulting in imprisonment OR



CONSEQUENCE	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
				H&S issue to court and fine imposed	Widespread community sickness
SOCIAL, CULTURAL, ENVIRONMENTAL	No significant community Impact	Single community affected	Multiple communities affected	Many communities affected	Most or all communities
	Localised short-term reversible environmental, economic or social impact	Localised short-term reversible environmental, economic or social damage	Localised medium term (1 month +) reversible damage or disruption (environmental, economic, social or cultural)	Localised or widespread long term (3-6m) reversible damage or disruption (environmental, economic, social or cultural)	OR Extensive or irreversible damage or disruption (environmental, economic, social or cultural)
REGULATORY AND COMPLIANCE	Fine/ liability less than \$10K	Fine/ liability \$10 - \$100K	Fine/ liability \$100 - \$250K	Fine/ liability \$250K - \$1M	Fine/ liability \$1M+



LIKELIHOOD	
HIGHLY LIKELY	Risk event is expected to occur in most circumstances; or 90% chance within the next 12 months; or 18 out of every 20 years
LIKELY	Risk event will probably occur in most circumstances; or 55% chance within the next 12 months; or 11 out of every 20 years
POSSIBLE	Risk event should occur at some time; or 25% chance within the next 12 months; or 5 out of every 20 years
UNLIKELY	Risk event could occur at some time; or 10% chance within next 12 months; or 1 out of every 10 years
RARE	Risk event may occur only in exceptional circumstances Up to 4% chance within next 12 months Once in 25 years

LIKELIHOOD	CONSEQUENCE				
	Insignificant	Minor	Moderate	Major	Catastrophic
HIGHLY LIKELY	Low	Medium	High	Very High	Very High
LIKELY	Low	Medium	High	Very High	Very High
POSSIBLE	Low	Medium	Medium	High	Very High
UNLIKELY	Low	Low	Medium	Medium	High
RARE	Low	Low	Low	Medium	Medium

Joint council submission - Draft National Adaptation Plan and Managed Retreat

Record no: R/22/5/20742

Author: Margaret Ferguson, Resource management planner

Approved by: Matt Russell, Group manager infrastructure and environmental services

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 To provide an update on the joint councils' submission to the Draft National Adaptation Plan and Managed Retreat consultation.

Executive summary

- 2 The Ministry for the Environment has consulted on the first Draft National Adaptation Plan, designed to help Aotearoa/ New Zealand, to adapt to, and minimise the harmful impacts of climate change. Policy proposals for managed retreat were also included in this consultation package. The government intends to use feedback on managed retreat to help inform the development of the Climate Change Adaptation Act.
- 3 Te Rohe Pōtae o Murihiku in collaboration with Gore District Council, Environment Southland and Invercargill City Council prepared a joint submission. Te Ao Marama were involved in discussions only, and not as signatories due to the consultation process not aligning with Mana Whenua processes for approval of submission content.
- 4 The submission was lodged on 3 June 2022 and is attached at Attachment A.
- 5 The following high level key points were identified and discussed in detail in the submission:
 - Impacts on local government – clarity on roles, responsibilities, funding, support, resources to be made available.
 - Risk focused approach versus a transformative approach.
 - Impact on Mana Whenua as observed from an active partnership perspective.
 - Bottom up approach versus an apparent centralised approach to addressing issues.
 - Policy integration – ensuring that existing policies and proposed policies complement one another.
 - Implementation of policies – ensuring sufficient time, funds, support, resources, guidance is available to deliver the proposals.
 - Managed retreat roles and responsibilities. Managed retreat is likely to fall largely with local government therefore clearly defined roles, responsibilities, processes, funding streams is required to deliver this process.

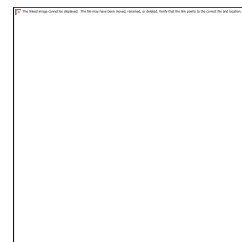
Recommendation

That the Council:

- a) **receives the report titled “Joint council submission - Draft National Adaptation Plan and Managed Retreat” dated 17 June 2022 and associated attachment.**

Attachments

A Joint Submission Draft National Adaptation Plan and Managed Retreat [↓](#)



Thank you for the opportunity to provide feedback on the draft National Adaptation Plan ('NAP') and the Managed Retreat discussion paper ('MR paper'). These documents represent a significant step for setting not just the direction, but the pace of climate adaptation across New Zealand. The whole of government approach is supported in principle, as well as the long-term commitments being made to tackle climate change. It is also acknowledged that emphasis has been put on incorporating iwi values and working with treaty partners to collaboratively respond to climate challenges, however due to the constrained timeframes local iwi were unable to provide a detailed response to this submission. We highlight this as a risk to the consultation process, as it is not in-keeping with the co-governance approach that central government is progressing.

This submission is therefore responding only to the high level themes presented in the two documents. It is submitted jointly on behalf of all local government in Murihiku Southland (Environment Southland, Gore District Council, Invercargill City Council and Southland District Council). It is offered on a 'without prejudice' basis, as all parties have not had an opportunity to undertake due process through their respective organisations. If changes to the submissions are required after the closing date, we will notify the Ministry of this in writing.

Key Recommendations:

1. Appropriate resourcing is allocated to local government and mana whenua to deliver on the proposed actions, including managed retreat.
2. The Ministry works in true collaboration with local government and mana whenua to deliver on climate change action.
3. The NAP broadens its focus to incorporate a bottom up approach to climate adaptation that reflects community desire for action.
4. The NAP and managed retreat policies must be complimentary to current reform processes being undertaken by central government, including the need for nationally consistent data that feeds into the bottom lines of the National and Built Environment Act, removing the need for litigating this in every regional jurisdiction.
5. Any managed retreat policies must follow an adaptive pathways approach and be collaboratively developed with local government, the community, mana whenua and be reflective of local needs.

Impacts to local government:

All of the proposals in the NAP and MR paper will have a significant impact to local communities. There are approximately 120 actions in the NAP alone, most of which are to implemented by local authorities.. While the submitters acknowledge that it is critical we have clear central government policy, local communities need to know what components of implementation will fall to us, which allows us to be acting now to adapt to the projected impacts of climate change.

Both the NAP and the MR paper have elements of ‘kicking the can down the road’ on important elements of adaptation, and we are concerned that there will be a significant (but currently unknown) cost impost to our local community. For the effective and timely delivery of regional actions, it is crucial that local authorities are provided with sufficient funding, clarification regarding roles and responsibilities, as well as relevant legal and technical guidance at the earliest possible date. In addition, it is recommended any directions provided to local authorities are timely, unambiguous and should be an output of a well-thought-out process involving investment of sufficient resourcing at the central government level.

Risk-focused

The NAP has been guided by the 43 risks identified in the risk assessment. As a result, the NAP is almost entirely focused on risk mitigation, rather than adaptation and the potential opportunities that can come from approaching climate change differently. We caution the Ministry that a risk focused policy will drive climate adaptation in a single, protectionist direction. We encourage a reframing of the response to climate change to increase focus on facilitating positive transformations of status quo.

It is also noted that such lack of focus on transformation may have arisen from the failure to authentically and sufficiently engage with iwi to actively adopt iwi concepts associated with adaptation. Moreover, as partners we note the potential standardisation of iwi values and centralisation of values and we seek confirmation this direction has been agreed upon in partnership dialogue with mana whenua.

Bottom up approach:

Further, it is imperative that New Zealand’s climate change policy settings reflect the most up to date science, as well as the diverse voices of all New Zealanders in the process of achieving this transformational change. While the NAP refers to the need for transformational change in passing, it is concerning that the delivery of the content does not reflect this goal. For example, the short consultation timeframes means local governments are unable to consider all the impacts from the proposed policies or offer alternative and more appropriate solutions based on their regional knowledge. Local councils and communities should be given sufficient opportunities to influence the strategies and policies being developed to maximise effectiveness of adaptive measures as outlined in current adaptive pathways guidance. Opportunities for participation should be accompanied by timely provision of quality information via diverse channels such as the Adaptation Information Portal to be developed. Education in schools can also empower individuals and communities to prepare for a society with changed climate so they can actively participate in development of solutions.

Policy integration

Centralisation of policy and policy alignment is at the core of much of central government’s current reform agenda. However, both the NAP and the MR paper refer to the roles and responsibilities that will be put on local government in adapting and mitigating to climate change. It is unclear how the current reform agenda and the proposals in both of the papers being consulted on will operate in practice. Local councils and communities are not the agents of central government reform, despite our community providing feedback that councils are too focused on delivering national agendas, to the detriment of local needs. This is reflected in the short timeframes for feedback, the lack of consultation on the NAP and MR paper and the delivery of the Emissions Reduction Plan mid-consultation. For successful implementation, genuine engagement and partnership is critical to delivering this mahi.

As part of the reform of the Resource Management Act, local government will be required to develop regional spatial strategies by 2032. These strategies will be critical to informing appropriate land use for the future, which must incorporate sea level rise mapping and new rainfall intensity information to determine areas that will be unlivable in the future; as well as locations for managed retreat. The delivery of these regional spatial strategies need to be a cornerstone of any climate change planning policies. Given the scale of

reform and change Aotearoa New Zealand is embarking on, we must ensure all of the proposed plans operate together to avoid the risk of one plan having an inconsequential impact on another.

Policy integration is more than aligning the different components of the current reform agenda; we also note several key components of adaptation are missing from the NAP. For example, while adaptation of the transport sector is being dealt with via other mechanisms, it is not featured prominently in the NAP. Arguably future proofing the transport sector is critical to any climate adaptation policies. In return, reforms to the fisheries management act has been included in the NAP, when arguably this isn't a climate adaptation policy. We caution the Ministry to not make the NAP a list of all current government policy and reform, as that waters down the importance of the NAP as a guiding document for developing a climate resilient future in Aotearoa New Zealand.

Implementation of policies

We note that there are a number of actions in the appendix which should have earlier completion dates for implementation. It is imperative to cross check delivery dates of work programmes to ensure all actions complement what other actions are seeking to achieve. One action should not adversely affect another as it is completed subsequent to another action. For example, a delivery plan for guidance for preparing an adaptation plan is due to be published in January 2024. This action should be achieved earlier for efficiency as it will be needed by various agencies when they prepare adaptation plans, many of which are due to be published in or before 2024. Furthermore, the plan of delivery suggests that workstreams for incorporating indigenous values have not been prioritised. For example, the delivery plan for producing new tools and guidance specific to matauranga Maori and matauranga indicators is planned to be published by 2024. It is recommended that this action is prioritised to commence from the outset if iwi values are to be authentically integrated into the formation and delivery of the plan consistent with the principles of partnership. Furthermore, changes to legal requirements for LIM's (p79 – 2022 to 26) and changes to the building code (p58 – 2024 to 28) to reflect the latest climate data should be specific and sequenced to be close to data release to mitigate legal risks.

We also note that some of the goals for implementation by August 2024 are not specific enough for meaningful assessment by the Climate Change Commission. They should be amended to provide more measurable targets for accountability. For example, the planned action of improving "how science, data and knowledge is used to inform emergency management" has the progress goal of confirming that "science, data and knowledge of natural hazards, including extreme weather events, are increasingly shared across all parts of the emergency management system." It is suggested it is replaced by a more measurable target.

Managed Retreat

While we acknowledge that managed retreat will be an integral component to any climate change response, it is not an adaptation policy. Every person in Aotearoa New Zealand will be participants in managed retreat, whether or not they are directly affected. We are concerned that the obligations for managed retreat will be devolved to local authorities, including the substantial cost; how much and what responsibilities remain unknown.

While any managed retreat proposals need to provide individual communities with the ability to respond according to local needs, we caution the Ministry that a wholesale devolution of responsibilities to local communities with stretched resources and an overburdened work programme, will lead to perverse outcomes. For example, a lack of appropriate funding and resourcing allocated to the implementation of managed retreat may lead to a drawn out process for moving communities, which may place people's lives at risk.

Update to policy on remission and postponement of rates on Maori freehold land

Record no: R/22/6/28401
Author: Nicole Taylor, Finance development co-ordinator
Approved by: Anne Robson, Chief financial officer

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 This report requests that Council adopt updates to the policy on Remission and Postponement of Rates on Māori Freehold Land (the Policy) following the enactment of the Local Government (Rating of Whenua Maori) Amendment Act 2021.

Executive summary

- 2 Council has an existing Policy on Remission and Postponement of Rates on Māori Freehold Land.
- 3 This policy enables Council to consider remitting up to 100% of rates (excluding service rates like water/sewerage/rubbish) on Māori freehold land (MFL) where the land is not occupied by a dwelling, out-building or commercial building; and not used for economic benefit.
- 4 In early 2021 legislation was passed amending the Local Government Act (LGA) and the Local Government (Rating) Act 2002 (LGRA) to (among other things):
 - make unused MFL and land that is subject to a Nga Whenua Rahui Kawenata (conservation covenant) non-rateable from 1 July 2021
 - provide Council with the ability to write off rates arrears on unused MFL from 1 July 2021
 - provide that, from 1 July 2022, the Council's policy on the remission and postponement of rates on MFL must support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993 (TTWMA)
 - require Council to consider applications for remission of rates on MFL under development
 - enable individual homeowners of Māori land to be rated separately
 - enable multiple land blocks from one parent block of Maori land to be treated as one rating unit.
- 5 The Council needs to update its existing policy to reflect these changes and is required to review and amend or replace its existing policy by 1 July 2022.
- 6 Staff have carried out a review of the existing policy and are proposing a number of administrative amendments for 1 July 2022 to reflect the new legislative requirements and simplify the policy. The draft policy incorporating the proposed updates is included in attachment A. Given that Council has not previously discussed the policy updates, staff have also included a tracked changes version of the draft policy in attachment B.
- 7 Staff have also identified a number of other potential enhancements to the policy flowing out of the legislative changes that will require further investigation and discussion with Council and interested/affected parties before being included in any draft policy for public consultation.
- 8 Given the legislative requirement to review the policy for legislative compliance by 1 July 2022, staff are proposing that these wider changes form part of a secondary review to be carried out

over the next 12 months. This approach ensures that the legislative deadline is met whilst ensuring that there is no change to how any MFL currently receiving remission is rated.

- 9 As such, the key changes being proposed to the policy at this stage include:
- recognising the principles in the Preamble to Te Ture Whenua Maori Act 1993 Act (TTWMA) in the purpose and background of the policy
 - including a new remission condition to acknowledge the new statutory remission process (in section 114A of the LGRA, as inserted in 2021) which provides that the Council must consider an application for rates remission on MFL that is being developed, where the development is likely to have certain economic or social benefits.
- 10 In addition, staff note that while most of the MFL with rate remissions under the existing policy will now be considered unused and therefore non-rateable, the existing remission (for land that is not occupied by a dwelling, out-building or commercial building; and not used for economic benefit) has been retained to ensure that there is no change in the existing rates relief provided until a fuller review is carried out.
- 11 A draft of the policy was considered by the Finance and Assurance committee at their meeting on 15 June 2022. The committee made no changes and recommended that the Council adopt the draft policy as included in the report.
- 12 Staff are proposing that Council adopt the amended Policy on Remission and Postponement of Rates on Māori Freehold Land from 1 July 2022.

Recommendation

That the Council:

- a) receives **the report titled “Update to policy on remission and postponement of rates on Maori freehold land ” dated 17 June 2022.**
- b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) agrees to adopt the amended draft Policy on Remission and Postponement of Rates **on Māori Freehold Land** (attachment A of the officers report).
- e) notes that a comprehensive review of the Policy on Remission and Postponement of **Rates on Māori Freehold Land policy will be carried out within the next 12 months.**

Background

- 13 The Council has an existing Policy on Remission and Postponement of Rates on Māori Freehold Land, adopted in 2017. The policy outlines the circumstances under which Council will consider remitting up to 100% of rates (excluding service rates like water/sewerage/rubbish) on Maori freehold land (MFL).

- 14 MFL is land whose beneficial ownership has been determined by the Māori Land Court by freehold order. There are 332 rating units of MFL in Southland district. Most are located in Stewart Island/Rakiura, Ruapuke Island and around Riverton/Aparima, Colac Bay, Te Waewae/Rowailan, Waikawa and Waimumu. The total capital value of this land is around \$66 million. The majority of these properties are either non-rateable or receive 100% remission (excluding service rates). In the 2021/22 rating year Council set rates of around \$41,000 (including GST) on this land.
- 15 The Local Government (Rating of Whenua Maori) Amendment Act 2021 became law during 2021. Changes required by the new Act are being phased in between the implementation date, 12 April 2021, and the adoption of the Long Term Plan 2024-2034. The changes are part of the government's wider commitment to supporting whānau and regional development through whenua by;
- reducing the barriers for owners of MFL who want to use, occupy, build houses on, and develop their whenua, particularly for those who have rates arrears
 - stimulating regional development through fully utilising and developing Māori land
 - providing greater consistency, equity and clarity around the rating of Māori land for the benefit of Māori landowners and local authorities.
- 16 The key legislated changes to the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002 (LGRA) are highlighted in attachment C.
- 17 Section 102 of the LGA now requires that a number of Council funding and financing policies support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993 (TTWA).

Te Ture Whenua Maori Act 1993 (TTWA) - Preamble

Nā te mea i roto i te Tiriti o Waitangi i motuhake ai te noho a te iwi me te Karauna: ā, nā te mea e tika ana kia whakaūtia anō te wairua o te wā i roto atu ai te kāwanatanga kia riro mai ai te mau tonu o te rangatiratanga e takoto nei i roto i te Tiriti o Waitangi: ā, nā te mea e tika ana kia mārama ko te whenua he taonga tuku iho e tino whakaaro nuitia ana e te iwi Māori, ā, nā tērā he whakahau kia mau tonu taua whenua ki te iwi nōna, ki ō rātou whānau, hapū hoki, a, a ki te whakangungu i ngā wāhi tapu hei whakamāmā i te nohotanga, i te whakahaeretanga, i te whakamahitanga o taua whenua hei painga mō te hunga nōna, mō ō rātou whānau, hapū hoki: ā, nā te mea e tika ana kia tū tonu he Te Kooti, ā, kia whakatakototia he tikanga hei āwhina i te iwi Māori kia taea ai ēnei kaupapa te whakatinana.

Whereas the Treaty of Waitangi established the special relationship between the Maori people and the Crown: And whereas it is desirable that the spirit of the exchange of kawanatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed: And whereas it is desirable to recognise that land is a taonga tuku iho of special significance to Maori people and, for that reason, to promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapu: And whereas it is desirable to maintain a court and to establish mechanisms to assist the Maori people to achieve the implementation of these principles.

- 18 Section 2(2) of TTWA provides some further guidance that “*without limiting the generality of subsection (1), it is the intention of Parliament that powers, duties, and discretions conferred by this Act shall be exercised, as far as possible, in a manner that facilitates and promotes the retention, use, development, and control of Maori land as taonga tuku iho by Maori owners, their whanau, their hapu, and their descendants, and that protects wahi tapu*”.

- 19 Council is required to consider how these principles can be supported when developing the revenue and financing policy, the policy on development contributions or financial contributions, the policy on the remission and postponement of rates on Maori freehold land adopted under subsection (1) and any rates remission policy or rates postponement policy adopted under subsection (3).
- 20 The effective date for updating policies is being phased in, with the changes required at the earlier of the first review of each policy and 1 July 2024. The exception is the policy for remission and postponement of rates on Maori freehold land. Council must review and if needed, amend or replace its policy for compliance with this requirement by 1 July 2022.
- 21 Other changes introduced by the Amendment Act include:
- **making wholly unused Maori freehold land non-rateable** (section 8 and clause 14A of Schedule 1 Part 1 of LGRA). Non-rateability means that targeted rates for services (sewerage, water, rubbish/recycling) will still be set on that land, but other rates are not set on the land;
 - making land that is subject to a **Nga Whenua Rahui Kawenata (conservation covenant) non-rateable** (clause 1A of Schedule 1 Part 1 of LGRA);
 - introducing a statutory remission process for **Maori freehold land under development** which gives land owners the right to apply in writing for a rates remission when land is under development irrespective of whether Council has a policy for this (section 114A of the LGRA in attachment C);
 - providing for the creation of **separate rating areas** where individual owners can choose to have their house rated separately to the balance of the land as if it were a separate rating unit (section 98A of the LGRA);
 - enabling **multiple land blocks from one parent block to be treated as one rating unit** (section 20A of the LGRA);
 - requiring Council to **write-off rates arrears** on all Maori freehold land that is considered to be unrecoverable, including rates debt on land inherited from deceased owners (section 90A and 90B of the LGRA);
- 22 While most of these changes are dealt with outside of the policy, some changes are needed to the existing policy to ensure that it complies with the new requirements.
- 23 Staff have carried out a review of the existing policy and are proposing a number of administrative amendments to reflect the new legislative requirements and simplify the policy. The proposed amendments are shown using tracked changes in attachment B with a clean copy of the updated policy in attachment A.
- 24 The key changes to the policy include:
- extending the policy purpose and background sections to recognise the principles in the Preamble to Te Ture Whenua Maori Act 1993 Act (T'WMA)
 - acknowledging the new statutory remission process (in section 114A of the LGRA) which provides that the Council must consider an application for rates remission on MFL that is

being developed, where the development is likely to have certain economic or social benefits (as detailed in section 3.1.2 of the draft policy)

- retaining the existing remission provision in section 3.1.1 to ensure any properties that currently receive remission that are not unused (and therefore non-rateable under the Schedule 1 Part 1 of the LGA) can continue to receive remissions
- simplifying and aligning the wording on remission on penalties on MFL (section 3.1.3) with the Council's general land rate remission policy
- amending the existing policy to remove reference to any rates administration sections of the LGRA (which have also been modified by the legislative changes)
- combining the information about the applications process under a single heading (section 3.3)
- including reference to the Council's policy on remission and postponement of rates on general land.

- 25 While staff have also identified a number of other potential enhancements to the policy and processes flowing out of the legislative changes, these changes will require further investigation and discussion with Council and interested/affected parties before being included in a draft policy for consultation.
- 26 Given the Council must review the policy for legislative compliance by 1 July 2022, staff are proposing that these wider changes form part of a secondary review to be carried out over the next 12 months. This approach will ensure that the legislative deadline is met whilst ensuring that there is no change to how any MFL is currently rated in the meantime.
- 27 As detailed in the community views section below, staff have spoken with Te Ao Marama representatives about this proposed approach.

ISSUES

Remission of rates for Maori freehold land generally

- 28 In considering whether to provide rate relief on MFL in developing its policy, Council is required to consider the matters and objectives listed in schedule 11 of the LGA. The Council's current policy includes all objectives as per the Act and states that it will provide for remission of rates/penalties on MFL that is:
- not occupied by a dwelling, out-building or commercial building; and
 - not used for economic benefit.
- 29 Changes resulting from the new legislation have largely made this existing policy irrelevant as most of the land that previously had rates remitted under the policy is now likely to be considered unused and non-rateable (clause 14A of Schedule 1 Part 1 of LGRA).
- 30 *For the purposes of clause 14A:*
- (a) *a rating unit is unused if—*
- (i) *there is no person actually using any part of the rating unit; or*
 - (ii) *the entire rating unit is used in a similar manner to a reserve or conservation area and no part of the rating unit is—*
 - (A) *leased by any person; or*

(B) *used as residential accommodation; or*

(C) *used for any activity (whether commercial or agricultural) other than for personal visits to the land or personal collections of kai or cultural or medicinal material from the land; and*

(b) *a rating unit must not be treated as being used solely because a person is a participant under the Climate Change Response Act 2002 in respect of an activity relating to the rating unit.*

- 31 This is an important change in approach as rates remissions on these properties were previously at the discretion of the Council and granted on a temporary basis, whereas non-rateability provides more certainty for owners of unused MFL.
- 32 However, given that staff have not carried out a full review of current remissions to ensure that all remissions would now be non-rateable, it is appropriate to retain the existing conditions/criteria to ensure that there is no material change to the rateability of individual properties in the meantime (refer section 3.1.1 *Remission of rates on Maori freehold land generally*).
- 33 While the Council's policy is currently quite broad in terms of the matters that Council will consider remission for (being those outlined in LGA Schedule 11), the remission conditions are more restrictive.
- 34 The Council could amend/widen/narrow the specific remission conditions further including considering what changes to the policy/process may be needed to better reflect the principles set out in the Preamble to TTWA. However, given the limited timeframe for legislative compliance and the likely need to publicly consult on such changes, staff are recommending this type of review be carried out over the next 12 months to allow time for engagement with interested/affected parties as well as public consultation.
- 35 *Remission for Maori freehold land under development*
- 36 Under the new legislation, Council must also consider rate remission applications for MFL under development (section 114A LGRA). The aim is to facilitate the occupation, development, and utilisation of Māori freehold land for the benefit of its owners.
- 37 While Council is not required to include such a remission in its policy, staff believe it makes sense to do so and have added this into the updated draft policy as section 3.1.2 *Remission of rates on Maori freehold land under development*.
- 38 Council may remit all or part of the rates on MFL if it is satisfied that the development is likely to have one or all of the following economic or social benefits (section 114A(3) LGRA):
- benefits to the district by creating new employment opportunities
 - benefits to the district by creating new homes
 - benefits to the Council by increasing the Council's rating base in the long term
 - benefits to Māori in the district by providing support for marae in the district
 - benefits to the owners by facilitating the occupation, development, and utilisation of the land
- 39 Council is not obliged to remit rates for MFL under development and retains flexibility to determine the extent of remission and whether to include any specific any conditions/criteria.
- 40 While the legislation does not prevent Council from including additional criteria in the policy when determining remissions for MFL under development (e.g. remission period, remission value and any exclusions), staff have kept the proposed policy within the legislation considerations given the limits on consultation being proposed at this stage.
- 41 Staff expect that this will be considered further as part of the next stage of the review.

Factors to consider

Legal and statutory requirements

- 42 Changes to the LGA and the LGRA require that Council's policy must support the principles in the Preamble to the TTWMA.
- 43 The LGRA also requires Council to consider any request for remission for MFL under development.
- 44 While Council has policies on the remission and postponement of rates on MFL, this policy doesn't specifically address each area of development set out in section 114A of the LGRA or the Preamble.
- 45 The LGRA (s114) specifies that if a Council wishes to introduce and apply a remission and/or postponement of rates on MFL, it must first introduce policies that provide for this. The LGA (s102) specifies that Council can amend its policy at any time after consulting on the proposed amendments in a manner that gives effect to the principles of consultation under section 82 of the LGA.
- 46 Under LGA section 82(3) and 82(4) Council in exercising its discretion under section 82 must have regard to the extent to which current views of persons who may be affected by or have an interest in the matter are known, the significance and likely impact on the decision of those who may be affected or interested, and the costs and benefits of any consultation process or procedure.
- 47 Staff believe that it is appropriate/reasonable to make these changes despite limited consultation with affected parties (primarily via a representative of Te Ao Marama), given that the changes proposed:
- are mainly administrative changes to meet new legislative requirements
 - do not change the objectives, conditions or criteria for any current remissions available on MFL
 - do not impinge/alter any existing remissions provided for MFL in the policy
 - ensure that all current remissions and new legislated remissions are included in the policy for ease of use
 - do not impact the existing rights of affected parties.
- 48 In making these administrative changes to the existing policy, staff consider that the nature and significance of the decision in the matter, and likely impact from persons who will and may be affected or have an interest in this matter, are of low impact. This is particularly in relation to there being no changes to the current conditions or criteria for remissions available. There is some risk associated with this however, whereby Council has only undertaken limited consultation with interested parties to meet new legislative requirements.
- 49 In light of this, staff consider it appropriate, following the adoption of this policy to meet legislative requirements, to undertake a comprehensive review of this policy within the next 12 months to ensure that Councils' policy is fully supporting and committed to reducing rating barriers for Māori landowners.
- 50 This review would not be limited by the 1 July 2022 date and would focus on looking at the principles behind the legislative changes and what forms of remission/postponement may be appropriate. This would also provide an opportunity to consider how the processes surrounding the policy could be improved (e.g. access to information about remissions, developing application processes/forms, reviewing how applications are considered and by whom).

Community views

- 51 Staff have spoken with Te Ao Marama representatives to ensure that making administrative changes to this policy to meet legislative requirement is appropriate given the time available.
- 52 Te Ao Marama kaimahi (staff) are supportive of this approach in principle, on the basis that further review work is undertaken over the next 12 months, and that timely engagement is sought with Rūnanga and landowners throughout this process.
- 53 Staff will work closely with Te Ao Marama kaimahi to shape engagement for the review of this policy, and early in the new financial year will discuss timing and process to begin the comprehensive review.
- 54 Representatives from Te Ao Marama have recently been asked to provide feedback on the proposed changes and have also been invited to attend and speak to this item and proposed amendments to the existing policy. Any feedback received will be verbally presented at the meeting.
- 55 No other community views have been sought in relation to making a decision to amend the existing policy to meet new legislative requirements.
- 56 When this policy was last reviewed in 2017 Council received one submission from an individual around rates remission for land that has no road access and that land other than MFL should also be eligible for rates remission.

Costs and funding

- 57 Rate remissions reduce the income received by the Council for the period the remission is granted. This reduction in income is already allowed for in the Council's financial planning (including the rates funding impact statement in the Annual Plan) and associated rate setting process.
- 58 While there is potential for Council's income to reduce further given that MFL under development is now able to apply for rate remission, the financial impact is expected to be minor and temporary. This is because most undeveloped/unused land is currently non-rateable and any remission on land under development is only likely to be granted for the period of development.
- 59 The financial impact of any proposed remission for MFL under development will be considered in more detail once an application has been received. Any remissions granted will then be incorporated into the relevant financial planning processes/documents.

Policy implications

- 60 The main change to the policy is the requirement to consider rate remission applications for MFL under development. The legislation does not prevent additional criteria being included in the policy about when remissions will be considered for MFL under development. As such Council retains flexibility to determine the extent of remission.
- 61 While Council could set out a remission period, remission value and any exclusions (e.g. about what land under development doesn't include), staff have left these areas open at this stage, given the limits on consultation undertaken detailed above.
- 62 The implications of particular issues are discussed further in other parts of this report.

Analysis

Options considered

- 63 Staff have identified two practicable options:

- Option 1 – adopt the draft policy
- Option 2 – adopt an amended or alternative policy

Analysis of Options

Option 1 – adopt the draft policy

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• complies with the legislative requirement to review, and (if necessary) amend, the policy on the remission and postponement of rates on Māori freehold land before 1 July 2022 to ensure these policies show support for the principles in the Preamble to the TTWMA• incorporates the legislative requirement to consider applications for rate remission on MFL under development• removes references to rating requirements which are either administrative and not required in the policy or are out of date due to changes in legislation or delegated roles/responsibilities• is in line with the approach supported by key stakeholders to make administrative changes now with a fuller review to follow• allows more time to consider how the policy can further support the principles in the Preamble.	<ul style="list-style-type: none">• doesn't consider wider changes to the policy which may further promote the principles in the Preamble to TTWMA• limited consultation undertaken to identify views of interested parties• provides no guidance on whether applications for remission on MFL under development will be granted and for how long.

Option 2 – adopt an amended or alternative policy

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • amended/expanded policies may better reflect the Council's view • complies with the legislative requirement to review, and (if necessary) amend, the policy on the remission and postponement of rates on Māori freehold land before 1 July 2022 to ensure these policies show support for the principles in the Preamble to the TTWMA • incorporates the legislative requirement to consider applications for rate remission on MFL under development • depending on the nature of the changes, may remove references to rating requirements which are either administrative and not required in the policy or are out of date due to changes in legislation or delegated roles/responsibilities • the approach to make administrative changes now with a fuller review to follow has been supported by key stakeholders. 	<ul style="list-style-type: none"> • amended policies may introduce material which key stakeholders have not had an opportunity to consider or comment on • amended policies may significantly alter or restrict the scope of existing remissions or legislative changes • doesn't consider wider changes to the policy which may further promote the principles in the Preamble to TTWMA • limited consultation undertaken to identify views of interested parties • provides no guidance on whether applications for remission on MFL under development will be granted and for how long.

Assessment of significance

- 64 This matter has been assessed as being of lower significance in relation to Council's Significance and Engagement Policy and the LGA given that the nature of the changes proposed at this stage:
- are administrative
 - do not alter any of the current remissions for individual MFL
 - result from specific legislative changes which require Council to consider applications on MFL under development irrespective of its policy
 - identify the need for a fuller second stage review, in conjunction with those likely to be interested in or affected by the policy, to explore what opportunities exist to further promote the principles in the Preamble to the TTWMA around the retention, use, development, and control of Maori land as taonga tuku iho by Maori owners, their whanau, their hapu, and their descendants, and that protects wahi tapu.
- 65 In making this assessment, staff have also taken into account the feedback provided by representatives of Te Ao Marama supporting the proposed two stage review approach. The second stage of the review is likely to be of greater interest to stakeholders/community and as such, of higher significance.

Recommended option

- 66 It is recommended that the Council proceed with Option 1 – adopt the draft policy.

Next steps

- 67 The updated policy will be finalised and published online.
- 68 Staff will initiate a full review of the policy in line with the principles of consultation under section 82 of the LGA, and will work closely with Te Ao Marama kaimahi to determine an engagement approach with affected/interested parties prior to consultation.

Attachments

- A Draft Remission and Postponement of Rates on Maori Freehold Land Policy 2022 (clean version) [↓](#)
- B Draft Remission and Postponement of Rates on Maori Freehold Land Policy (with changes tracked) [↓](#)
- C Extract of key 2021 legislative changes related to rates remission and postponement on Maori Freehold Land [↓](#)



Remission and Postponement of Rates on Māori Freehold Land Policy

Group responsible: Finance

Date approved: 22 June 2022

Effective from: 1 July 2022

File no: R/19/4/6301

Purpose

The Policy recognises that certain Māori-owned lands have particular features, ownership structures or other circumstances that make it appropriate to provide rates relief.

Southland District Council has developed the Remission and Postponement of Rates on Māori Freehold Land Policy (the Policy) to respond to those differences in ways that encourage the long term retention, use and enjoyment of Māori freehold land by its owners and ensure fair and equitable collection of rates from all sectors of the community.

The Policy provides the framework for granting remissions and postponements for the payment of rates and penalties on Māori freehold land. The policy is prepared in accordance with section 102(2)(e), section 102(3A) and section 108 of the Local Government Act (2002) and section 114 and 114A of the Local Government (Rating Act) 2002.

Definitions and Abbreviations

TERM	MEANING
LGA	Local Government Act (2002)
LGRA	Local Government (Rating) Act (2002)
Māori freehold land	Land whose beneficial ownership has been determined by the Māori Land Court by freehold order.
Postponement	Delay in the payment of rates
Remission	Reduction in the amount of rates to be paid
Service Rates	Sewerage and water rates, recycling and rubbish bin collection rates
TTWMA	Te Ture Whenua Maori Act 1993
Wāhi Tapu	Place sacred to Māori in the traditional, religious, ritual or mythological sense.

Remission and Postponement of Rates on Māori Freehold Land Policy

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Policy Details

1. Background

Māori freehold land is defined in the LGRA as land whose beneficial ownership has been determined by a freehold order issued by the Maori Land Court.

Māori freehold land is recognised in the principles set out in the Preamble to the Te Ture Whenua Maori Act 1993 as a taonga tuku iho of special significance to Maori and, for that reason, to promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapu.

The Southland District Council carries out its rating and financial policy functions in accordance with the requirements of the LGRA and the LGA in a manner that supports these principles.

All Māori freehold land in the Southland District is liable for rates in the same manner as if it were general land (as per section 91 LGRA).

Only land that is the subject of a freehold order issued by the Maori Land Court may qualify for remission or postponement under this policy.

Council has identified a series of objectives for providing rate relief on Māori freehold land in section 2. These are consistent with Schedule 11 of the LGA as the matters which Council must take into account when considering rates relief on Māori freehold land.

Whether rates are remitted in any individual case will depend on the individual circumstances of each application.

When considering the objectives listed below Council must take into account:

- the desirability and importance of the objectives (2) to the District; and
- whether remitting the rates would assist attainment of those objectives.

Council also has a **Rates Remission and Postponement Policy** which applies to all general land rather than specifically to Māori freehold land. Nothing in this Policy prevents owners of Māori freehold land from applying for a rates remission under that Policy (e.g. a not-for-profit community organisation providing services from Māori freehold land might apply for a remission under that policy). However, two rates remissions will not be given in respect of the same rates.

2. Objectives

The objectives of rates remission and postponement on Māori freehold land by Council are:

- (a) supporting the use of the land by the owners for traditional purposes;
- (b) recognising and supporting the relationship of Māori and their culture and traditions with their ancestral lands;
- (c) avoiding further alienation of Māori freehold land;
- (d) facilitating any wish of the owners to develop the land for economic use;



- (e) recognising and taking account of the presence of Wāhi Tapu that may affect the use of the land for other purposes;
- (f) recognising and taking account the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere);
- (g) recognising and taking account of the importance of the land for community goals relating to:
 - i. the preservation of the natural character of the coastal environment,
 - ii. the protection of outstanding natural features,
 - iii. the protection of significant indigenous vegetation and significant habitats of indigenous fauna;
- (h) recognising the level of community services provided to the land and its occupiers;
- (i) recognising matters related to the physical accessibility of the land.

3 Conditions and Criteria for the Remission and Postponement of Rates on Māori Freehold Land

3.1 Remission

3.1.1 Remission of rates for Māori freehold land generally

This remission is intended for land that is not considered to be unused and non-rateable under clause 14A of Part 1 of Schedule 1 of the LGRA, but still meets the following conditions:

- Māori freehold land as set out in the definitions
- not occupied by a dwelling, out-building or commercial building; and
- not used for economic benefit; and
- will promote the Council's objectives for remission (2)

Council may grant a remission of up to 100% of all rates, except Service Rates on a land area that meets these conditions.

3.1.2 Remission of rates for Māori freehold land under development

This remission is intended to facilitate the occupation, development and utilisation of Māori freehold land for the benefit of its owners in line with the requirements with section 114A of the LGRA and in a way that helps promote the objectives in section 2 above.

Council may grant a remission of up to 100% of all rates, except Service Rates on a land area that:

- is Māori freehold land as set out in the definitions
- is under development in a way that will:
 - create new employment opportunities, or
 - create new homes, or
 - increase Council's rating base in the long term, or
 - provide support for marae in the district, or
 - facilitate the occupation, development, and utilisation of the land, and
 - comply with section 114A of the Local Government (Rating) Act 2002.

Any rates remission may be calculated based on the rates that would be applicable:



- a) for that portion of land in a rating unit that is under development; and
- b) for the duration of a development; and
- c) differently during different stages of a development; and
- d) subject to any conditions specified by Council, including conditions relating to—
 - (i) the commencement of the development; or
 - (ii) the completion of the development or any stage of the development.

In determining what proportion of the rates to remit during the development or any stage of the development, Council will also consider:

- a) if the land is being developed for a commercial purpose, when the ratepayer or ratepayers are likely to generate income from the development; and
- b) if the development involves the building of one or more dwellings, when the ratepayer or any other persons are likely to be able to reside in the dwellings.

3.1.3 Remission of penalties

This remission is intended to recognise that there may be specific circumstances where there may be delays in payment of rates on Māori freehold land. This policy provides for a discretionary right to remit penalties on rates (in full or part) which meet the criteria set out in section 3 and where it is considered fair and reasonable to do so.

3.2 Postponement

Council does not postpone rates for Māori freehold land; however, it will remit up to 100% of rates (excluding Service Rates) on application, if the application meets the criteria set out in section 3.1.

3.3 Application and consideration process

In general, Council will provide remission under this Policy only where an application is made in writing. This allows Council to obtain the information it needs to make a decision. However, if Council already has sufficient information, it may grant remission without an application. Applications should:

- outline the reasons why relief is sought
- describe how the application meets any one or more of the objectives listed in section 2,
- a description of the size, position and current use of the land,
- an indication of the ownership and documentation that shows the land which is subject to the application for rates remission is Māori freehold land
- outline future plans for the land (if any)
- details any sources and level of income generated by the land (if any)
- include financial accounts if requested

In the case of **Māori freehold land under development**, in addition to the above, applications should also be supported by details of the development as outlined in 3.1.2 including:

- the objectives or benefits expected to be provided by the development,
- the portion of land of the rating unit under development,
- the intended commencement, duration and stages of development,
- when the development is expected to generate income if the development is for a commercial purpose



- when people are expected to be able to reside in the dwellings if the development involves the building of one or more dwellings

The amount and timing of any remission provided under this policy is entirely at the discretion of Council.

Council's delegation manual details the specific responsibilities of Council and staff to make decisions in relation to rate remission and postponement on Māori freehold land. An application for remission of rates or reviews of decision regarding rate remissions are generally considered by the Chief Financial Officer with authority for penalty remissions delegated to other finance staff.

Any decisions made regarding rates remissions on Māori freehold land before 1 July 2017 remain recognised by Council.

Decisions regarding rates remission on Māori freehold land generally under 3.1.1 remain in perpetuity, unless the land becomes occupied or used for economic benefit. In this case, it is expected that the landowners would advise Council of the change in land use. If there is evidence of the use of the land for occupation or economic benefit, Council may request financial statements regarding the property in order to review a decision.

Decisions to grant rate remissions on Māori freehold land under development under section 3.1.2 will apply for the period indicated by Council when the application is approved. If the development is not completed within the expected timeframe, additional applications may also be made for the same development and will be assessed based on the amount of any previous remission provided, progress on the development against previous expectations and forward development plans. Council reserves the right to review the decision to remit rates on Māori freehold under development when the circumstances that led to the granting of remission have changed.

Associated Documents

- Local Government Act (2002),
- Local Government (Rating) Act (2002)
- Te Ture Whenua Maori Act 1993
- Remission and Postponement of Rates Policy (2021)
- Local Government (Rating of Whenua Māori) Amendment Act 2021



Remission and Postponement of Rates on Māori Freehold Land Policy **(DRAFT SHOWING CHANGES)**

Group responsible: Finance

Date approved: ~~23 February 2017~~ **22 June 2022 (expected date)**

Effective from: ~~1 July 2022~~ **1 July 2022 (expected date)**

File no: ~~R/19/4/6301R/16/8/13717~~

1. Purpose

The Policy recognises that certain Māori-owned lands have particular features, ownership structures or other circumstances that make it appropriate to provide rates relief.

Southland District Council has developed the Remission and Postponement of Rates on Māori Freehold Land Policy (the Policy) to respond to those differences in ways that encourage the long term retention, use and enjoyment of Māori freehold land by its owners and ensure fair and equitable collection of rates from all sectors of the community.

The Policy provides the framework for granting remissions and postponements for the payment of rates and penalties on Māori freehold land. The policy, as is prepared in accordance with adopted under Section 102(2)(e), section 102(3A) and section 108 of the Local Government Act (2002) and section 114 and 114A of the Local Government (Rating Act) 2002.

2. Definitions and Abbreviations

TERM	MEANING
LGA	Local Government Act (2002)
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Service Rates	Sewerage and water rates, recycling and rubbish bin collection rates
TTWMA	<u>Te Ture Whenua Maori Act 1993</u>
Wāhi Tapu	Place sacred to Māori in the traditional, religious, ritual or mythological sense.

Remission and Postponement of Rates on Māori Freehold Land Policy

Southland District Council
Te Rohe Pōtae o Murihiku

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3. Policy Details

1. Background

Māori freehold land is defined in the LGRA as land whose beneficial ownership has been determined by a freehold order issued by the Maori Land Court.

Māori freehold land is recognised in the principles set out in the Preamble to the Te Ture Whenua Maori Act 1993 as a taonga tuku iho of special significance to Maori and, for that reason, to promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapu.

The Southland District Council carries out its rating ~~function~~ and financial policy functions in accordance with the requirements of the LGRA and the LGA in a manner that supports these principles.

All Māori freehold land in the Southland District is liable for rates in the same manner as if it were general land (as per section 91 LGRA).

Only land that is the subject of a freehold order issued by the Maori Land Court ~~such an order~~ may qualify for remission or postponement under this policy.

Council has identified a series of objectives for providing rate relief on Māori freehold land in section 2. These are consistent with Schedule 11 of the LGA as identifies the matters which Council must ~~be taken~~ into account ~~by Council~~ when considering rates relief on Māori freehold land.

Whether rates are remitted in any individual case will depend on the individual circumstances of each application.

When considering the objectives listed below Council must take into account:

- the desirability and importance of the objectives ~~(3.2)~~ to the District; and
- whether remitting the rates would assist attainment of those objectives.

Council also has a Rates Remission and Postponement Policy which applies to all general land rather than specifically to Māori freehold land. Nothing in this Policy prevents owners of Māori freehold land from applying for a rates remission under that Policy (e.g. a not-for-profit community organisation providing services from Māori freehold land might apply for a remission under that policy). However, two rates remissions will not be given in respect of the same rates.

2. Objectives

The objectives of rates remission and postponement on Māori freehold land by Council are:

- (a) supporting the use of the land by the owners for traditional purposes;
- (b) recognising and supporting the relationship of Māori and their culture and traditions with their ancestral lands;
- (c) avoiding further alienation of Māori freehold land;
- (d) facilitating any wish of the owners to develop the land for economic use;



- (e) recognising and taking account of the presence of Wāhi Tapu that may affect the use of the land for other purposes;
- (f) recognising and taking account the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere);
- (g) recognising and taking account of the importance of the land for community goals relating to:
 - i. the preservation of the natural character of the coastal environment,
 - ii. the protection of outstanding natural features,
 - iii. the protection of significant indigenous vegetation and significant habitats of indigenous fauna;
- (h) recognising the level of community services provided to the land and its occupiers;
- (i) recognising matters related to the physical accessibility of the land.

3.3 Conditions and Criteria for the Remission and Postponement of Rates on Māori Freehold Land

3.1 Remission

3.1.1 Remission of rates for Māori freehold land generally

This remission is intended for land that is not considered to be unused and non-rateable under clause 14A of Part 1 of Schedule 1 of the LGRA, but still meets the following conditions for the rates to receive rates remission include for defined Māori freehold land to be:

- Māori freehold land as set out in the definitions
- not occupied by a dwelling, out-building or commercial building; and
- not used for economic benefit; and
- will promote the Council's objectives for remission (2):

Council may grant a remission of up to 100% of all rates, except Service Rates on a land area that meets these conditions.

3.1.2 Remission of rates for Māori freehold land under development

This remission is intended to facilitate the occupation, development and utilisation of Māori freehold land for the benefit of its owners in line with the requirements with section 114A of the LGRA and in a way that helps promote the objectives in section 2 above.

Council may grant a remission of up to 100% of all rates, except Service Rates on a land area that:

- is Māori freehold land as set out in the definitions
- is under development in a way that will:
 - create new employment opportunities, or
 - create new homes, or
 - increase Council's rating base in the long term, or
 - provide support for marae in the district, or
 - facilitate the occupation, development, and utilisation of the land, and
 - comply with section 114A of the Local Government (Rating) Act 2002.

Any rates remission may be calculated based on the rates that would be applicable:



- a) for that portion of land in a rating unit that is under development; and
- b) for the duration of a development; and
- c) differently during different stages of a development; and
- d) subject to any conditions specified by Council, including conditions relating to—
 - (i) the commencement of the development; or
 - (ii) the completion of the development or any stage of the development.

In determining what proportion of the rates to remit during the development or any stage of the development, Council will also consider:

- a) if the land is being developed for a commercial purpose, when the ratepayer or ratepayers are likely to generate income from the development; and
- b) if the development involves the building of one or more dwellings, when the ratepayer or any other persons are likely to be able to reside in the dwellings.

3.1.35 Remission of penalties

This remission is intended to recognise that there may be specific circumstances where there may be delays in payment of rates on Māori freehold land. This policy provides for a discretionary right to remit penalties on rates (in full or part) which meet the criteria set out in section 3 and where it is considered fair and reasonable to do so.

Remission on rates penalties on Māori freehold land will be subject to application meeting the criteria set out in 3.3. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

Where significant arrears exist, penalties may be remitted whilst regular payments are made to reduce the arrears balance.

Decisions on remission of penalties will be made on the same basis as remission of rates, with the delegated authority to remit penalties being given to the Chief Financial Officer, with recommendations from the Finance Manager.

3.24 Postponement of Rates

Council does not postpone rates for Māori freehold land; however, it will remit up to 100% of rates (excluding Service Rates) on application, if the application meets the criteria set out in section 3.13.

3.36 Remission of Rates Application and consideration process

In general, Council will provide remission under this Policy only where an application Applications for remission of rates on Māori freehold land must be made in writing. This allows Council to obtain the information it needs to make a decision. However, if Council already has sufficient information, it may grant remission without an application. Applications should include:

- outline the reasons why relief is sought for the request;
- describe how the application meets any one or more of the objectives listed in section 3.2;
- a description of the size, position and current use of the land,
- an indication of the ownership and documentation that shows the land which is subject to the application for rates remission is Māori freehold land;



- outline future plans for the land (if any);
- details any sources and level of income generated by the land (if any);
- include financial accounts if requested;

In the case of Māori freehold land under development, in addition to the above, applications should also be supported by details of the development as outlined in 3.1.2 including:

- the objectives or benefits expected to be provided by the development,
- the portion of land of the rating unit under development,
- the intended commencement, duration and stages of development,
- when the development is expected to generate income if the development is for a commercial purpose
- when people are expected to be able to reside in the dwellings if the development involves the building of one or more dwellings

The amount and timing of any remission provided under this policy is entirely at the discretion of Council.

Council's delegation manual details the specific responsibilities of Council and staff to make decisions in relation to rate remission and postponement on Māori freehold land. An application for remission of rates or reviews of decision regarding rate remissions ~~must are generally be~~ considered by the Chief Financial Officer ~~with authority for penalty remissions delegated to other finance staff.~~

Any decisions made ~~by Council~~ regarding rates remissions on Māori freehold land before 1 July 2017 remain recognised by Council.

Decisions regarding rates remission on Māori freehold land generally under 3.1.1 remain in perpetuity, unless the land becomes occupied or used for economic benefit. In this case, it is expected that the landowners would advise Council of the change in land use. If there is evidence of the use of the land for occupation or economic benefit, Council may request financial statements regarding the property in order to review a decision. ~~Reviews of decisions regarding rates remission for Māori freehold land will be made by the Chief Financial Officer.~~

Decisions to grant rate remissions on Māori freehold land under development under section 3.1.2 will apply for the period indicated by Council when the application is approved. If the development is not completed within the expected timeframe, additional applications may also be made for the same development and will be assessed based on the amount of any previous remission provided, progress on the development against previous expectations and forward development plans. Council reserves the right to review the decision to remit rates on Māori freehold under development when the circumstances that led to the granting of remission have changed.

~~All rates on Māori freehold land whose owners name or names (or the name of the lessee) appears on the valuation roll (under Section 92 of the LGRA) will be collected in the usual manner of rate collection and follow-up:~~

~~All rates, rates arrears and penalties on Māori freehold land vested in trustees will be collected from income derived from that land and held by the trustees for the beneficial owners, but limited to the extent of the money derived from the land and held by the trustees on behalf of the beneficial owner or owners (as per Section 93 LGRA).~~

~~For Māori freehold land, any person who actually uses the land whether for residing, farming, storage or any other use, whether they have a lease or not, is liable to pay the rates (as per Section 96 LGRA).~~



The rates invoice will be delivered to that person and the rates will be collected in the usual manner. Section 97 of the LGRA provides for the person to be treated as having used the whole of the land for the whole financial year, unless they can establish otherwise.

Rates arrears on Māori freehold land shall be reviewed annually and amounts determined by Council as uncollectible shall be written off (for accounting purposes) on such land.

3.7—Existing decisions on Māori Freehold land

Any decisions made by Council regarding rates remissions on Māori freehold land before 1 July 2017 remain recognised by Council.

3.8—Length of decision

Decisions regarding rates remission on Māori freehold land remain in perpetuity, unless the land becomes occupied or used for economic benefit. In this case, it is expected that the landowners would advise Council of the change in land use. If there is evidence of the use of the land for occupation or economic benefit, Council may request financial statements regarding the property in order to review a decision. Reviews of decisions regarding rates remission for Māori freehold land will be made by the Chief Financial Officer.

4.—Roles and responsibilities

PARTY/PARTIES	ROLES AND RESPONSIBILITIES
FINANCE MANAGER	Receive applications and make recommendations to Chief Financial Officer for remission of rates on Māori freehold land.
	May request financial statements regarding the property if there is evidence that the land is occupied or being used for economic benefit.
	May write off rates if the application is accepted
CHIEF FINANCIAL OFFICER	Accept or decline applications for remission of rates on Māori freehold land. Review applications, if applicable, for remission of rates on Māori freehold land.

5.—Associated Documents

- [Local Government Act \(2002\)](#),
- [Local Government \(Rating\) Act \(2002\)](#)
- [Te Ture Whenua Maori Act 1993](#)
- [Remission and Postponement of Rates Policy \(2021\)](#)
- [Local Government \(Rating of Whenua Māori\) Amendment Act 2021](#)

Extract of key legislative changes related to rates remission and postponement on Maori Freehold Land

Local Government Rating Act 2002 (LGRA)

114A Remission of rates for Māori freehold land under development

- (1) The purpose of this section is to facilitate the occupation, development, and utilisation of Māori freehold land for the benefit of its owners.
- (2) A local authority must consider an application by a ratepayer for a remission of rates on Māori freehold land if—
 - (a) the ratepayer has applied in writing for a remission on the land; and
 - (b) the ratepayer or another person is developing, or intends to develop, the land.
- (3) The local authority may, for the purpose of this section, remit all or part of the rates (including penalties for unpaid rates) on Māori freehold land if the local authority is satisfied that the development is likely to have any or all of the following benefits:
 - (a) benefits to the district by creating new employment opportunities;
 - (b) benefits to the district by creating new homes;
 - (c) benefits to the council by increasing the council's rating base in the long term;
 - (d) benefits to Māori in the district by providing support for marae in the district;
 - (e) benefits to the owners by facilitating the occupation, development, and utilisation of the land.
- (4) The local authority may remit all or part of the rates—
 - (a) for the duration of a development; and
 - (b) differently during different stages of a development; and
 - (c) subject to any conditions specified by the local authority, including conditions relating to—
 - (i) the commencement of the development; or
 - (ii) the completion of the development or any stage of the development.
- (5) In determining what proportion of the rates to remit during the development or any stage of the development, the local authority must take into account—
 - (a) the expected duration of the development or any stage of the development; and
 - (b) if the land is being developed for a commercial purpose, when the ratepayer or ratepayers are likely to generate income from the development; and
 - (c) if the development involves the building of 1 or more dwellings, when the ratepayer or any other persons are likely to be able to reside in the dwellings.
- (6) Sections 85(2) and 86 apply to a remission made under subsection (3).
- (7) This section does not limit the application of section 85 or 114 to Māori freehold land.

Section 114A: inserted, on 13 April 2021, by section 50 of the Local Government (Rating of Whenua Māori) Amendment Act 2021 (2021 No 12).

Schedule 1 - Categories of non-rateable land

Part 1 - Land fully non-rateable

- 1 Land forming part of—
 - (a) a National Park under the National Parks Act 1980;
 - (b) a reserve under the Reserves Act 1977;
 - (c) a conservation area under the Conservation Act 1987;
 - (d) a wildlife management reserve, wildlife refuge, or wildlife sanctuary under the Wildlife Act 1953.
- 1A Land that is subject to a Nga Whenua Rahui kawenata under section 77A of the Reserves Act 1977 or section 27A of the Conservation Act 1987.
 Schedule 1 Part 1 clause 1A: inserted, on 1 July 2021, by section 32(1) of the Local Government (Rating of Whenua Māori) Amendment Act 2021 (2021 No 12).
- 2 Land vested in the Crown and forming part of—
 - (a) a flood ponding area;
 - (b) ~~[Repealed]~~
 - (c) ~~[Repealed]~~
 - (d) the bed of any navigable lake or navigable river.
 Schedule 1 Part 1 clause 2(b): repealed, on 1 April 2011, by section 128 of the Marine and Coastal Area (Takutai Moana) Act 2011 (2011 No 3).
 Schedule 1 Part 1 clause 2(c): repealed, on 1 April 2011, by section 128 of the Marine and Coastal Area (Takutai Moana) Act 2011 (2011 No 3).
- 3 Land that is—
 - (a) owned by a society or association of persons (whether incorporated or not); and
 - (b) used for conservation or preservation purposes; and
 - (c) not used for private pecuniary profit; and
 - (d) able to be accessed by the general public.
- 4 Land used by a local authority—
 - (a) for a public garden, reserve, or children's playground;
 - (b) for games and sports (except galloping races, harness races, or greyhound races);
 - (c) for a public hall, library, athenaeum, museum, art gallery, or other similar institution;
 - (d) for public baths, swimming baths, bathhouses, or sanitary conveniences;
 - (e) for soil conservation and rivers control purposes, being land for which no revenue is received.
- 5 Land owned or used by, and for the purposes of,—
 - (a) Heritage New Zealand Pouhere Taonga;
 - (b) the Queen Elizabeth the Second National Trust;
 - (c) the Museum of New Zealand Te Papa Tongarewa Board;
 - (d) the charitable trust known as Children's Health Camps—The New Zealand Foundation for Child and Family Health and Development;
 - (e) the Royal New Zealand Foundation of the Blind, except as an endowment.
 Schedule 1 Part 1 clause 5(a): replaced, on 20 May 2014, by section 107 of the Heritage New Zealand Pouhere Taonga Act 2014 (2014 No 26).
 Schedule 1 Part 1 clause 5(e): amended, on 30 April 2003, by section 28(1) of the Royal New Zealand Foundation of the Blind Act 2002 (2002 No 3 (P)).

- 6 Land owned or used by, and for the purposes of, any of the following as defined in [section 10\(1\)](#) of the Education and Training Act 2020:
- (a) a State school;
 - (b) a State integrated school;
 - (c) a specialist school;
 - (d) a special institution;
 - (e) an early childhood education and care centre, except an early childhood education and care centre that operates for profit;
 - (f) a private school, except a registered school that operates for profit;
 - (g) an institution.

Schedule 1 Part 1 clause 6: replaced, on 1 August 2020, by [section 658](#) of the Education and Training Act 2020 (2020 No 38).

- 7 Land owned or used by, and for the purposes of, an institution for the instruction and training of students in theology and associated subjects, being land that does not exceed 1.5 hectares for any one institution.
- 8 Land owned or used by a district health board and used to provide health or related services (including living accommodation for hospital purposes and child welfare homes).
- 9 Land used solely or principally—
- (a) as a place of religious worship;
 - (b) for a Sunday or Sabbath school or other form of religious education and not used for private pecuniary profit.

- 10 Land that is used as—
- (a) a cemetery, crematorium, or burial ground, within the meaning of [section 2\(1\)](#) of the Burial and Cremation Act 1964 (except a burial ground or crematorium that is owned and conducted for private pecuniary profit);
 - (b) a Māori burial ground.
- Schedule 1 Part 1 clause 10: amended, on 1 July 2021, by [section 52\(2\)](#) of the Local Government (Rating of Whenua Māori) Amendment Act 2021 (2021 No 12).

- 11 Māori customary land.

- 12 Land that is used for the purposes of a marae, excluding any land used—
- (a) primarily for commercial or agricultural activity; or
 - (b) as residential accommodation.
- Schedule 1 Part 1 clause 12: replaced, on 1 July 2021, by [section 52\(3\)](#) of the Local Government (Rating of Whenua Māori) Amendment Act 2021 (2021 No 12).
- 13 Land that is set apart under [section 338](#) of Te Ture Whenua Māori Act 1993 or any corresponding former provision of that Act and used for the purposes of a meeting place, excluding any land used—
- (a) primarily for commercial or agricultural activity; or
 - (b) as residential accommodation.
- Schedule 1 Part 1 clause 13: replaced, on 1 July 2021, by [section 52\(3\)](#) of the Local Government (Rating of Whenua Māori) Amendment Act 2021 (2021 No 12).

- 13A Māori freehold land on which a meeting house is erected, excluding any land used—
- (a) primarily for commercial or agricultural activity; or
 - (b) as residential accommodation.
- Schedule 1 Part 1 clause 13A: inserted, on 1 July 2021, by [section 52\(3\)](#) of the Local Government (Rating of Whenua Māori) Amendment Act 2021 (2021 No 12).

- 13B Land that is a Māori reservation held for the common use and benefit of the people of New Zealand under [section 340](#) of Te Ture Whenua Māori Act 1993.
- Schedule 1 Part 1 clause 13B: inserted, on 1 July 2021, by [section 52\(3\)](#) of the Local Government (Rating of Whenua Māori) Amendment Act 2021 (2021 No 12).

- 14 Māori freehold land that is, for the time being, non-rateable by virtue of an Order in Council made under [section 116](#) of this Act, to the extent specified in the order.

- 14A An unused rating unit of Māori freehold land.
- Schedule 1 Part 1 clause 14A: inserted, on 1 July 2021, by [section 52\(4\)](#) of the Local Government (Rating of Whenua Māori) Amendment Act 2021 (2021 No 12).

- 15 Machinery, whether fixed to the soil or not, but excluding, in the case of a hydro-electric power station, everything other than the turbines, generator, and associated equipment through which the electricity produced by the generator passes.

- 16 Land that is specifically exempt from rates under the provisions of any other enactment, to the extent specified in the enactment.

- 17 Land vested in the Crown or a local authority that is formed and used for a road, limited access road, access way, or service lane.

- 18 Land vested in and occupied by the Crown, or by any airport authority, that is—

- (a) within the operational area of an aerodrome; and
- (b) used solely or principally—
 - (i) for the landing, departure, or movement of aircraft; or
 - (ii) for the loading of goods and passengers on to or from aircraft.

- 19 Land occupied by the New Zealand Railways Corporation, or by a railway operator, that is—

- (a) part of the permanent way of the railway, being land on which is sited any railway line together with contiguous areas of land that are occupied incidentally and not otherwise used; or
- (b) used, solely or principally, for the loading or unloading of goods or passengers on to or from trains situated on the railway line.

- 20 Land used as a wharf.

- 21 Land used or occupied by, or for the purposes of, an institution that is carried on for the free maintenance or relief of persons in need, being land that does not exceed 1.5 hectares for any one institution.

- 22 Land on which any vice-regal residence or Parliament building is situated.

- 23 The common marine and coastal area, including any customary marine title area, within the meaning of the [Marine and Coastal Area \(Takutai Moana\) Act 2011](#).

Schedule 1 Part 1 clause 23: added, on 1 April 2011, by [section 128](#) of the Marine and Coastal Area (Takutai Moana) Act 2011 (2011 No 3).

- 24 The bed of Te Whaanga Lagoon in the Chatham Islands.

Schedule 1 Part 1 clause 24: added, on 1 April 2011, by [section 128](#) of the Marine and Coastal Area (Takutai Moana) Act 2011 (2011 No 3).

- 25 Structures that are—

- (a) fixed to, or under, or over any part of the common marine and coastal area; and
- (b) owned, or deemed to be owned, by the Crown under [section 18](#) or [19](#) of the Marine and Coastal Area (Takutai Moana) Act 2011; or
- (c) owned by the Crown, Te Urewera Board, or the trustees of Tuhoe Te Uru Taumatua under the [Te Urewera Act 2014](#), but subject to note 2.

Notes

- 4A For the purposes of [clause 14A](#),—
- (a) a rating unit is **unused** if—
 - (i) there is no person actually using any part of the rating unit; or
 - (ii) the entire rating unit is used in a similar manner to a reserve or conservation area and no part of the rating unit is—
 - (A) leased by any person; or
 - (B) used as residential accommodation; or
 - (C) used for any activity (whether commercial or agricultural) other than for personal visits to the land or personal collections of kai or cultural or medicinal material from the land; and
 - (b) a rating unit must not be treated as being used solely because a person is a participant under the [Climate Change Response Act 2002](#) in respect of an activity relating to the rating unit.

Local Government Act 2002 (LGA)

102 Funding and financial policies

- (1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).
- (2) The policies are—
 - (a) a revenue and financing policy; and
 - (b) a liability management policy; and
 - (c) an investment policy; and
 - (d) a policy on development contributions or financial contributions; and
 - (e) a policy on the remission and postponement of rates on Māori freehold land; and
 - (f) in the case of a unitary authority for a district that includes 1 or more local board areas, a local boards funding policy.
- (3) A local authority may adopt either or both of the following policies:
 - (a) a rates remission policy;
 - (b) a rates postponement policy.
- (3A) The following policies must also support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993:
 - (a) the revenue and financing policy, the policy on development contributions or financial contributions, and the policy on the remission and postponement of rates on Māori freehold land adopted under subsection (1);
 - (b) any rates remission policy or rates postponement policy adopted under subsection (3).
- (4) A local authority—
 - (a) must consult on a draft policy in a manner that gives effect to the requirements of section 82 before adopting a policy under this section;
 - (b) may amend a policy adopted under this section at any time after consulting on the proposed amendments in a manner that gives effect to the requirements of section 82.
- (5) However, subsection (4) does not apply to—
 - (a) a liability management policy;
 - (b) an investment policy.

Section 102: substituted, on 27 November 2010, by section 19 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 102(2)(e): amended, on 8 August 2014, by section 37(1) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 102(2)(f): inserted, on 8 August 2014, by section 37(2) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 102(3A): inserted, on 1 July 2021, by section 77 of the Local Government (Rating of Whenua Māori) Amendment Act 2021 (2021 No 12).

Section 102(4): replaced, on 8 August 2014, by section 37(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Schedule 11

Matters relating to rates relief on Māori freehold land

ss 5(2), 108(4), 109(2), 110(2)

- 1 The matters that the local authority must consider under section 108(4) are—
 - (a) the desirability and importance within the district of each of the objectives in clause 2; and
 - (b) whether, and to what extent, the attainment of any of those objectives could be prejudicially affected if there is no remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
 - (c) whether, and to what extent, the attainment of those objectives is likely to be facilitated by the remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
 - (d) the extent to which different criteria and conditions for rates relief may contribute to different objectives.
- 2 The objectives referred to in clause 1 are—
 - (a) supporting the use of the land by the owners for traditional purposes;
 - (b) recognising and supporting the relationship of Māori and their culture and traditions with their ancestral lands;
 - (c) avoiding further alienation of Māori freehold land;
 - (d) facilitating any wish of the owners to develop the land for economic use;
 - (e) recognising and taking account of the presence of wahi tapu that may affect the use of the land for other purposes;
 - (f) recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere);
 - (g) recognising and taking account of the importance of the land for community goals relating to—
 - (i) the preservation of the natural character of the coastal environment;
 - (ii) the protection of outstanding natural features;
 - (iii) the protection of significant indigenous vegetation and significant habitats of indigenous fauna;
 - (h) recognising the level of community services provided to the land and its occupants;
 - (i) recognising matters related to the physical accessibility of the land.

Te Ture Whenua Māori Act 1993 (TTWMA)

Preamble

Nā te mea i riro nā te Tiriti o Waitangi i motuhake ai te nohono a te iwi me te Karauna: ā, nā te mea e tika ana kia whakaitia ānō te wairua o te wā i riro atu ai te kāwanatanga kia riro mai ai te mau tonu o te rangatiratanga e takoto nei i roto i te Tiriti o Waitangi: ā, nā te mea e tika ana kia marama ko te whenua he taonga tuku iho e tino whakaaro nuitia ana e te iwi Māori, ā, nā tērā he whakahaia kia mau tonu taua whenua ki te iwi nōna, ki ō rātou whānau, hapū hoki, ā, ki te whakangungu i ngā wāhi tapu hei whakamārama i te nohotanga, i te whakahaeretanga, i te whakamahitanga o taua whenua hei painga mō te hunga nōna, mō ō rātou whānau, hapū hoki: ā, nā te mea e tika ana kia tū tonu he Te Kōoti, ā, kia whakatakototia he tikanga hei āwhina i te iwi Māori kia taea ai ēnei kaupapa te whakatimana.

Whereas the Treaty of Waitangi established the special relationship between the Māori people and the Crown: And whereas it is desirable that the spirit of the exchange of kāwanatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed: And whereas it is desirable to recognise that land is a taonga tuku iho of special significance to Māori people and, for that reason, to promote the retention of that land in the hands of its owners, their whānau, and their hapu, and to protect wahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whānau, and their hapu: And whereas it is desirable to maintain a court and to establish mechanisms to assist the Māori people to achieve the implementation of these principles:

Preamble: amended, on 1 July 2002, by section 3(1)(a) of Te Ture Whenua Māori Amendment Act 2002 (2002 No 16).

Preamble: amended, on 1 July 2002, by section 3(1)(b) of Te Ture Whenua Māori Amendment Act 2002 (2002 No 16).

Preamble: amended, on 1 July 2002, by section 3(2) of Te Ture Whenua Māori Amendment Act 2002 (2002 No 16).

Proposed road stopping Stewart Island - updated and expanded resolution

Record no: R/22/5/17514
Author: Kevin McNaught, Manager property services
Approved by: Nick Hamlin, Group manager programme delivery

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of the report is to update and expand Council's resolution in regards to the proposed road stopping 2 Main Road, Stewart Island.

Executive summary

- 2 Council at its meeting on 14 April 2021 resolved to agree to a request from the adjoining landowner to stop a portion of unformed road at 2 Main Road, Stewart Island to deal with historical building encroachments.
- 3 Included between the two encroachments was a small area of land made up in approximately equal parts of grass and bush. Primarily the area proposed to be stopped was the same as that approved in 1991 but never completed.
- 4 Case law that has recently come to light in regards to road stoppings, has set out that Council must explicitly address (such as in its resolution) the reasons for the road stopping, particularly providing confirmation that the Council does not consider that the land is needed to be retained for road or other access purposes.
- 5 While it could be inferred that Council resolving to start the process is confirmation that the land is no longer required for road, and that the proposal attached to the 2021 report sets out the reasons, these were not specifically stated in the resolutions.
- 6 To ensure compliance and to also ensure the process is not in question, it is proposed to update the Council resolution and to re-advertise the proposal including the reasons.

Recommendation

That the Council:

- a) **receives the report titled “Proposed road stopping Stewart Island - updated and expanded resolution” dated 17 June 2022.**
- b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) agrees to add the following resolutions in regard to the proposed road stopping at 2 Main Road Stewart Island now defined as Section 1 SO Plan 563009 considered by Council on 14 April 2021:
 - **agrees the land defined as Section 1 SO Plan 563009 (‘Road Area’) is unformed** legal road not currently used for road or other public access. As an existing formed road and footpath is already situated on the balance of the road to be retained the Road Area is not required for future roading, footpath widening or other public access purposes and is thus surplus to Councils legal and physical roading requirements.
 - agrees the proposal would remedy historic building encroachments, and includes the portion of unformed legal road situated between the two building encroachments. The Road Area is intended to be transferred to the landowner of the adjoining land and would be subject to zoning and all other requirements under the district plan which apply to the adjoining land.

Background

- 7 Council at its meeting on 14 April 2021 resolved to agree to a request from the adjoining landowner to stop a portion of unformed road at 2 Main Road, Stewart Island to deal with historical building encroachments.
- 8 Included between the two encroachments was a small area of land made up in approximately equal parts of grass and bush. Primarily the area proposed to be stopped was the same as that approved in 1991 but never completed.
- 9 Case law that has recently come to light in regards to road stoppings, has set out that Council must explicitly address (such as in its resolution) the reasons for the road stopping, particularly providing confirmation that the Council does not consider that the land is needed to be retained for road or other access purposes.
- 10 While it could be inferred that Council resolving to start the process is confirmation that the land is no longer required for road, and that the proposal attached to the 2021 report sets out the reasons, these were not specifically stated in the resolutions.

11 To ensure compliance and to also ensure the process is not in question, it is proposed to update the Council resolution and to re-advertise the proposal including the reasons.

12 The transport team have confirmed that this land is not required for future transport purposes.

Issues

13 The issue is primarily around the process to be followed as a result of recent case law. In other words, if the proposal gets referred to the Environment Court for a determination, then at that stage it is best the considerations are solely on any objections, and not whether the correct process has been followed or not.

Factors to consider

Legal and statutory requirements

14 This report is to ensure compliance with the relevant statutory requirements, such requirements having been clarified by case law.

Community views

15 The Stewart Island Community Board at its meeting on 29 March 2021 recommended to Council that the road stopping proceed.

Costs and funding

16 The applicant has agreed to pay the survey costs, which has been done and to buy the land at valuation as assessed by a registered valuer at the date of commencement of the process.

Policy implications

17 None identified at this stage.

Analysis

Options considered

18 The options are to make these additional resolutions or not.

Analysis of options

Option 1 – Make additional resolutions

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• process complies fully with current legal expectations• removes the risk of the process being brought into question.	<ul style="list-style-type: none">• delays the process.

Option 2 – Do not pass the additional resolutions

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• the process can continue with a subsequent report required to be presented to Council which may include the option of referral to the Environment Court.	<ul style="list-style-type: none">• if Council refers to Environment Court significant risk that process may be questioned requiring process to start again.

Assessment of significance

- 19 Not considered significant

Recommended option

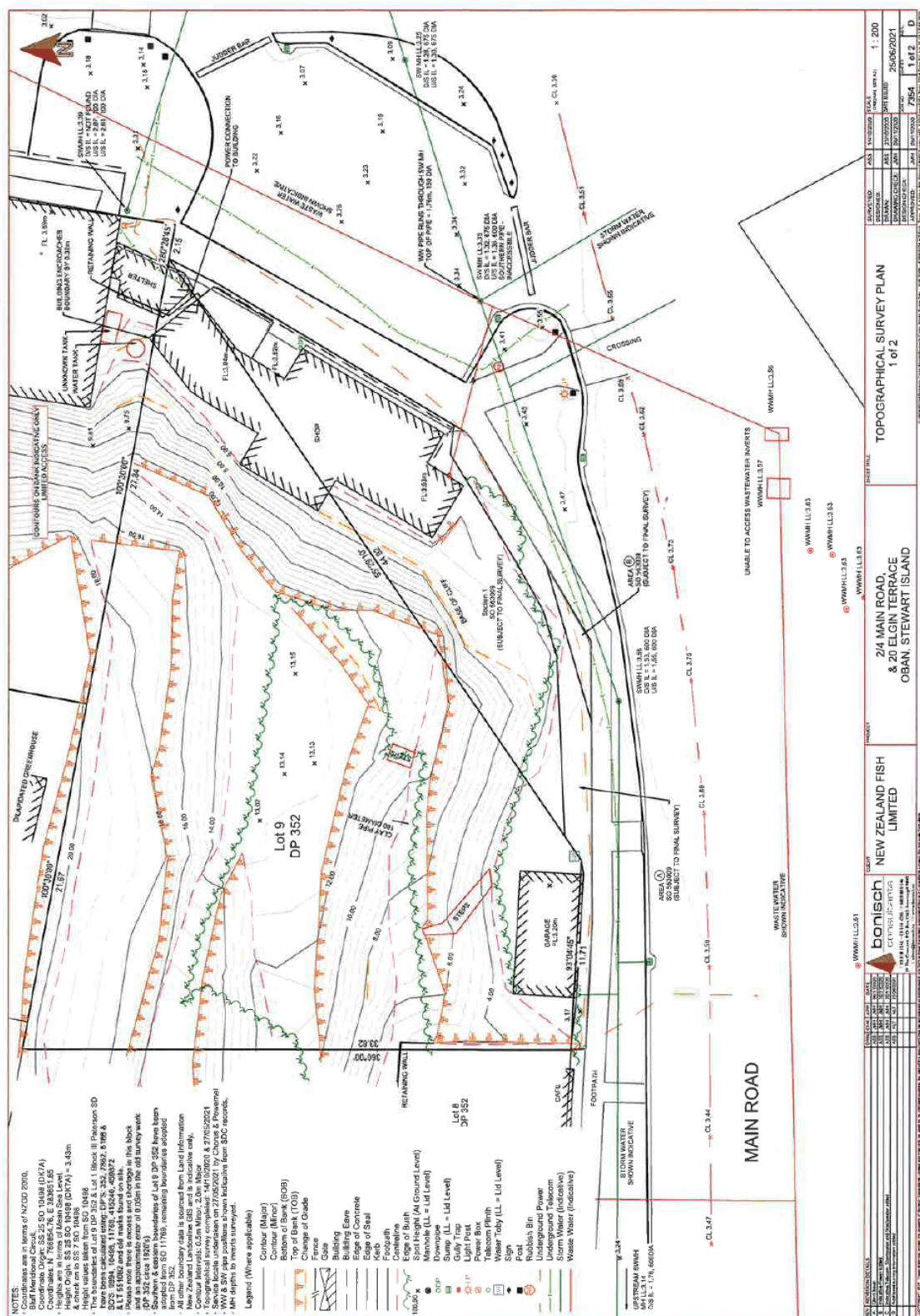
- 20 Option 1 make additional resolutions

Next steps

- 21 Re advertise proposal.

Attachments

- A Topographical Plan - SO 563009 [↓](#)
B SO 563009 [↓](#)





Southland Museum and Art Gallery Trust Board - update on recent changes and presenting draft statement of intent

Record no: R/22/6/21786
Author: Robyn Rout, Governance legal manager
Approved by: Fran Mikulicic, Group manager democracy and community

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to:
 - update Council on recent changes to the Southland Museum and Art Gallery Trust Board (SMAG)
 - present SMAG's draft statement of intent to Council for consideration.

Executive summary

- 2 Historically, SMAG considered its powers to include having full control of the management of the Museum and Art Gallery and controlling all the property and funds. On 5 May 2022, SMAG adopted changes to its Rules and Constitution. Key changes made were:
 - to establishing a skills-based board
 - rūnaka representation having a more influential role
 - to establishing a formal role for the iwi liaison komiti
 - outlining that SMAG will be responsible for managing the museum collection (rather than being responsible for a wider range of activities).
- 3 SMAG's draft statement of intent was provided to Council in February 2022, and a revised version of the statement of intent was also formally received by SMAG on 20 May 2022 (this version included the revised governance structure of SMAG).
- 4 This report considers SMAG's draft statement of intent and outlines feedback Council may wish to provide to SMAG.
- 5 It is important to note that delays associated with SMAG's governance structure changes, mean that any feedback provided by Council's will be late, and SMAG may not be able to incorporate the feedback in to its final statement of intent.

Recommendation

That the Council:

- a) receives **the report titled “Southland Museum and Art Gallery Trust Board - update on recent changes and presenting draft statement of intent” dated 17 June 2022.**
- b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) Notes updates to the Southland **Museum and Art Gallery Trust Board’s Rules and Constitution**, including:
 - establishing a skills-based board
 - **rūnaka representation having a more influential role**
 - establishing a formal role for the iwi liaison komiti
 - that the Southland Museum and Art Gallery Trust Board will now be responsible for managing the museum collection (rather than being responsible for a wider range of activities).
- e) Confirms receipt of the Southland Museum and Art Gallery Trust Board draft statement of intent for the financial year ending 30 June 2023.
- f) Confirms that feedback to the Southland Museum and Art Gallery Trust Board should be as follows:
 - that SMAG provide confirmation that the draft statement of intent meets legislative requirements in relation to non-financial performance targets/measures
 - **that SMAG consider adding ‘kaitiakitanga for future generations’ and ‘a diverse economy creating healthy and affordable lifestyles’ to the community outcomes in section 2.4 of the statement of intent**
 - that SMAG consider whether the title of section 3 of the statement of intent **should read ‘outputs planned for the year ended 30 June 2023’ (not 2022).**
- g) Notes that as the Southland Museum and Art Gallery Trust Board has recently had governance changes, staff delayed presenting the draft statement of intent to Council (to ensure the draft statement of intent aligned to the governance structure). This means the Southland Museum and Art Gallery Trust Board may not have the opportunity to incorporate feedback provided by Council, as the final statement of intent has to be produced by 30 June 2022.

Background

History of SMAG

- 6 SMAG is an incorporated charitable trust established as an independent trust under the Charitable Trusts Act 1957 that operates as a body corporate. As such the trustees have a statutory obligation to act in the best interests of the trust, rather than the body that appointed them. SMAG is a council-controlled organisation (CCO) of Southland District Council (Council), Invercargill City Council (ICC) and Gore District Council (GDC).
- 7 Historically, SMAG believed its powers included having full control of the management of the Museum and Art Gallery and managing the affairs and controlling all the property and funds.
- 8 Some years ago, SMAG entered into a management contract with ICC which meant ICC employed the staff directly involved with the operation of the Southland Museum and Art Gallery and maintenance/custodianship of SMAG assets. This included providing administrative and financial support services to SMAG.
- 9 In 2020, questions arose about the ownership of the Southland Museum and Art Gallery building and its assets, and who would be responsible for the redevelopment of the Invercargill building.
- 10 In April 2020, this Council made a resolution endorsing a proposal for the day to day management of the Invercargill museum being transferred to ICC. At that time, Council also made a resolution noting that further work needed to be done to address the question of the future ownership of the SMAG collection. It was discussed that the collection could be managed through a new entity and SMAG wound up, or the collection could be owned by SMAG operating under modified/repurposed rules and constitution - changed to reflect its new role.
- 11 The SMAG collection has been established through the gifts and funding of the people of the Southland region. The collection is made up of items owned without restriction. There are also pieces in the collection that are on loan, or have conditions that apply.
- 12 On 4 June 2020, SMAG resolved, following advice that confirmed ICC as the owner of the museum building and the land it sits on, that going forward ICC would be responsible for the building and any new building, and SMAG would manage the collection.

Statement of intent

- 13 SMAG have prepared a draft statement of intent for Council's consideration. In accordance with legal requirements for CCOs, this was provided to Council before 1 March 2022.

Issues

Recent governance changes for SMAG

- 14 In 2021, ICC, on behalf of the three Councils requested SMAG to review their Rules and Constitution to see if it was fit for purpose. SMAG subsequently appointed a sub-committee of members who met to review the current Rules and Constitution. Solicitors were engaged to undertake a formal review. In April 2022, solicitors circulated an amended version of the Rules and Constitution to the chief executives of the three Council's, to the board members, and to an iwi liaison komiti for review and comment. Suggested changes were incorporated as required.

- 15 On 5 May 2022, a new version of the Rules and Constitution were presented to SMAG, and it resolved that:
- the current Rules and Constitution of the Southland Museum and Art Gallery Trust Board (incorporated) be revoked
 - the Rules and Constitution be adopted as the new Rules and Constitution of the Board.
- 16 Changes that were made to the Rules and Constitution on 5 May 2022 are outlined in the table below.

Change	Description of change	Previous practice
Establishing a new skills-based board	<p>Initial board members are the chief executives of the three councils and a representative of the four rūnaka. The initial board establish an appointments committee (which can comprise of the initial board members)</p> <p>The appointments committee appoint board members who have particular skills/experience (such as business acumen, governance skills, and expertise or knowledge in arts, heritage and culture)</p> <p>Once all the board members have been appointed the initial board members will cease to hold office</p>	Board members could be appointed by ICC (3 members), Council (2 members), and Tangata Whenua (1 member). The board members from ICC and Council could also appoint two other members
Rūnaka representation having a more influential role	There is now a rūnaka representative on the initial board, the appointment committee, and as one of the six appointees to the board	A board member was appointed by Tangata Whenua
A formal role for the iwi liaison komiti has been established	The four rūnaka have appointed representatives to the iwi liaison komiti which meets quarterly to discuss issues relating to the collections and exhibitions. A schedule has also been added to the Rules and Constitution, on the role of the iwi liaison komiti	The previous Rules and Constitution allowed the board to appoint committees but there was nothing specific about the iwi liaison komiti

Change	Description of change	Previous practice
SMAG will now own and manage the collection of the Southland Museum and Art Gallery (rather than being responsible for a wider range of activities)	SMAG will have control and discretion as to the management of the collection and assets of the Southland Museum and Art Gallery and shall manage the affairs and control all the assets and funds of the Museum. The board also has control over the loan of collection items	Full control of the management of the Museum and Art Gallery and managing the affairs and controlling all the property and funds of the Museum

The draft statement of intent

Timing

- 17 Council received SMAGs draft statement of intent on 28 February 2022. Staff delayed presenting the draft statement of intent to Council until now, as SMAG has been going through governance changes (as outlined above), and staff wanted to ensure the draft statement of intent aligned to SMAG's amended Rules and Constitution. ICC staff have taken the same approach and will also be presenting SMAG's draft statement of intent to councillors in June.
- 18 At a meeting on 20 May 2022, staff at ICC re-presented a draft statement of intent to SMAG, and that version included some minor corrections and the information about board members was also updated to reflect the new governance structure. This revised draft was formally received by SMAG. Staff have included this amended version of the draft statement of intent with this report, as Attachment A.
- 19 It is important to note that under the Local Government Act 2002, SMAG must consider any comments made by Council on the draft statement of intent, that are made to SMAG on or before 1 May 2022. SMAG also is legally required to finalise its statement of intent by 30 June 2022. On this basis, any feedback Council provides now on the draft statement of intent will be late, and SMAG is not legally required to consider it. SMAG may also not have the time to incorporate any changes, as its final statement of intent is due out soon.

Content and purpose

- 20 Through its statement of intent, SMAG publicly states its intended activities for the year and the objectives to which it contributes. The process for developing the statement of intent provides an opportunity for councils to influence the direction of SMAG. A statement of intent also establishes an expectation of what will be achieved and is a basis for accountability and performance.

21 The draft statement of intent included as Attachment A outlines SMAG's:

- mission, vision and strategic objectives
- principle activities
- financial forecasts
- approach to governance
- outputs planned for the year
- accounting policies.

Staff review

22 Staff have reviewed the draft statement of intent (the version formally received by SMAG on 20 May 2022).

23 In the draft, it appears the non-financial performance targets/measures outlined just relate to the 2022/23 financial year, and staff believe schedule 8 clause 7 of the Local Government Act 2002 (the LGA) requires the targets/measures to be outlined for three years. While acknowledging SMAG's recent governance changes, staff consider that SMAG should be asked for confirmation that the draft statement of intent meets legislative requirements in relation to non-financial performance targets/measures.

24 Section 2.4 of the draft statement of intent outlines how SMAG aligns with ICC's community outcomes. As a CCO of Council, SMAG should also be contributing to Council's community outcomes. Staff have considered Council's community outcomes alongside the objectives and activities of SMAG as outlined in the draft statement of intent. To illustrate how SMAG assists in achieving Council's outcomes, staff would recommend that Council request SMAG consider adding the following community outcomes to section 2.4 of the draft statement of intent:

- kaitiakitanga for future generations
- a diverse economy creating healthy and affordable lifestyles.

25 The feedback suggested by staff above, is very similar to the feedback provided by Council in 2021.

26 Staff also believe there is a minor error with the title of section 3 in the draft statement of intent, and that this title should read 'outputs planned for the year ended 30 June 2023' (not 2022).

27 Staff have considered whether the statement of intent aligns to SMAGs recently amended Rules and Constitution. The mission, vision and strategic outcomes stated in the statement of intent are quite broad relative to the new powers of SMAG, but staff do not consider them to be inconsistent with SMAG's new Rules and Constitution.

Factors to consider

Legal and statutory requirements

28 Part 5 of the LGA specifically refers to council-controlled organisations and Schedule 8 specifically outlines what must be included in a statement of intent. Section 64 of the LGA outlines that SMAG's statement of intent must be consistent with its constitution. These

requirements have been considered and form the basis for the recommendations made in this report.

Community views

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

Costs and funding

- 30 In the 2021-22 financial year, Council provided \$613,031.00 to the Southland Regional Heritage Committee (the Committee). ICC and GDC also provided funding to the Committee (\$955,596.00 and \$221,457.00 respectively). Funding for the Committee is sourced from a regional heritage rate – a fixed amount per ‘separately used and inhabited part’ across all the councils. Council and GDC rate for this via a separate targeted rate and at ICC, it is part of their uniform annual general charge.
- 31 In 2021-22 financial year, the Committee made a grant of \$1,181,976.00 to SMAG, a grant of \$186,648.00 to GDC, and discretionary grants of \$315,983.00.
- 32 The financial forecast in SMAG’s draft statement of intent outlines that the key item of expenditure anticipated in the 2022-23 financial year is the museum collection management fee (\$1,246,667.00).

Policy implications

- 33 No policy implications have been identified.

Analysis

Options considered

- 34 Two options have been identified for Council’s consideration.

Analysis of Options

Option 1 – acknowledges receipt of the draft statement of intent, and provides feedback

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• may give SMAG the opportunity to consider whether it should modify the draft statement of intent to reflect the feedback provided by Council (time dependant)• may allow Council to impact the direction of SMAG (time dependant).	<ul style="list-style-type: none">• it may be too late for SMAG to consider/incorporate the feedback• it may slow the process of finalising the statement of intent.

Option 2 – acknowledges receipt of the draft statement of intent, but does not provide feedback on its content

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">the trustees will proceed and finalise the statement of intent.	<ul style="list-style-type: none">the trustees would not have the benefit of receiving feedback from Council.

Assessment of significance

- 35 Providing feedback on SMAG's draft statement of intent is not considered significant in relation to Council's Significance and Engagement Policy and the LGA. The impact on, and likely consequences for people interested or affected by this decision are low/minor.

Recommended option

- 36 Staff recommend that Council proceed and acknowledge receipt of the draft statement of intent, and provide feedback.

Next steps

- 37 The feedback provided by Council will be delivered to the SMAG for its consideration alongside any feedback provided by our partner councils. As outlined above, SMAG may not have time to consider or act on that feedback.
- 38 SMAG will provide the final statement of intent to Council before 1 July 2022.

Attachments

- A Southland Museum and Art Gallery Trust Board draft Statement of Intent 2022/23 [↓](#)

Southland Museum and Art Gallery Trust Board - Public - Financial Report (A3884169)

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

A review of the governance of the Southland Museum & Art Gallery Trust Board is currently underway. As any changes to the governance structure is currently unknown, this Statement of Intent has been prepared with the assumption of business as usual.

SOUTHLAND MUSEUM AND ART GALLERY TRUST BOARD

STATEMENT OF INTENT

**FOR THE FINANCIAL YEAR ENDING
30 June 2023**



The purpose of this Statement of Intent is to:

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

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This Statement of Intent covers the year 1 July 2022 to 30 June 2023.

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

1.1 Mission Statement

To celebrate our people, land and culture

1.2 Vision Statement

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

1.3 Strategic Objectives

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

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

1.4 Principal Activities

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

1. The Collections – Caring for, developing, and researching collections
2. Collection Storage – Ensuring appropriate storage of collections
3. The Community – Be the facilitator, connector, activator, conductor and co-creator working with community

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1.5 Financial Forecasts

Financial Forecasts	2022/2023	2023/2024	2024/2025
Income			
Grant - SRHC	1,246,667	1,270,568	1,296,731
Grant - ICC - Trust Operations	20,000	20,000	20,000
Total Income	1,266,667	1,290,568	1,316,731
Expenditure			
Museum Collection Management Fee	1,246,667	1,270,568	1,296,731
Legal Fees			
General Expenses	10,000	10,000	10,000
Media Support			
Bank Fees			
Audit Fees	10,000	10,000	10,000
Depreciation & Impairment	2,268	2,268	2,268
Total Expenditure	1,268,935	1,292,836	1,318,999
Net Operating Profit/(Loss)	(2,268)	(2,268)	(2,268)

- The loss is directly related to depreciation of assets the Trust has. Cash flow position is neutral each year.

The SMAGTB receives an annual grant from the Southland Regional Heritage Committee.

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

The SMAGTB owns most of the collection and is guardian of other parts of the collection.

1.6 Bicultural Development

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

2.0 STATEMENT ON THE BOARD'S APPROACH TO GOVERNANCE

2.1 Role of the Board

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

2.2 Board Membership

The SMAGTB is a Council Controlled Organisation with 4 trustee members and three ex officio members who represent the contributing authorities. The Board also has the authority to appoint additional members whose skills and experiences benefit the Trust and its functions.

CHIEF EXECUTIVE OFFICER INVERCARGILL CITY COUNCIL

C Hadley

CHIEF EXECUTIVE OFFICER SOUTHLAND DISTRICT COUNCIL

C McIntosh

CHIEF EXECUTIVE OFFICER GORE DISTRICT COUNCIL

S Parry

DULY ELECTED REPRESENTATIVE OF THE FOUR RUNAKA – WAIHOPAI RUNAKA; TE RUNAKA O AWARUA; TE RUNAKA O ORAKA APARIMA; HOKONUI RUNANGA

Evelyn Cook

EX OFFICIO

Manager – W P Marriott, JP, MBA (ICC officer)

Secretary – T Amarasingha (ICC officer)

Treasurer – J Cross (ICC officer)

2.3 Management of the Southland Museum and Art Gallery

The SMAGTB has a Management Contract with Invercargill City Council to carry out the Principle Activities of the Board. The Council employs the museum manager and staff who care for the collections and manages the storage of the collection. The Trust Board will approve the budget for expenditure in the Management Contract each year.

2.4 Alignment with Community Outcomes

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

Enhance our City	Preserve its Character	Embrace Innovation and Change
<i>We will know success when:</i>	<i>We will know success when:</i>	<i>We will know success when:</i>

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

3.0 OUTPUTS PLANNED FOR THE YEAR ENDED 30 JUNE 2022

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

3.1 The Collections Caring for, developing, and researching collections.		
Output	Strategies to achieve Output	2022-23 Target
The collection is developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage	Collection management policies are reviewed as required.	One review annually
	New acquisitions are considered according to the Collection Management Policy. (Minimal acquisitions desired while museum building is closed).	100% of objects acquired are considered
	New acquisitions are entered into Vernon Collection Management System (CMS) to the level of Stripped Stage 1.	1000 records
	Existing CMS records are updated to Stage 1 (Full Documentation). Stage 1 is designed to make the updated records searchable, identify key hazards, and ensure that the items ready for relocation.	2,400 records
	Collections items to have digital images made.	0 items (Photography will only be undertaken as required for the purposes of condition reporting, online presence, and the temporary gallery space.)

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3.2 Collection Storage Ensuring appropriate storage of collections.		
Output	Strategies to achieve Output	2022-23 Target
The collection is prepared for removal from the building by 2022/23 (4 years)	<p>Pack items for storage and transportation.</p> <p>Stage 2a of the current Collection Relocation Plan involves packing and physically readying objects for relocation.</p> <p>Stage 2b of the current Collection Relocation Plan involves implementing a temporary transporting/packing solution for objects to be safely transported off-site.</p>	2000 items across Stage 2a and 2b.
Collections are maintained in optimal conditions for their long term preservation	Storage space is kept at temperature of 19°C±1°C, percentage of time in range.	Minimise variance
	Storage space is kept at humidity of 50%±5%, percentage of time in range.	Minimise variance
	Storage space is monitored for infestation by pests and moulds.	Minimum pests, moulds and pollutants found
	A procedure to minimise deterioration by light is followed.	Yes
	A procedure to avoid loss or damage to objects in the collection or on loan is followed.	Yes

3.3 The Community Be the facilitator, connector, activator, conductor and co-creator working with community		
Output	Strategies to achieve Output	2022-23 Target
Maintain strong relationships with iwi over issues relating to the collections.	Iwi Liaison Komiti (representing the four Southland runanga; Waihopai, Oraka-Aparima, Hokonui, Awarua) meets regularly.	Four meetings
Promote a museum presence	Provide outreach to other museums and related organisations in the region and community.	No target

4.0 ACCOUNTING POLICIES

4.1 Basis Of Preparation

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

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

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

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

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

4.2 Changes In Accounting Policies

There has been no change in accounting policies.

4.3 Goods And Services Tax (GST)

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

4.4 Revenue

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

4.4.1 Grants

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

4.4.2 Donations

Donations are recognised as revenue upon receipt.

4.4.3 Bequests

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

4.4.4 Interest revenue

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

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4.4.5 Other revenue

Revenue is measured at the fair value of consideration received.

4.5 Expenditure

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

4.6 Income Tax

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

4.7 Donated Services

The work of the museum is dependent on the voluntary service of many individuals and organisations. Since these services are not normally purchased by the museum and because of the difficulty of determining their value with reliability, donated services are not recognised in the financial statements.

4.8 Cash and cash equivalents

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

4.9 Short term investments

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

4.10 Receivables

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

4.11 Creditors And Accrued Expenses

Creditors and other payables are measured at the amount owed.

4.12 Property, Plant And Equipment

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

Property, plant, and equipment held at cost that has a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an

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asset's fair value, less costs to sell, and value in use. The total impairment loss is recognised in the surplus or deficit.

The Trust has elected not to revalue property plant and equipment

4.12.1 Additions

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

4.12.2 Depreciation

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

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

4.12.3 Heritage Assets

The Southland Museum & Art Gallery Trust Board owns an extensive collection of material and information relating to natural, cultural and scientific heritage. Heritage assets are valued at cost or fair value at the date of acquisition and are not depreciated.

All assets acquired are recognised at cost at the date of acquisition. As a large number of the Heritage assets are donated or subsidised generally such cost will be nil unless they have been acquired as a result of a purchase by the Trust.

The bulk of the Trust's collection is represented by unrealisable or irreplaceable items and it is impracticable and cost prohibitive to value them on a "Market Based" or "Depreciated Replacement Cost" basis. As a consequence the Trust's collection is undervalued in these financial statements.

The result of this accounting policy means that the vast majority of the Museum's collection is effectively valued for accounting purposes at nil, or at historical cost for those few items purchased.

The primary function and purpose of the Southland Museum is the preservation and display of the extensive collection of heritage assets. These are the tasks that make up the bulk of the Southland Museum's activities.

This means that much of the collection is valued at nil, or very old historical cost for those few items purchased. The Board is confident that if the collection, however unlikely, was to be sold, its market value would be very substantial.

The fact that most of the collection has a nil, or low, value for accounting purposes in no way reduces the true value of the collection or the care that is exercised in its conservation and exhibition.

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

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

Recommendation

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

C10.1 Fund Manager Appointment

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
Fund Manager Appointment	<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.