



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

Date: **Wednesday, 16 October 2024**
Time: **9.30am**
Meeting room: **Council Chamber**
Venue: **Level 2**
20 Don Street
Invercargill

Finance and Assurance Committee Agenda

OPEN

MEMBERSHIP

Chairperson

Bruce Robertson

Deputy Chairperson

Mayor Rob Scott

Councillors

Jaspreet Boparai

Don Byars

Derek Chamberlain

Paul Duffy

Darren Frazer

Sarah Greaney

Julie Keast

Christine Menzies

Tom O'Brien

Margie Ruddenklau

Jon Spraggon

Matt Wilson

IN ATTENDANCE

Group manager finance and assurance

Anne Robson

Committee advisor

Rachael Poole

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Online: [Southland District Council YouTube](https://www.youtube.com/watch?v=...)

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

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.

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Terms of Reference – Finance and Assurance Committee

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

	<ul style="list-style-type: none"> • the overall priorities of Council • the needs of the local communities • the approved budgets for the activity. <p>The Finance and Assurance committee will have responsibility and delegated authority in the following areas:</p> <p>Financial and performance monitoring</p> <ol style="list-style-type: none"> a) monitoring financial performance to budgets b) monitoring service level performance to key performance indicators. <p>Internal control framework</p> <ol style="list-style-type: none"> a) reviewing whether Council's approach to maintaining an effective internal control framework is sound and effective b) reviewing whether Council has taken steps to embed a culture that is committed to probity and ethical behaviour c) reviewing whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud. <p>Internal reporting</p> <ol style="list-style-type: none"> a) to consider the processes for ensuring the completeness and quality of financial and operational information being provided to Council b) to seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council. <p>External reporting and accountability</p> <ol style="list-style-type: none"> a) agreeing the appropriateness of Council's existing accounting policies and principles and any proposed change b) enquiring of internal and external auditors for any information that affects the quality and clarity of Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above c) satisfying itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie letters of representation), and recommend signing of the financial statements by the chief executive/mayor and adoption of the Annual Report, Annual Plans, Long Term Plans <p>Risk management</p> <ol style="list-style-type: none"> a) reviewing whether Council has in place a current, comprehensive and effective risk management framework and associated procedures for effective identification and management of the Council's significant risks b) considering whether appropriate action is being taken to mitigate Council's significant risks.
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	<p>Health and safety</p> <ul style="list-style-type: none"> a) review, monitor and make recommendations to Council on the organisations health and safety risk management framework and policies to ensure that the organisation has clearly set out its commitments to manage health and safety matters effectively. b) review and make recommendations for Council approval on strategies for achieving health and safety objectives c) review and recommend for Council approval targets for health and safety performance and assess performance against those targets d) monitor the organisation's compliance with health and safety policies and relevant applicable law e) ensure that the systems used to identify and manage health and safety risks are fit for purpose, being effectively implemented, regularly reviewed and continuously improved. This includes ensuring that Council is properly and regularly informed and updated on matters relating to health and safety risks f) seek assurance that the organisation is effectively structured to manage health and safety risks, including having competent workers, adequate communication procedures and proper documentation g) review health and safety related incidents and consider appropriate actions to minimise the risk of recurrence h) make recommendations to Council regarding the appropriateness of resources available for operating the health and safety management systems and programmes i) any other duties and responsibilities which have been assigned to it from time to time by Council. <p>Internal audit</p> <ul style="list-style-type: none"> a) approve appointment of the internal auditor, internal audit engagement letter and letter of understanding b) reviewing and approving the internal audit coverage and annual work plans, ensuring these plans are based on Council's risk profile c) reviewing the adequacy of management's implementation of internal audit recommendations d) reviewing the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place. <p>External audit</p> <ul style="list-style-type: none"> a) confirming the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor at the start of each audit
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	<p>b) receiving the external audit report(s) and review action(s) to be taken by management on significant issues and audit recommendations raised within</p> <p>c) enquiring of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks.</p> <p>Compliance with legislation, standards and best practice guidelines</p> <p>a) reviewing the effectiveness of the system for monitoring Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and best practice guidelines as applicable</p> <p>b) conducting and monitoring special investigations, in accordance with Council policy, and reporting the findings to Council</p> <p>c) monitoring the performance of Council organisations, in accordance with the Local Government Act.</p> <p>Business case review</p> <p>a) review of the business case of work, services, supplies, where the value of these or the project exceeds \$2 million (GST exclusive) or the value over the term of the contract exceeds \$2 million (GST exclusive).</p> <p>Insurance</p> <p>a) consider Council's insurance requirements, considering its risk profile</p> <p>b) approving the annual insurance renewal requirements</p> <p>Treasury</p> <p>a) oversee the treasury function of Council ensuring compliance with the relevant Council policies and plans</p> <p>b) ensuring compliance with the requirements of Council's trust deeds are met</p> <p>c) recommend to Council treasury policies at least every three years.</p> <p>d) approve debt, interest rate and external investment management strategy.</p> <p>Fraud Policy</p> <p>a) receive and consider reports relating to the investigation of suspected fraud</p> <p>b) monitor the implementation of the Fraud Policy.</p> <p>Power to recommend</p> <p>The Finance and Assurance committee is responsible for considering and making recommendations to Council regarding:</p> <p>a) policies relating to risk management, rating, loans, funding and purchasing</p>
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	<p>b) accounting treatments, changes in generally accepted accounting practice, and new accounting and reporting requirements</p> <p>c) the approval of financial and non-financial performance statements including adoption of the Annual Report, Annual Plans and Long Term Plans.</p> <p>The Finance and Assurance committee is responsible for considering and making recommendations to Council on business cases completed under the 'Power to act' section above.</p>
FINANCIAL DELEGATIONS	<p>Council authorises the following delegated authority of financial powers to Council committees in regard to matters within each committee's jurisdiction.</p> <p>Contract acceptance:</p> <ul style="list-style-type: none"> accept or decline any contract for the purchase of goods, services, capital works or other assets where the total value of the lump sum contract does not exceed the sum allocated in the Long Term Plan/Annual Plan and the contract relates to an activity that is within the scope of activities relating to the work of the Finance and Assurance committee accept or decline any contract for the disposal of goods, plant or other assets other than property or land that is provided for in the Long Term Plan <p>Budget reallocation.</p> <p>The committee is authorised to reallocate funds from one existing budget item to another. Reallocation of this kind must not impact on current or future levels of service and must be:</p> <ul style="list-style-type: none"> funded by way of savings on existing budget items within the jurisdiction of the committee consistent with the Revenue and Financing Policy.
LIMITS TO DELEGATIONS	<p>Matters that must be processed by way of recommendation to Council include:</p> <ul style="list-style-type: none"> amendment to fees and charges relating to all activities powers that cannot be delegated to committees as per the Local Government Act 2002 and sections 2.4 and 2.5 of this manual. <p>Delegated authority is within the financial limits in section 9 of this manual.</p>
RELATIONSHIPS WITH OTHER PARTIES	<p>The committee shall maintain relationships with each of the nine community boards.</p> <p>Professional advisors to the committee shall be invited to attend all meetings of the committee including:</p> <ul style="list-style-type: none"> external auditor internal auditor/risk advisor (if appointed) chief financial officer. <p>At each meeting, the chairperson will provide the external auditor and the internal auditor/risk advisor (if appointed) with an opportunity to discuss any matters with the committee without management being present. The chairperson shall request the chief</p>

	<p>executive and staff in attendance to leave the meeting for the duration of the discussion. The chairperson will provide minutes for that part of the meeting.</p> <p>The chief executive and the chief financial officer shall be responsible for drawing to the committee's immediate attention any material matter that relates to the financial condition of Council, material breakdown in internal controls and any material event of fraud.</p> <p>The committee shall provide guidance and feedback to Council on financial performance, risk and compliance issues.</p> <p>The committee will report to Council as it deems appropriate but no less than twice a year.</p>
CONTACT WITH MEDIA	<p>The committee chairperson is the authorised spokesperson for the committee in all matters where the committee has authority or a particular interest.</p> <p>Committee members, including the chairperson, do not have delegated authority to speak to the media and/or outside agencies on behalf of Council on matters outside of the committee's delegations.</p> <p>The chief financial officer will manage the formal communications between the committee and its constituents and for the committee in the exercise of its business. Correspondence with central government, other local government agencies or other official agencies will only take place through Council staff and will be undertaken under the name of Southland District Council.</p>

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1 Apologies

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

2 Leave of absence

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

3 Conflict of interest

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

4 Extraordinary/urgent items

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

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

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

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

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

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

5 Confirmation of minutes

5.1 Meeting minutes of Finance and Assurance Committee, 04 September 2024

6 Public participation

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

Finance and Assurance Committee

OPEN MINUTES

(UNCONFIRMED)

Minutes of a meeting of Finance and Assurance Committee held in the Council Chamber, Level 2, 20 Don Street, Invercargill on 04 Sep 2024 at 10am. (10.03am – 3pm (10.03am – 11.41am, 11.48am – 12.31pm, 1.03pm – 3pm) (PE 11.48am – 12.31pm, 1.03pm – 3pm)).

PRESENT

Chairperson

Bruce Robertson
Mayor Rob Scott

Councillors

Jaspreet Boparai
Don Byars (11.07am – 3pm)
Derek Chamberlain (MS Teams) (10.03am – 10.22am, 10.24am – 10.31am, 10.33am – 10.38am, 10.41 – 3pm)
Paul Duffy
Darren Frazer
Sarah Greaney
Julie Keast (MS Teams) (10.03am – 1.19pm, 2.25pm – 3pm)
Christine Menzies (10.03am – 1.50pm, 1.51pm – 2.32pm)
Tom O'Brien
Margie Ruddenklau (MS Teams) 11.03am – 3pm
Jon Spraggon
Matt Wilson

APOLOGIES

Councillor Byars for lateness
Councillor Ruddenklau for lateness
Councillor Menzies for early departure

IN ATTENDANCE

**Group manager finance and assurance
Committee advisor**

Anne Robson
Rachael Poole

1 Apologies

Apologies for lateness were received from Councillor Byars and Councillor Ruddenklau. An apology for an early departure was received from Councillor Menzies.

Moved Chairperson Robertson, seconded Deputy Mayor Menzies and **resolved:**

That the Finance and Assurance Committee accept the apologies.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of interest

There were no conflicts of interest declared.

4 Extraordinary/urgent items

There were no extraordinary/urgent items.

5 Confirmation of minutes

Resolution

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

That the Finance and Assurance Committee confirms the minutes of the meeting held on 26 August 2024 as a true and correct record of that meeting.

6 Public participation

There was no public participation.

Reports

7.1 Finance and Assurance Committee work plan for the year ended 30 June 2025

Record No: R/24/8/53272

GM finance and assurance, Anne Robson spoke to this report and explained that there had been two reports added to the workplan since the last meeting and two reports were moved from the September meeting to the October meeting.

The update in regards to Southland District Council holdings in Milford Sound Tourism has not yet been completed, a new report will be added to the workplan around Council's organisational reporting, with the frequency to be determined.

A People and capability quarterly update will also be added to the workplan.

Chair also spoke about the Finance and Assurance Committee reviewing the risk profile of the Council in a structured way once he has had a discussion with key staff.

Resolution

Moved Mayor Scott, seconded Cr Greaney **and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled "Finance and Assurance Committee work plan for the year ended 30 June 2025"**
- b) **notes amendments made to the workplan for the year ended June 2025 since the last meeting.**

7.2 Year-End Performance Report - 1 July 2023 to 30 June 2024

Record No: R/24/8/52214

Corporate performance lead, Robyn Laidlaw spoke to this report and explained that the purpose of this report was to provide the Finance and Assurance Committee (the committee) with the year-end performance report for the period 1 July 2023 to 30 June 2024 (included as attachment A) for review and feedback.

Councillor Duffy asked if leaks within the water systems are being detected and staff replied that detection of water loss is improving, but without having water meters installed on all connections there are still undetected leaks.

Deputy mayor Menzies acknowledged the work of environmental services in improving their process and engaging with the public.

The Emergency Management Southland key performance indicators will improve once the new group manager is appointed and all staff vacancies have been filled.

Within the reporting including some nuance on those areas that have not achieved to show that they may be close to being achieved rather than showing as not achieved at the time the report is produced will give a truer overall picture.

Chair Robertson pointed out that moving forward maintaining water compliance is going to become an issue under the current water standards.

During discussion Cr Chamberlain left the meeting for the following times: 10.22am – 10.24am and 10.31am – 10.33am.

Resolution

Moved Deputy Mayor Menzies, seconded Cr Duffy **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled “Year-End Performance Report - 1 July 2023 to 30 June 2024” dated 30 August 2024**
- b) **Notes Councils performance against its KPI targets and the context provided for these outcomes.**

7.3 Risk management - September 2024 quarterly update

Record No: R/24/6/38545

Risk analyst, Jane Edwards spoke to this report and explained that the purpose of this report was to submit the September 2024 Quarterly Risk Management report for consideration by the Finance and Assurance Committee (the committee).

The committee note that the Finance risk remains unassessed at a current (residual) threshold while executive leadership team continue to evaluate this new risk and the treatment options currently and potentially available to manage it.

Questions around rates affordability modelling and that the modelling is from 2007. The chair will speak with his colleagues to see if they are using a different model, but did say that the Shand report (2007) was a fairly standard approach to rates affordability.

Discussion around the reorganisation of Council proposed by Mayor Scott and does this pose a risk? There might be potential risks but at this stage it will be keeping an eye and if risks emerge then dealing with them via the framework.

Continue to engage as much as possible with central government around the roading funding shortfall to mitigate some of the risks associated with the decrease in funding.

During discussion, Cr Chamberlain left the meeting at 10.38am and returned at 10.41am.

Resolution

Moved Chairperson Robertson, seconded Cr O'Brien **and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled "Risk management - September 2024 quarterly update"**
- b) **notes those risks currently assessed as of significant issue for the September 2024 quarter.**

7.4 Health and safety update

Record No: R/24/8/53785

Organisational health and safety manager, Dave McCone and GM people and culture, Joanne Davidson were in attendance for this report and explained that the purpose of this report was to update the committee on health and safety related events and activity over the last quarter.

Councillor O'Brien requested if some of the training that is delivered to staff could also be made available to elected members, especially around de-escalation.

During discussion Councillor Ruddenklau joined the meeting via MS teams at 11.03am and Councillor Byars joined the meeting at 11.07am)

Resolution

Moved Cr Greaney, seconded Deputy Mayor Menzies **and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled "Health and safety update".**

7.5 Quarterly update to the Finance and Assurance Committee on progress for the Environmental Services Business Improvement Plan - 17a review

Record No: R/24/8/54112

Customer and business continuous improvement lead, Jane Johnstone, building control team leader, Scott Belesky and GM regulatory services, Adrian Humphries were in attendance for this report. The report was to update on the Environmental Services Business Improvement Plan and to consider changes to delivery dates.

Preparation is underway for the upcoming International Accreditation New Zealand audit in February 2025. The building team were required to complete a strategic management review in August as part of accreditation, which staff provided the technical oversight for. In lieu of being able to find a permanent quality lead, building have engaged a contractor part time to assist the team until the February IANZ audit.

Three actions No 27, 26 and 32 have had new systems and reports developed and equipment purchased, so are now complete.

Changes to completion dates are requested for three further action items, to address changes in personnel, discussions to occur with the new group manager and further identification of the work to be undertaken on property records is complete.

Mr Belesky updated the committee on industry meetings and events held over the last quarter and shared that there has been a shift in perception from the industry that Council is working with them and not against them. This will be tested when the customer survey is sent out at the end of the year.

Mr Humphries spoke of the special interest group that is providing cross pollination training with other councils and building strong relationships with these Councils.

Resolution

Moved Mayor Scott, seconded Cr Frazer **and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled “Quarterly update to the Finance and Assurance Committee on progress for the Environmental Services Business Improvement Plan - 17a review”.**
- 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 the following items have been completed in the last quarter:**

Item No:	Action
27	Process Improvement – compliance Issue follow ups. Fully in place with reported KPI’s ensuring tracking and escalations (if required) are completed across the ES Groups, including new legal and compliance group. Work has also been completed to ensure customer facing online information matches to the processes.
26	Quality based system. Various QA based options are in place to meet accreditation requirements. The longer-term prospect would be for SDC to decide on a formal QA system such as ISO 17020 (Inspection Body Accreditation Program) across all relevant departments.

32	Technology to improve efficiency and safety. Staff and leaders have defined requirements and where necessary have purchased additional gear e.g. PPE.
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e) **Agrees to close the following actions**

Action No	Action
9	Regional partners – common systems & processes. Southern Cluster, Health Protect, and inter council opportunities such as compliance training day held recently by SDC support this opportunity and will be ongoing.
10	Regional bylaws stocktake. Staff will continue to discuss and work with other Councils in this area as appropriate
11	Regional partners – warrant officers. A special interest group (SIG) of compliance personnel from ES, ICC, Gore DC and SDC has been setup. The inaugural meeting was held on 30 July to discuss how the councils can work better together and assist each other. This will be ongoing.

f) **Agrees to the following updated action delivery dates to reflect the work needed to be undertaken, the priority of action items and the need to balance improvements with ongoing day to day work**

Action No	Action	Current date	Revised date
35	Customer service training. Pilot completed May 24. Session 1 completed, however due to a staff movement, training has been delayed until a replacement can be found.	July 24	Dec 24
15	Items a) and b) are in progress with discussions occurring now that the GM Strategy and partnerships is on board	September 24	Dec 24
30	Property information stored in single location. This is ongoing with the next phase of record identification and planning underway. One completed the size of the work can be identified and further information provided to the committee around completion dates.	June 30	Dec 24

7.6 Finance transactional update as at 30 June 2024

Record No: R/24/5/36779

Transactional project lead, Shelley Dela Llana was in attendance for this report and explained that the report provided a snapshot of Council's transactional activities to 30 June 2024.

Staff proud of the response to the combined approach with customer services around contacting those who have applied for the rates rebate previously and managed to increase the number of people receiving this.

Staff were also able to email people after the rates due date and before the penalty was applied, this was a success and will be done again.

Mayor Scott and Chair Robertson shared their appreciation of the continuous improvement happening in this area. Chair Robertson also asked that the committee is kept informed if Council is having to enact rating powers to collect outstanding debt as this could be a risk to Council's reputation.

Chair Robertson also asked for the committee's thanks to be passed onto the team for their work over the last year.

Resolution

Moved Chairperson Robertson, seconded Deputy Mayor Menzies **and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled "Finance transactional update as at 30 June 2024".**

7.7 Balanced Funds Investment Review

Record No: R/24/8/53380

GM finance and assurance, Anne Robson spoke to this report and explained that the purpose of the report was to provide the Committee with information on the Milford Asset Management and Westpac (BT Funds Management) balanced funds and seek approval to invest the first quarterly instalment for the 2024/2025 financial year.

To date four instalments have been made, making a total of \$20 million invested in Westpac and Milford.

The total value of the investment is now \$20,600,595.

Resolution

Moved Cr Greaney, seconded Cr Frazer **and resolved:**

That the Finance and Assurance Committee:

- a) receives the report titled "Balanced Funds Investment Review"**
- 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 the investment and monthly transactional reports from Westpac (BTFM) and Milford Asset Management as attached**
- e) Requests staff invest \$5million evenly between Councils Balanced Investment funds at Milford Asset Management and Westpac (BTFM).**

Councillor Byars and Councillor Boparai voted against the motion. Councillor O'Brien abstained from voting.

Public excluded**Exclusion of the public: Local Government Official Information and Meetings Act 1987****Resolution**

Moved Chairperson Robertson, seconded Deputy Mayor Menzies **and resolved:**

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

C8.1 Commercial infrastructure - Forest Management and Harvest Plan 2024/2025

C8.2 Cyber security update - June 2024 to August 2024

C8.3 FMIS Project Update

C8.4 Follow up audit action points

C8.5 Update on strategic property purchase investigations

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
Commercial infrastructure - Forest Management and Harvest Plan 2024/2025	s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Cyber security update - June 2024 to August 2024	<p>s7(2)(e) - the withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public.</p> <p>Disclosure of operational security information could lead to data breaches (financial, personal/public commercial information) or destruction of Council information technology systems and/or data..</p> <p>s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.</p> <p>Disclosure of operational security information could lead to data breaches (financial, personal/public commercial information) or destruction of Council information technology systems and/or data..</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.

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
FMIS Project Update	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. Commercial details.	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.
Follow up audit action points	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	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.
Update on strategic property purchase investigations	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. s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

The public were excluded at 11.40am.

The meeting adjourned at 11.41am for a refreshment break and reconvened at 11.48am.

The meeting adjourned for lunch at 12.31pm and reconvened at 1.03pm.

Councillor Keast left the meeting at 1.19pm and returned at 2.25pm during public excluded.

Deputy mayor Keast left the meeting at 2.32pm.

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

The meeting concluded at 3pm.

CONFIRMED AS A TRUE AND CORRECT RECORD OF A
MEETING OF THE FINANCE AND ASSURANCE
COMMITTEE HELD ON 4 SEPTEMBER 2024.

DATE:.....

CHAIRPERSON:.....

Finance and Assurance Committee work plan for the year ended 30 June 2025

Record No: R/24/10/63952

Author: Rachael Poole, Committee advisor

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☐ Recommendation

☒ Information

Purpose

1. To update the Committee on the status of the work programme discussed and agreed at the 4 September 2024 meeting for the financial year ending 30 June 2025.
2. As noted at the meeting the adoption of the work plan does not preclude the Committee or staff from including additional reports as and when required.
3. As the year proceeds, the work plan will be updated to incorporate the actual dates reports are being presented where that differs to the work plan adopted. For the committee's information the "X" in red shows the date the report was presented, where this differs from what was approved in the work plan or if it is a new report that will be presented on an annual basis. If there is a black "X" on the same line as a red "X", the black "X" indicates the date agreed by the committee. The "X" in green reflects changes identified to the ongoing work plan since it was adopted. The "X" in blue reflects a report that has been removed permanently.
4. The procurement policy review has been moved from the October meeting to the December meeting whilst further discussions are held with staff.
5. The Work programme for 2024/2025 incl projects c/f from 2023/2024 report was mistakenly included in the timetable. It is no longer required as its content is now covered in other reports.
6. A further report on the delivery of the project work programme for 2024-25 will be presented to the committee at its December meeting.
7. Further to the last meeting, a new report, "Council organisation reporting" has been added to December meeting.
8. The self assessment check will be conducted as a workshop.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled "Finance and Assurance Committee work plan for the year ended 30 June 2025"
- b) Notes amendments made to the workplan.

Attachments

- A Finance and Assurance Committee Workplan to 30 June 2025 - 16 October 2024

Finance and Assurance Committee Workplan to 30 June 2025

Content	7 Aug 2024	4 Sept 2024	16 Oct 2024	4 Dec 2024	19 Feb 2025	19 Mar 2025	11 Jun 2025
2024/25 Long term plan - endorse the draft LTP and release to audit for final audit opinion.	X						
2025/26 Annual Plan – Timetable		X	X				
2025/26 Annual Plan – accounting policies			X				
2025/26 Annual Plan – significant forecasting assumptions			X				
2025/26 Annual Plan – workshop (if required)							
2025/26 Annual Plan – Recommend draft annual plan to Council					X		
2025/26 Annual Plan – Recommendation adoption to Council							X
Quarterly Risk Report		X		X		X	X
Health & Safety Update including H&S events dashboard		X		X		X	X
Financial Monthly Report		X	X	X		X	X
Follow up on audit action points		X		X		X	X
Cyber security update		X		X		X	X
Environmental Services Business Update (if required)		X		X		X	X
Investment strategy update		X		X		X	X
Interim Performance Report		X		X		X	X
2023/24 Annual Report – agree report ready for audit			X				
2023/24 Annual Report – management representation letter				X			
2023/24 Annual Report – recommend adoption by Council				X			
2023/24 Annual Report – final audit management report				X			
2024/25 Annual Report – Audit Timetable						X	
2024/25 Annual Report – accounting policies						X	
2024/25 Annual Report – Deloitte engagement and fee proposal letter						X	
2024/25 Debenture Trust Engagement Letter						X	
Analysis of actual results to forecast for year end 30 June 24			X				
Forecast Financial Position						X	
Financial Transactional Team Update Report to 30 June 2025		X					
Determine Finance & Assurance meeting Content 25/26						X	
Insurance Policy Review						X	
Insurance - renewal approval							X

Content	7 Aug 2024	4 Sept 2024	16 Oct 2024	4 Dec 2024	Feb 2025 TBC	Mar 2025 TBC	Jun 2025 TBC
Internal Audit Terms of Reference		✕	✕	X			X
Internal Audit Final Report				X			X
Commercial infrastructure – forestry harvest plan 2025/2026		X					X
Work programme for 2024/2025 incl projects c/f from 2023/2024				X			
Procurement Policy			✕				
Draft risk management framework – recommendation to Council				X			
Annual Risk Review Report							X
Roading management and maintenance of current contracts renewals for Waimea, Central and Foveaux alliance.							X
Dog 10a Report			X				
IANZ Re-Accreditation Audit Report							X
Balfour Wastewater Treatment plant re discharge consent renewal					X		
Edendale/Wyndham Wastewater Treatment plant re discharge consent renewal				X			
Edendale/Wyndham Stormwater renewal					X		
NZTA Waka Kotahi audit report							X
Recycling Contract Renewal						X	
Self-assessment check		✕	✕				
Independent Review	X						
Contract advisory group	X						
Update on strategic property purchase investigations		X					
Council organisation reporting				✕			
Delivery of the project work programme 2024 -25				✕			

Internal Audit Terms of Reference - Review of the Request for Service System and the audit of the Stewart Island/Rakiura Visitor Levy

Record No: R/24/10/63041

Author: Anne Robson, Group manager finance and assurance

Approved by: Anne Robson, Group manager finance and assurance

☒ Decision

☒ Recommendation

☐ Information

Purpose

- 1 To consider and agree the terms of reference for the sixth and seventh internal audits planned, relating to the audit of the Stewart Island/Rakiura Visitor Levy and a review of the request for service system.

Executive Summary

- 2 At the Committees 5 June 2024 meeting, the Committee agreed to the addition of three new internal audits to the internal audit programme, being
 - an audit of the Stewart Island/Rakiura Visitor Levy
 - a review of the request for service system
 - a review of the current document management system.
- 3 The Committee also requested that staff contact the Office of the Auditor General (OAG) for approval for Deloitte to complete the review of the current document management system and the review of Councils request for service systems. This needs to be undertaken because Deloitte undertake our external audit. The OAG have provided guidelines for these circumstances. To get clearance, the audit/review being proposed must sit within the definition of assurance as per the OAG guidelines.
- 4 Deloitte, have in drafting the attached scoping documents with Council, considered them in terms of the OAG guidelines and are comfortable that they sit within the definition of assurance and are therefore not a threat to Deloitte's independence as Councils appointed auditor. Councils external Audit director, Mike Hawken, is also confirming with the OAG, we are awaiting a response.
- 5 Attached for your review and consideration is the internal audit terms of reference for the audit of the Stewart Island/Rakiura Visitor Levy and the review of the request for service system.
- 6 Deloitte have respectfully requested an increase to the fee for the review of the request for service system, due to multiple systems being used in Council to record requests. They are unsure of the total cost until they start the work and have indicated that they will work to minimise the cost as far as possible. As such we are seeking approval of up to an additional \$9,000 to be funded from the District Operations Reserve, if required.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled “Internal Audit Terms of Reference - Review of the Request for Service System and the audit of the Stewart Island/Rakiura Visitor Levy” dated 11 October 2024.**
- b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) approves the internal audit terms of reference for the audit of the Stewart Island/Rakiura Visitor Levy and the review of the Request for Service system attached to this report.**
- e) recommends to Council the approval of up to an additional \$9,000 plus GST to complete the audit of the Request for Service system funded from the District Operations Reserve, if required.**

Background

- 7 The committee appointed Deloitte as Council’s internal auditor in 2018. As part of the appointment the committee asked Deloitte to work with staff and the committee to form a three year internal audit work programme which was completed and agreed by the committee in September 2019. The agreed programme was for six pieces of work. To date, five have been completed.
- 8 At the Committee’s 5 June 2024 meeting, the Committee agreed to the addition of three new internal audits to the internal audit programme, being
 - an audit of the Stewart Island/Rakiura Visitor Levy
 - a review of the request for service system
 - a review of the current document management system.
- 9 The Committee also requested that staff contact the OAG for approval for Deloitte to complete the review of the current document management system and the review of the request for service system. This needs to be undertaken because Deloitte undertake our external audit. The OAG have provided guidelines for these circumstances. To get clearance, the audit/review being proposed must sit within the definition of assurance as per the OAG guidelines.
- 10 Deloitte, have in drafting the attached scoping documents with Council staff, considered them in terms of the OAG guidelines and are comfortable that they sit within the definition of assurance

and are therefore not a threat to Deloitte's independence as your appointed auditor. Councils external Audit director is also confirming with the OAG, we are awaiting a response.

- 11 With each internal audit undertaken, terms of reference are prepared by Deloitte. These outline the review to be undertaken, a background to the review, the scope of the review and the approach to be taken.
- 12 As discussed with the committee previously, approval for each terms of reference will be sought from the committee before conducting each audit.
- 13 The attached terms of reference are in relation to the sixth and seventh audit following audits completed on, procure to pay; cyber health check, contract management, project management and the prevention of fraud, corruption and bribery.
- 14 The Stewart Island/Rakiura Visitor Levy review is to undertake an independent review of the collection of the levies in accordance with Councils policy.
- 15 The review of the request for service system seeks to ensure Councils systems are fit for purpose and provide customers and council staff with the information required to respond and address issues promptly.

Issues

- 16 In reviewing the terms of reference, the committee needs to particularly consider if the objectives and scope meet the expectations of the committee. This is the appropriate time to consider and amend the terms of reference if the committee believes it needs to be expanded or refined.

Factors to Consider

Legal and Statutory Requirements

- 17 Section 101 of the Local Government Act 2002, financial management, notes in section 1(g), that a local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Community Views

- 18 The community wants to know that Council is undertaking its activities prudently. The internal audit function contributes to this by seeking assurance that Council has the proper controls, governance and risk management processes in place.

Costs and Funding

- 19 Council has an annual budget of \$36,000 for the planned internal audit programme. This generally covers two audits per year.
- 20 Council has previously agreed with Deloitte a budget of \$18,000 plus GST and disbursements for each internal audit with the option to discuss with Council further if the audit is likely to incur additional costs due to its size or complexity.
- 21 The audit of the Stewart Island Visitor levy is expected to cost \$18,000 plus GST and disbursements. But due to multiple systems used for recording requests for service, Deloitte has

respectfully asked to increase the potential audit fee. Until they do the scope they are estimating between \$20,000 and \$27,000 plus GST and disbursements.

- 22 Council currently has in its 2024-25 budget \$61,612 plus GST for the internal audit programme. The \$36,000 that was budgeted and unspent from last year was transferred to the District Operations Reserve and was not included in the carry forward and if required will be an unbudgeted expenditure request.
- 23 The Committee has the option to agree or not to the request of Deloitte for an increased budget for the audit of the Request for Service system. Should the Committee not agree to the increase, Deloitte director, David Seath will be at the meeting and it would be good to discuss the terms of reference as to the extent of work completed.
- 24 After the completion of this audit, Council has three remaining pieces of work to be completed being,
- asset management, is asset creation appropriately managed and monitored to ensure asset goals are met? Are disposals processed in an appropriate manner?
 - information integrity, how good and useful is the data accessible to management. Are reports timely? Are facts versus estimates/judgement clearly spelt out.
 - a review of the current document management system

Policy Implications

- 25 The committee, as part of its terms of reference are responsible for establishing and undertaking an internal audit programme.

Analysis

Options Considered

- 26 The two key options are to accept, subject to amendments at the meeting, the terms of reference for the sixth and/or seventh audit, being the audit of the Stewart Island Visitor Levy and the review of the Request for Service system.

Analysis of Options

Option 1 – to accept, subject to amendments at the meeting, the terms of reference for the audit of the Stewart Island Visitor Levy and/or the Request for Service System.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• enables the internal audit to proceed in a timely manner• will result in the committee receiving independent feedback on the audit of the Stewart Island Visitor Levy and the Request for Service System and potential areas of improvement, as well as recognition of what is being done well.	<ul style="list-style-type: none">• if the committee felt that both or either of these were no longer an appropriate audit to undertake at this time, then the opportunity to undertake another audit now instead would be missed.

Option 2 – to decline the terms of reference for the audit of the Stewart Island Visitor Levy and/or the Request for Service System.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">enables any amendments to the work programme requested by the committee to be undertaken.	<ul style="list-style-type: none">may delay the internal audit programme.

Assessment of Significance

- 27 This issue is not considered significant in terms of Council's significance policy.

Recommended Option

- 28 The recommended option is option 1 – to accept, subject to amendments at the meeting, the terms of reference for the audit of the Stewart Island Visitor Levy and/or the Request for Service System.

Next Steps

- 29 Advise Deloitte of the outcome of the committee meeting.
- 30 Seek approval from Council for unbudgeted expenditure.
- 31 Advise staff and Councils approved operators of the levy collection of the audits taking place and work accordingly with all parties over timing.

Attachments

- A Draft Deloitte Scope for review of Councils Request for Service System
- B Draft Deloitte Scope of Stewart Island/Rakiura Visitor Levy Audit

CONFIDENTIAL

Request for Service System Review (Review #1)

Background

Southland District Council (“SDC” or “the Council”) has recently undergone a s17A delivery of services review under the Local Government Act 2002. This review (conducted by Morrison Low) identified some issues with the Council’s current request for service (“RFS”) system indicating the need for further action. As a result, SDC has requested an independent review of its current RFS system and processes.

Scope

The objective of this engagement is to undertake an independent review of SDC’s current request for service system. This will involve:

- Assessing the existing RFS system infrastructure, and the extent to which it integrates with other systems within the Council.
- Assessing the operational efficiency of the RFS system, identifying any bottlenecks, and recognising areas where the efficiency can be enhanced.
- Reviewing the completeness and accuracy of RFS information and determining whether all queries are being entered into the RFS system and responded to in a timely manner.
- Determining whether SDC’s policies in relation to RFSs are being adhered to.
- Assessing the extent and appropriateness of the review process in place for RFSs.
- Assessing the accuracy, completeness and appropriateness of reporting available in relation to RFSs.

Where issues and potential areas for enhancement are identified, we will make recommendations for improvement.

Approach

1. Review the findings of the Morrison Low s17A delivery of services review to understand the nature of the issues raised;
2. Review policy and procedure documentation relating to RFS;
3. Review any legislation or guidance material relating to RFS;
4. Interview relevant SDC staff (assumes 4 staff) with responsibility for RFS (both from a delivery and management perspective); and
5. Test a sample of requests for service (number and nature to be agreed) to ascertain the extent to which they are being processed in line with policy.

CONFIDENTIAL

Stewart Island/Rakiura Visitor Levy Review (Review #3)

Background

Southland District Council (“SDC” or “the Council”) has the power under the ‘Empowering Act 2012’ to set and collect levies and obtain revenue from visitors to Stewart Island/Rakiura. According to SDC’s policy, the Council will collect revenue through levies from passengers who travel with Approved Operators. Approved Operators include:

- RealNZ Limited;
- Stewart Island Flights Limited; and
- ISS McKay Limited.

Scope

The objective of this engagement is to undertake an independent review of the collection of levies by Approved Operators in accordance with SDC’s ‘Stewart Island/Rakiura Visitor Levy Policy’. The following control objectives will be tested:

- Approved Operators have systems and controls in place for the complete and accurate charging and collection of levies;
- Levies collected by Approved Operators are charged in accordance with the Stewart Island Rakiura Visitor Levy Policy adopted 22 June 2022; and
- Levies collected by Approved Operators are remitted to SDC completely and accurately and on a timely basis.

Approach

The following work steps will be undertaken:

1. Understand the systems and controls in place for the complete and accurate charging and collection of levies at RealNZ, Stewart Island Flights Limited and ISS McKay Limited through interviews with relevant staff at each organisation;
2. Review any policy and procedural documentation in respect of charging and collection of levies at each Approved Operator. This will include a review of the Stewart Island Rakiura Visitor Levy Policy adopted 22 June 2022.;
3. Obtain a list of all visitors transported to and/or from Stewart Island by each of the Approved Operators for the period 1 July 2022 – 30 June 2024 and calculate the expected levy. Compare this expectation with the actual levies remitted to SDC for the same period;
4. Understand the process for remittance of levies to SDC by each of the Approved Operators. Review a sample of remittances to test that monies are being paid to SDC in line with policy and completely, accurately and on a timely basis.

Annual dog control report.

Record no: R/24/10/64189

Author: Carolyn Davies, Executive assistant

Approved by: Adrian Humphries, Group manager regulatory services

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 Council is required to submit a report annually of statistics relating its application of the Dog Control Act, this is sent to the Department of Internal Affairs. These, along with the covering letter are attached.

Recommendation

That the Finance and Assurance Committee:

- a) **receives the report titled "Annual dog control report." which was submitted to the Department of Internal Affairs.**

Attachments

- | | |
|---|--|
| A | Dog Control Report statistics - to June 2024 |
| B | s10A covering letter to DIA 2023/2024 |

Dog control statistical information

Category	For period 1 July 2022 to 30 June 2023	For period 1 July 2023 to 30 June 2024
1) Total: Registered Dogs	11,687 as at 30 June 2023	11,527 as at 30 June 2024
2) Total: Probationary Owners	1	1
3) Total: Disqualified Owners	0	0
4) Total: Dangerous Dogs	3	3
• Dangerous by Owner Conviction under s31(1)(a)	1	1
• Dangerous by Sworn Evidence s31(1)(b)	2	2
• Dangerous by Owner Admittance in writing s31(1)(c)	0	0
5) Total: Menacing Dogs	59	46
• Menacing under s33A(1)(b)(i) - by behaviour	24	21
• Menacing under s33A(1)(b)(ii) - by breed characteristics	13	7
• Menacing under s33C(1)(ii) - by Schedule 4 Breed	22	18
6) Total: Infringement Notices	103	150
• Obstructed a dog control officer or dog ranger	0	0
• Failed to comply with bylaw	0	4
• Failed to comply with disqualification	0	0
• Failed to comply dangerous dog classification	1	0
• Kept an unregistered dog	75	114
• Failed to keep dog controlled or confined	22	31
• Failed to keep dog under control	0	0
• Failed to provide proper care	0	0
• Failed to comply with menacing dog classification	1	1
• Providing false particulars	2	0
• Failed to comply with barking abatement notice	2	0
7) Total: Complaints Received	659	665
• Aggressive - dog rush / threaten (nil bite)	32	32
• Attack	28	28
• Barking	333	358
• Wandering	266	247
8) Total: Dogs Impounded	57	33
9) Total: Prosecutions	0	0



10 October 2024

Operational Policy
The Department of Internal Affairs, Te Tari Taiwhenua

Dear Sir or Madam

Southland District Council 2023/24 s10A Report on Dog Policy and Practice

Please find attached the subject report.

Should you have any questions please contact the undersigned.

Yours faithfully

A handwritten signature in black ink, appearing to read "Adrian", followed by a stylized flourish.

Adrian Humphries
Group Manager Regulatory Services

Southland District Council
Te Rohe Pōtae o Murihiku

PO Box 903
15 Forth Street
Invercargill 9840

0800 732 732
@ sdc@southlanddc.govt.nz
🏠 southlanddc.govt.nz

Financial Report for the period ended 31 August 2024

Record no: R/24/10/63540

Author: Jo Hooper, Project accountant

Approved by: Anne Robson, Group manager finance and assurance

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To provide Council with an overview of the financial results for the two months to 31 August 2024 by Council's seven activity groups and corporate services, as well as the financial position and the statement of cashflows as at 31 August 2024.
- 2 We have also added a section reporting on the current position of our investment and liability management thresholds as at 31 August 2024.

Recommendation

That the Finance and Assurance Committee:

- a) **receives the report titled "Financial Report for the period ended 31 August 2024".**
- b) **acknowledges an inconsistent decision, in that Council is not currently meeting its interest rate exposure thresholds for year four to year six due to the repayment of debt. Future debt will be tailored to align with the thresholds required.**
- c) **recommends Council consider this issue and any changes necessary when the Investment and Liability Policy is next reviewed.**

Attachments

- A Financial report at 31 August 2024



Financial report

August 2024

Southland District Council
Te Rohe Pōtae o Murihiku

PO Box 903
15 Forth Street
Invercargill 9840

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Introduction

This report summarises Council's financial results for the two month period to 31 August 2024.

The report summary consolidates the business units within each of Council's groups of activities and includes:

- year to date (YTD) actuals, which are the actual costs incurred
- year to date (YTD) projection, which is based on the full year projection (year one of the Long Term Plan) and approved unbudgeted expenditure reports
- year to date (YTD) budget, which is based on year one of the Long Term Plan budget with some expenditure being phased across the year; and capital and project budgets costs spread evenly across the year.
- full year (FY) budget, which is the Long Term Plan budget figures
- full year (FY) projection, which is the Long Term Plan budget figures and approved unbudgeted expenditure reports.

The activities reported include the seven activities in the LTP, along with corporate services. Corporate services includes all the customer and corporate support (like people and capability, communications, strategy and policy, finance, information management) and forestry. These costs are spread across all the activities but they have also been separated out for the purposes of this report.

Carry forwards were approved by Council on the 18th September 2024 but not reflected in the August results. These will be included in the next report.

The phasing process had not started at the date this report was compiled. This will be completed for the next report. As phasing of budgets has not occurred, one twelfth of the annual budgeted cost is used to calculate the monthly budget.

This report has a new section reporting on Council's benchmarks and thresholds required as set in the Investment and Liability Management Policy.

Southland District Council summary reports use a materiality threshold to measure, monitor and report on the financial performance and position of Council. In determining materiality, variances more or less than 10% of the original budget and greater than \$10,000 are considered material and explained in the report.

Report contents:

- A. Council summary (income, expenditure, capital expenditure and associated commentary)
- B. Council summary by Activity Group
- C. Statement of comprehensive income
- D. Statement of financial position
- E. Statement of cash flows
- F. Investment and liability management policy benchmarks and commentary.

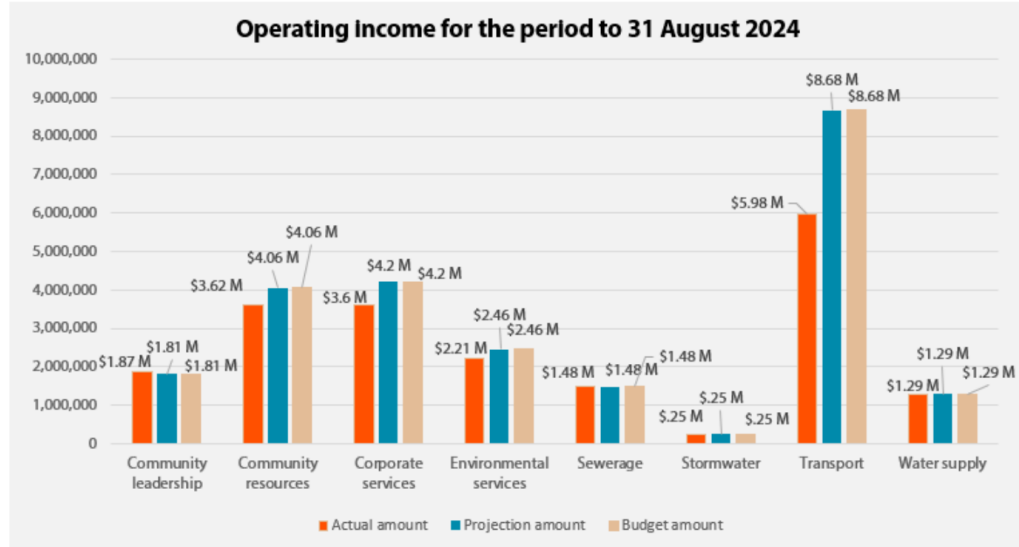
Abbreviation explanation

Abbreviation	Description
AP	Annual Plan
CAPEX	Capital expenditure
FYB	Full year budget
DIA	Department of internal affairs
GDC	Gore District Council
GIS	Geographic information system
GMSE	GeoMedia smart client
GST	Goods and Services tax
ICC	Invercargill City Council
LED	Light emitting diode
LGFA	Local Government Funding Agency
LT	Leadership team
LTP	Long Term Plan
ME	Month end
NZTA	Waka Kotahi NZ Transport Agency
NZDWS	New Zealand Drinking Water Standards
SDC	Southland District Council
SIESA	Stewart Island Electrical Supply Authority
TIF	Tourism Infrastructure Fund
YE	Year end
YTD	Year to date
YTD Variance	Comparison of actual results compared to YTD budget
\$M	Millions of dollars
WWTP	Wastewater treatment plant

Council summary

Income

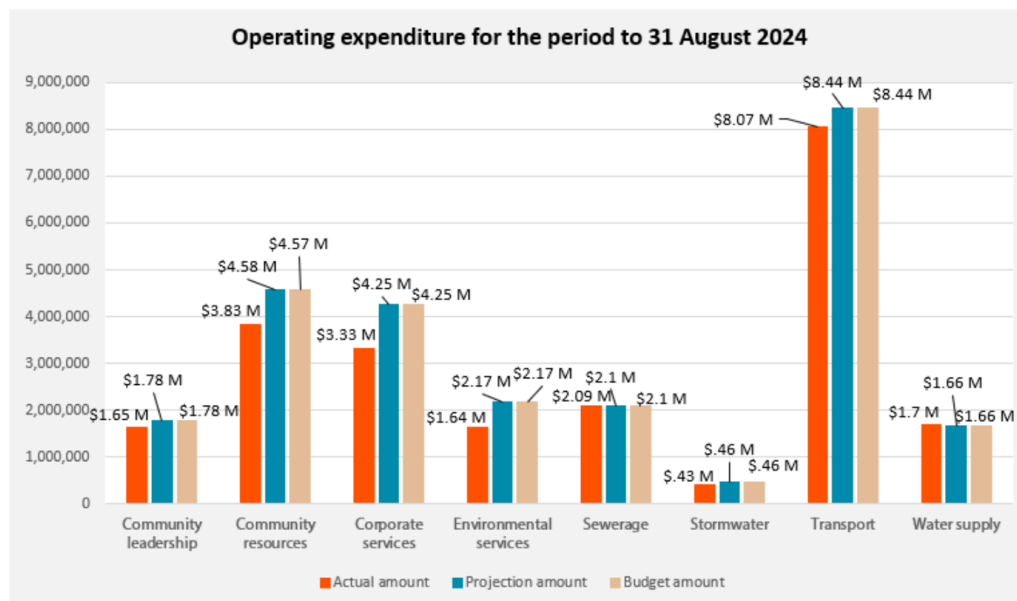
Operating income for the two month period to 31 August 2024 is 16% below projection (\$20.3 million actual vs \$24.2 million projection). The key reasons for the variances are detailed below.



- **community resources** income is \$439 thousand (11%) under projection.
 - Parks and reserves income is \$234 thousand lower than projected mainly due the Better Off funding grants are yet to be received for projects in Garston, Tuatapere and Otatautau
 - Property income is \$157 thousand under budget predominantly due to the phasing
 - Community housing income is under budget by \$48 thousand due to the budget being spread evenly across twelve months, compared to when the rental rate increase occurs for the tenants. There is also a reduction in rental income when the properties are between tenancies.
- **environmental services** income is \$247 thousand (10%) less than projection.
 - Building solutions was \$103 thousand under budget. Although the number of building consents being lodged are consistent with the prior year, there is a decrease in the value of work being completed in the region. This is a trend that is being seen across the country with new builds still being slow to take off
 - Resource planning is also under budget by \$87 thousand mainly due to the delay in receiving grant income as waiting on DIA approval for an amendment to scope
 - Resource consent is \$67 thousand under budget due to a timing difference for work in progress accrual that is completed at the year end and not taken into account in August.
- **transport** income is \$2.7 million (31%) lower than projection. NZTA Waka Kotahi income is under budget. The phasing will be adjusted to match the work programme.

Expenditure

Operating expenditure for the two month period to 31 August 2024 is \$2.7 million (11%) below projection for the period to date (\$22.7 million actual vs \$25.4 million projection). The key reasons for the variances are discussed below.



- **community resources** operating expenditure is \$748 thousand (16%) below projection:
 - parks and reserves are under budget by \$354 thousand due to the phasing of projects compared to actual spend to date
 - waste services is \$120 thousand under budget due to the landfill remediation project at Otautau which is still in consenting and out to tender, but the budget is based on one twelfth of the annual cost
 - office and building maintenance is under budget by \$78 thousand as the costs incurred to date are capital in nature, so although we are under budget here we are over budget in capital expenditure
 - SIESA operational costs are under budget by \$65 thousand due to lower fuel costs being 22c lower than the budget, along with a delay in accruals totalling \$35 thousand. The remainder is due to phasing maintenance projects
 - operating expenditure on the halls is under budget by \$59 thousand. New maintenance projects have not yet started
 - public conveniences (toilets) are under budget by \$59 thousand due to phasing.
- **corporate services** operating expenditure is \$920 thousand (22%) lower than projection due to less interest being incurred to date due to the phasing of the investment portfolio along with vacancies across support services.
- **environmental services** operating expenditure is \$525 thousand (24%) below projection:
 - The quarterly grant to Emergency Management Southland of \$115 thousand has not yet been made

Financial report – August 2024

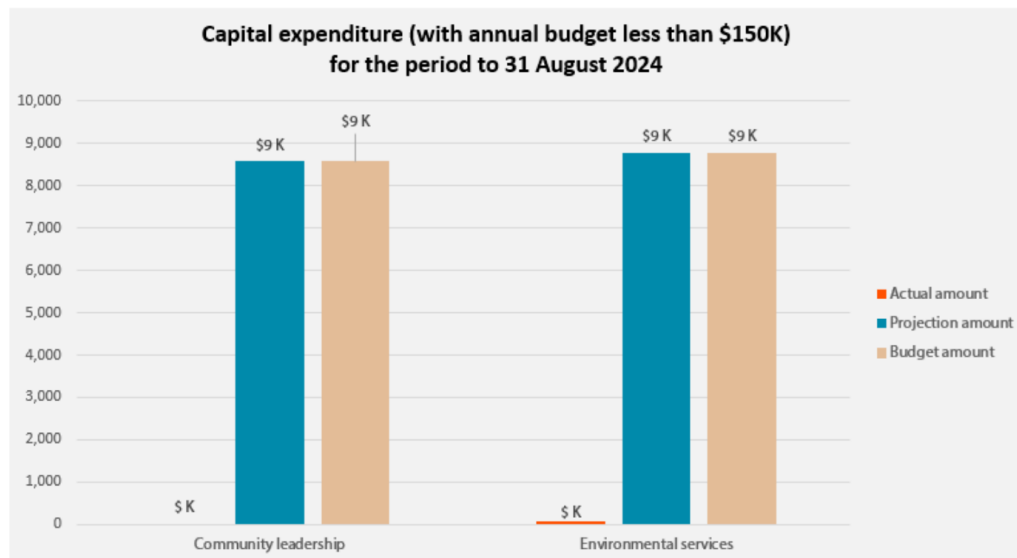
- The spatial planning project has not commenced. An application has been made to the Department of Internal Affairs to approve an amendment to the work to be undertaken (\$100 thousand under budget)
- There are lower staff costs resulting from staff vacancies across environmental services.
- **stormwater** operating expenditure is \$30 thousand (7%) under projection mainly timing of maintenance projects starting and the phasing to be applied.
- **transport** operating expenditure is \$373 thousand (4%) under projection overall.
 - Roding administration is under budget by \$352 thousand due a combination of sealed pavement maintenance which is \$303 thousand under budget, mainly due to the allowance for pre-seal repairs on Stewart Island that will be completed later in the season offset by routine drainage maintenance where water channel cleaning has occurred early in the year
 - Te Anau airport is \$26 thousand under budget. We are waiting on the Great South report along with limited maintenance work at this time of the year.

Capital expenditure (CAPEX)

Capital expenditure for the period to 31 August 2024 is \$7.7 million (69%) under projection (\$3.4 million actual vs \$11.1 million projection).

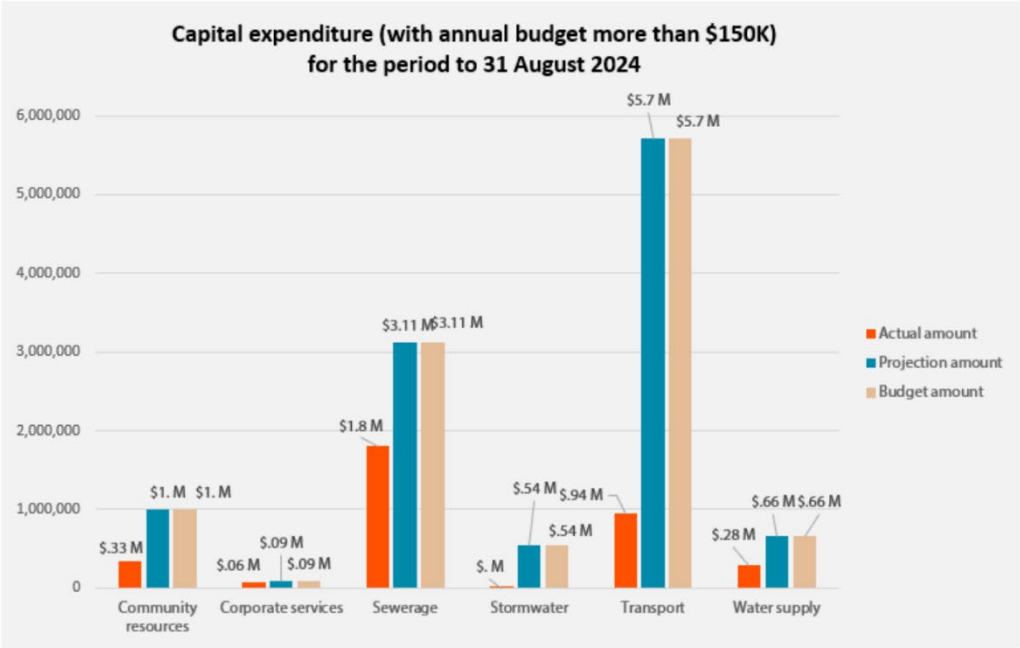
The capital expenditure has not been phased, the budget comparison is based on the one twelfth of the annual budget. This variance is further enhanced as many capital projects begin later in the year making the variance look excessive. As a result, we have not gone into detail for each activity below.

The next report will be more comparable as phasing and carry forwards will be completed, and will be more comparable to actuals.



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Council summary by Activity Group

Southland District Council financial summary for the period to 31 August 2024									
Operating income									
Activity	YTD					FYB			
	Actual amount	Projection amount	Budget amount	Var \$	Var %	Projection amount	Budget amount	Var \$	Var %
Community leadership	1,871,666	1,811,403	1,811,403	60,263	3%	10,790,943	10,790,943	(0)	(0%)
Community resources	3,616,524	4,055,333	4,055,333	(438,809)	(11%)	24,630,249	24,630,249	(0)	(0%)
Corporate services	3,602,701	4,204,307	4,204,307	(601,606)	(14%)	23,752,543	23,752,543	(0)	(0%)
Environmental services	2,211,092	2,458,928	2,458,928	(247,836)	(10%)	12,527,570	12,527,570	(0)	(0%)
Sewerage	1,478,544	1,477,439	1,477,439	1,105	0%	8,994,657	8,994,657	0	0%
Stormwater	250,594	251,581	251,581	(988)	(0%)	1,539,487	1,539,487	0	0%
Transport	5,977,124	8,677,453	8,677,453	(2,700,330)	(31%)	52,319,541	52,319,541	(0)	(0%)
Water supply	1,291,957	1,293,173	1,293,173	(1,215)	(0%)	8,029,036	8,029,036	(0)	(0%)
Total	20,300,202	24,229,617	24,229,617	(3,929,416)	(16%)	142,584,026	142,584,026	(1)	(0%)
Operating expenditure									
Activity	YTD					FYB			
	Actual amount	Projection amount	Budget amount	Var \$	Var %	Projection amount	Budget amount	Var \$	Var %
Community leadership	1,645,440	1,782,463	1,782,463	(137,023)	8%	11,308,453	11,308,452	(1)	(0%)
Community resources	3,830,399	4,579,011	4,571,711	(748,612)	16%	25,998,703	25,991,405	(7,298)	(0%)
Corporate services	3,328,252	4,248,550	4,248,550	(920,298)	22%	23,002,717	23,002,715	(2)	(0%)
Environmental services	1,642,783	2,168,206	2,168,206	(525,423)	24%	13,151,641	13,151,641	0	0%
Sewerage	2,085,587	2,099,949	2,099,949	(14,362)	1%	12,394,562	12,394,562	(0)	(0%)
Stormwater	425,601	455,547	455,547	(29,947)	7%	2,796,692	2,796,692	0	0%
Transport	8,066,153	8,439,746	8,439,746	(373,594)	4%	50,404,240	50,404,240	(0)	(0%)
Water supply	1,703,518	1,661,073	1,661,073	42,446	(3%)	9,913,285	9,913,285	0	0%
Total	22,727,733	25,434,546	25,427,246	(2,706,813)	10.6%	148,970,292	148,962,992	(7,300)	(0%)
Net surplus/deficit	(2,427,531)	(1,204,928)	(1,197,628)	(1,222,603)	(27%)	(6,386,266)	(6,378,967)	7,299	0%
Capital expenditure									
Activity	YTD					FYB			
	Actual amount	Projection amount	Budget amount	Var \$	Var %	Projection amount	Budget amount	Var \$	Var %
Community leadership	0	8,583	8,583	(8,583)	(100%)	51,500	51,500	(0)	(0%)
Community resources	327,779	995,236	995,236	(667,457)	(67%)	5,971,415	5,971,415	(0)	(0%)
Corporate services	62,132	85,833	85,833	(23,701)	(28%)	515,000	515,000	(0)	(0%)
Environmental services	48	8,750	8,750	(8,702)	(99%)	52,500	52,500	0	0%
Sewerage	1,795,089	3,113,690	3,113,690	(1,318,601)	(42%)	18,682,142	18,682,142	(0)	(0%)
Stormwater	937	535,668	535,668	(534,731)	(100%)	3,214,009	3,214,009	0	0%
Transport	935,202	5,701,926	5,701,926	(4,766,724)	(84%)	34,211,556	34,211,556	(0)	(0%)
Water supply	275,830	661,539	661,539	(385,710)	(58%)	3,969,236	3,969,236	(0)	(0%)
Total	3,397,017	11,111,226	11,111,226	(7,714,209)	(69%)	66,667,359	66,667,358	(1)	(0%)

Financial report – August 2024

ACTIVITY GROUPS AND ACTIVITIES						
This table details what is included in the various LTP activities used for this report						
Activity Group	Community leadership	Community resources	Environmental services	Transport	Waste water (sewerage)	Water supply
Activity	Community assistance <i>(includes Community Partnership Fund which supports local initiatives and projects, along with grants and donations)</i> Community futures <i>(includes district development services which includes community leadership, regional development funding and Stewart Island Visitor Levy)</i> Representation and advocacy <i>(includes governance, elected members, elections and chief executive)</i>	Community facilities <i>(includes public toilets, community centres/halls, office/library/amenity buildings and dump stations)</i> Community services <i>(includes cemeteries, community housing and library services)</i> Open spaces <i>(including parks, reserves, playgrounds and street litterbins)</i> Waste services Stewart Island Electrical Supply Authority (SIESA)	Animal services Building solutions Emergency management Environmental health Resource management	Airport Cycle trails Footpaths Roading Water facilities <i>(includes boat ramps, Riverton Harbour and Stewart Island Jetties)</i>		
	Corporate services <i>(shared across all activities)</i> <i>Includes customer and corporate support (such as people and capability, communications, strategy and policy, finance, information management) and forestry.</i>					

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Statement of comprehensive income

Statement of comprehensive revenue and expenses for the period to 31 August 2024					
	YTD			FYB	
	Actual amount	Projection amount	Budget amount	Projection amount	Budget amount
Revenue					
Rates revenue	12,144,947	12,078,620	12,078,620	72,089,154	72,089,154
Other revenue	1,944,406	2,520,504	2,520,504	12,909,862	12,909,862
Interest and dividends	146,469	300,418	300,418	1,802,506	1,802,506
NZ Transport Agency funding	1,862,750	3,779,637	3,779,637	22,677,822	22,677,822
Grants and subsidies	411,065	1,516,984	1,516,984	7,878,878	7,878,878
Other gains/losses	-	178,834	178,834	2,433,001	2,433,001
Vested assets	-	-	-	-	-
Development and financial contributions	-	5,772	5,772	34,630	34,630
	16,509,637	20,380,769	20,380,769	119,825,854	119,825,853
Expenditure					
Employee benefit expense	3,040,594	3,419,679	3,419,679	21,040,967	21,040,967
Depreciation and amortisation	6,915,458	6,942,287	6,942,287	41,653,725	41,653,724
Finance costs	365,057	699,229	699,229	4,195,375	4,195,375
Other Council expenditure	8,616,059	10,524,502	10,517,202	59,322,053	59,314,754
	18,937,168	21,585,697	21,578,397	126,212,120	126,204,820
Total comprehensive income	(2,427,531)	(1,204,928)	(1,197,628)	(6,386,266)	(6,378,967)

Note:

The revenue and expenditure in the comprehensive income statement does not reconcile to the total income and total expenditure reported in the Council summary by Activity Group on page 10 due to the elimination of the internal transactions. However, the net surplus/deficit (as per the Council summary by Activity Group) matches the total comprehensive income (as per the statement of comprehensive income).

The presentation of the statement of comprehensive income aligns with Council's Annual Report. The Annual Report is based on approved accounting standards. These standards require us to eliminate internal transactions. Council is also required to report by activities. A number of Council functions relate to a number of activities, e.g. finance. To share these costs, an internal transaction is generated between the finance business unit and the activity business units. Within the Annual Report, Council also prepares activity funding impact statements. These statements are prepared under the Financial Reporting and Prudence Regulations 2014. This regulation requires that internal charges and overheads recovered be disclosed separately. The Council summary by Activity Group is a summary of what these activity funding impact statements will disclose for income and expenditure at year end.

Statement of financial position

Council's draft financial position as at 31 August 2024 is detailed below which covers Southland District Council and SIESA financial results. The comparative period of 30 June 2024 is still in draft and yet to be audited. These numbers will change further once the annual report for the year ended 30 June 2024 is finalised.

Statement of financial position		
	31-Aug-24 Actual	30-Jun-24 Draft
Equity		
Retained earnings	705,254,282	707,681,813
Asset revaluation reserves	1,491,447,706	1,491,447,706
Other reserves	42,708,399	42,708,399
Share revaluation	5,507,677	5,554,677
	2,244,918,066	2,247,392,596
Represented by:		
Current assets		
Cash and cash equivalents	6,017,151	5,252,012
Trade and other receivables	19,610,596	14,855,100
Inventories	129,552	129,552
Other financial assets	36,168,965	1,647,083
Property, plant and equipment	-	-
	61,926,263	21,883,747
Non-current assets		
Property, plant and equipment	2,253,105,235	2,254,862,605
Intangible assets	5,548,704	5,548,704
Forestry assets	13,290,000	13,290,000
Internal loans	70,730,986	70,730,986
Work in progress	889,897	2,650,967
Investment in associates	2,083,367	2,083,367
Other financial assets	3,020,000	10,963,882
	2,348,668,190	2,360,130,512
Total assets	2,410,594,453	2,382,014,259
Current liabilities		
Trade and other payables	4,290,540	12,817,388
Deferred revenue	2,779,284	2,367,200
Contract retentions and deposits	716,296	704,585
Employee benefit liabilities	1,893,993	2,741,052
Development and financial contributions	1,086,032	1,081,196
Borrowings	-	5,000,000
Provisions	3,333	3,333
	10,769,478	24,714,754
Non-current liabilities		
Employment benefit liabilities	10,502	10,502
Provisions	8,365,422	8,365,422
Internal loans - liability	70,730,986	70,730,986
Borrowings	75,800,000	30,800,000
	154,906,909	109,906,909
Total liabilities	165,676,387	134,621,664
Net assets	2,244,918,066	2,247,392,596

Statement of cash flows

Statement of cashflows for the period to 31 August 2024			
	Note	2024/25 YTD Actual	2024/25 FY Budget
Cash flows from operating activities			
Receipts from rates revenue		1,027,130	72,089,154
Receipts from other revenue (including NZTA)		7,949,740	41,522,504
Cash receipts from interest and dividends		146,469	1,802,506
Payments to suppliers and employees		(20,489,354)	(81,452,571)
Interest paid		(365,057)	(4,195,375)
GST general ledger (net)		2,518,229	-
Net cash inflow (outflow) from operating activities		(9,212,843)	29,766,218
Cash flows from investing activities			
Receipts from sale of PPE		-	1,073,001
(Increase)/decrease other financial assets		(26,625,000)	-
Purchase of property, plant and equipment		(3,397,017)	(66,667,358)
Purchase of forestry assets		-	-
Acquisition of investments		-	2,656,920
Purchase of intangible assets		-	-
Net cash inflow (outflow) from investing activities		(30,022,017)	(62,937,437)
Cash Flows from financing activities			
Increase in term loans		45,000,000	33,262,862
Repayment of term loans		(5,000,000)	(2,765,463)
Increase/(decrease) finance leases		-	-
Net cash inflow (outflow) from financing activities		40,000,000	30,497,399
Net increase/(decrease) in cash and cash equivalents		765,139	(2,673,820)
Cash and cash equivalents at the beginning of the year	(1)	5,252,012	3,673,915
Cash and cash equivalents at the end of June		6,017,151	1,000,095

1) The cash and cash equivalent value is subject to the completion of the 2023/2024 annual report and audit.

Notes to the financial statements

Cash and cash equivalents

- At 31 August 2024, Council had \$740 cash on hand.
- Funds on call at 31 August 2024:

Funds on call				
	Amount	Bank	Account	Interest rate
SDC	\$4,464,042	BNZ	Funds on call	5.35%
	\$10,000	BNZ	Operating bank acc	0.05%
	\$861,509	BNZ	Restricted funds acc	0.05%
SIESA	\$680,860	BNZ	Funds on call	0.05%
Total	\$6,016,411			

Reconciliation to statement of financial position	Amount
Cash and cash equivalents	
Current assets	
SDC Cash on hand (Note 1)	\$740
Funds on call (Note 2)	\$6,016,411
Total cash and cash equivalents per the statement of financial position	\$6,017,151

Other financial assets

- At 31 August 2024, Council had three term deposits.

Term Deposit Investments				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
ANZ	\$5,000,000	5.35%	15-Aug-24	6-Sep-24
ANZ	\$5,000,000	5.32%	15-Aug-24	19-Sep-24
Westpac	\$4,500,000	4.59%	16-Aug-24	6-Sep-24
Total	\$14,500,000			

- At 31 August 2024, Council held two balanced fund investments.

Balanced Fund Investment		
Balanced Funds	Amount invested	Current value [†]
Milford Balanced Fund	\$10,000,000	\$ 10,262,237
Westpac (BT Funds Management)	\$10,000,000	\$ 10,352,740
Total	\$20,000,000	\$ 20,614,977

[†] These balances are not showing in the balance sheet as the revaluation process is still being developed. This will be updated for the next report.

- At 31 August 2024, SIESA had \$1.170 million invested in four term deposits as follows:

SIESA investments - term deposits				
Bank	Amount	Interest rate	Date invested	Maturity date
BNZ	\$250,000	6.10%	5-Apr-24	7-Oct-24
BNZ	\$370,000	6.10%	4-Jun-24	4-Dec-24
BNZ	\$300,000	6.05%	12-Jul-24	13-Jan-25
BNZ	\$250,000	5.95%	2-Aug-24	3-Feb-25
Total	\$1,170,000			

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6. At 31 August 2024, Council had \$3.02 million of LGFA borrowers notes as follows:

LGFA Bonds				
	Amount	Interest Rate Received	Establishment date	Maturity Date
LGFA	\$210,000	3.14%	15-Dec-21	15-Apr-36
LGFA	\$210,000	3.10%	15-Dec-21	15-May-35
LGFA	\$100,000	5.77%	19-Apr-24	15-Apr-26
LGFA	\$125,000	5.06%	6-May-24	15-May-28
LGFA	\$125,000	5.09%	6-May-24	20-Apr-29
LGFA	\$250,000	5.13%	8-Jul-24	15-Apr-26
LGFA	\$500,000	4.95%	8-Jul-24	15-Apr-27
LGFA	\$250,000	4.91%	8-Jul-24	20-Apr-29
LGFA	\$250,000	4.91%	8-Jul-24	15-May-28
LGFA	\$500,000	4.14%	14-Aug-24	15-Apr-27
LGFA	\$500,000	4.25%	14-Aug-24	15-May-28
Total	\$3,020,000			

Reconciliation to statement of financial position	Amount
Other financial assets	
Current assets	
SDC Term Investments (Note 3)	\$14,500,000
SDC Balanced Funds Investments (Note 4)*	\$20,021,881
SIESA Investments (Note 4)	\$1,170,000
Loans - community	-
Civic Assurance shares	\$12,570
Milford Sound Tourism shares*	\$464,514
Total current financial assets per the statement of financial position	\$36,168,965
Non - Current assets	
LGFA bonds (Note 5)	\$3,020,000
Loan advances - Development contributions	(\$0)
Total non-current financial assets per the statement of financial position	\$3,020,000

*These balances are subject to change due to revaluation processes either at year end or month end. This will be updated for the next report.

7. As at 31 August 2024, the external borrowings of \$75.8 million is made up of:

SDC Borrowings				
Lender	Amount	Interest Rate paid	Date Drawn	Maturity Date
LGFA	\$8,400,000	3.49%	15-Dec-21	15-Apr-36
LGFA	\$8,400,000	3.45%	15-Dec-21	15-May-35
LGFA	\$4,000,000	5.77%	19-Apr-24	15-Apr-26
LGFA	\$5,000,000	5.46%	6-May-24	15-May-28
LGFA	\$5,000,000	5.49%	6-May-24	20-Apr-29
LGFA	\$5,000,000	5.58%	8-Jul-24	15-Apr-26
LGFA	\$10,000,000	5.94%	8-Jul-24	15-Apr-27
LGFA	\$5,000,000	5.36%	8-Jul-24	15-May-28
LGFA	\$5,000,000	5.36%	8-Jul-24	20-Apr-29
LGFA	\$10,000,000	4.59%	14-Aug-24	15-Jul-27
LGFA	\$10,000,000	4.70%	14-Aug-24	15-May-28
Total	\$75,800,000			

Reconciliation to statement of financial position	Amount
Borrowings	
LGFA	\$75,800,000
Total borrowings per the statement of financial position	\$75,800,000

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Compliance with Investment and Liability Management Policy

The following section provides information to show whether Council is managing its cash in banks and its debt portfolio in line with Council's Investment and Liability Management Policy (2021).

There are several thresholds set in the policy which Council is required to achieve. For the tables below:

- green shading indicates compliance with the policy
- orange indicates instances where Council is operating outside of the policy thresholds requiring further review.

Term deposits have been spread across the registered banks to ensure compliance with policy requirements.

Credit Risk Management	Threshold		Aug-24		
Registered Banks	Minimum rating	Maximum amount	Rating	Amount	
ANZ	AA-	\$10 Million	AA-	10,000,000	At limit
BNZ	AA-	\$10 Million	AA-	7,186,410	Achieved
Westpac	AA-	\$10 Million	AA-	4,500,000	Achieved

Borrowing levels are determined through Council's LTP and Annual Plans. Council will manage its borrowing activities prudently to ensure the best interests of the District are maintained. To undertake this, the following thresholds will be considered in conjunction with every transaction undertaken.

The policy has set specific borrowing limits and these have been met for the period.

Item	Threshold	Aug-24	
Net debt as % of total revenue	< 175%	20%	Achieved
Net interest as % of total revenue**	< 10%	1%	Achieved
Net interest as % of rates revenue**	< 7%	2%	Achieved
Liquidity ratio	> 110%	142%	Achieved

**The table above shows what is in the policy, however, these thresholds should be the opposite, the % of total rates should be 10% and the % of total revenue should be 7%.

Council is also operating within the debt maturity profile for the period.

Debt Maturity Profile	Threshold		Aug-24		
	Minimum	Maximum	Amount	%	
1 to 3 years	15%	60%	29,000,000	38%	Achieved
3 to 7 years	25%	85%	30,000,000	40%	Achieved
7 years plus	0%	60%	16,800,000	22%	Achieved
Total			75,800,000	100%	

Financial report – August 2024

The “Fixed Interest Rate Thresholds” in the table below show how much of the forecasted debt should have a fixed interest rate (eg in year 1 between 40-90% of the forecasted debt should have a fixed interest rate applied). “Actual” shows the current proportion of fixed debt and whether this fits within the required threshold for that year.

Using Debt Forecast - 2024 LTP				
Interest Rate exposure	Fixed Interest Rate Threshold		Aug-24	
Term	Minimum	Maximum	Actual	
Year 1	40%	90%	66%	Achieved
Year 2	40%	90%	52%	Achieved
Year 3	35%	85%	38%	Achieved
Year 4	30%	80%	21%	Review
Year 5	25%	75%	10%	Review
Year 6	20%	70%	6%	Review
Year 7	0%	65%	6%	Achieved
Year 8	0%	60%	6%	Achieved
Year 9	0%	50%	6%	Achieved
Year 10	0%	50%	6%	Achieved

Generally Council is within the thresholds for the proportion of fixed interest rate borrowing, however it is below the minimum threshold for three years as indicated above. Councils investment advisor and Council staff will work on developing further the process for determining future interest structures when these loans mature. Moving forward, a review of the Investment and Liability Management Policy will occur to determine whether the current policy is too complex in terms of setting controls around interest rate exposure, given the nature of Council’s borrowings.

This breach identified above will remain until the new calendar year when the next drawdown is expected.

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Draft unaudited Annual Report 2023/2024

Record No: R/24/10/62011

Author: Robyn Laidlaw, Corporate performance lead

Approved by: Anne Robson, Group manager finance and assurance

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is for the Finance and Assurance committee (the committee) to provide feedback and endorse the release of the draft annual report (annual report) for the year ended 30 June 2024 for audit.

Executive summary

- 2 Council is required to develop and adopt an annual report within four months of the end of a financial year. The annual report compares and comments on the performance of Council against the budget and operating targets set in the 2023/2024 Annual Plan. As a result of the delays to the Long Term Plan, the Government has extended the timing to deliver the Annual Report to the end of December 2024.
- 3 Development of Council's annual report for the 2023/2024 financial year is nearing completion and a draft as at the date of this report is included as Attachments A, B and C. Please note that at this stage the document is still very much a working draft, with reviewing of the whole document ongoing. Any content which is yet to be finalised is shown in yellow highlighting. Any significant changes which occur subsequent to this report will be discussed with the committee at the meeting.
- 4 The committee is asked to consider and endorse the draft unaudited annual report subject to any changes discussed and agreed during the meeting and endorse its release to Deloitte for audit.
- 5 Following the audit, at the committees 4 December meeting, the committee will be asked to recommend that the final annual report be adopted by Council on 11 December.
- 6 Deloitte are scheduled to undertake their audit fieldwork from 14 October to 15 November.
- 7 Overall the draft annual report shows an operating deficit of \$6.8m compared to the annual plan operating deficit of \$9.2m deficit for the year ended 30 June 2024 before revaluations. Detailed information is provided in the financial results section.
- 8 Staff have identified an error in the 30 June 2023 Annual Report, which saw \$2.8million of vested assets included that should not have been. A misinterpretation of paperwork between the property and financial team saw Luxmore land included as vested assets to Council. Council staff have a meeting with Councils auditor Deloitte early next week to discuss the issue and the corrections needed. At this time, it has been reversed out of this year, resulting in a larger deficit this year than what has occurred.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled “Draft unaudited Annual Report 2023/2024” dated 11 October 2024.
- b) determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) endorses the draft unaudited annual report for the year ended 30 June 2024, including any amendments agreed at this meeting.
- e) approves the release of the draft unaudited annual report for the year ended 30 June 2024 for audit, including any agreed amendments from this meeting.
- f) agrees to delegate authority to the Chief Executive and the Chair Finance and Assurance to approve any further amendments to the draft unaudited annual report for the year ended 30 June 2024 subsequent to this meeting, and prior to providing the draft to Council’s auditors.

Background

- 9 Section 98(3) of the Local Government Act 2002 requires the annual report for the financial year be adopted within four months of the end of the financial year to which it relates. The annual report is intended to outline Council’s actual performance in comparison with its intended performance as outlined in its annual/long term plan and includes the financial statements for Council for the year ended 30 June.
- 10 The annual report details the operating activities of Council and includes financial statements for Council for the year ended 30 June 2024. This is the last Annual report related to the 2021-2031 Long term plan.
- 11 A copy of the draft unaudited 2023/2024 annual report is attached in three sections.
 - section 1, Executive Summary **Attachment A**
 - section 2, Council Activities **Attachment B**
 - Section 3, Financial Information **Attachment C**
- 12 The committee are asked to review the draft and consider any risks/issues or changes that may be required to be incorporated into the document before it is released for audit.
- 13 The draft unaudited annual report is scheduled to be audited by Deloitte on behalf of the Auditor-General from 14 October – 15 November 2024. Deloitte will be undertaking much of its

testing and fieldwork on-site during this time. Assuming there are no material issues arising at this point, the draft report is expected around 22 November 2024.

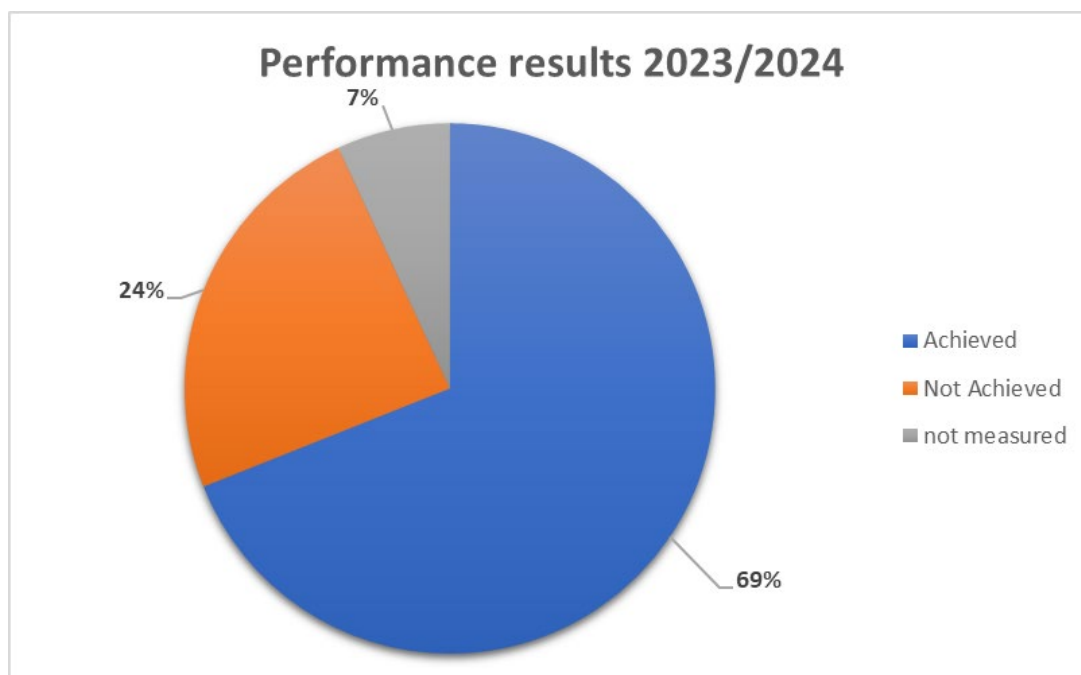
- 14 Any changes, either resulting from the audit process or staff review, will be tracked and significant changes will be provided to the committee for confirmation at their meeting on the 4 December 2024 prior to being adopted by Council.
- 15 A summary of the annual report will also be prepared and is to be audited but is not required to be adopted by Council.

Status of the report

- 16 At the date of this report the draft unaudited annual report is substantially complete. Matters outstanding include:
- The Mayor and CE statement at the beginning of the report is still to be completed.
 - completion of a small number of activity statement commentaries and final formatting is to be completed.
 - completion of a minor number of notes/components of notes to the financial statements
 - design of the full annual report document
 - compilation and design of the summary document
 - final review of the whole document.
- 17 Any content in the draft annual report which is yet to be finalised, is shown in yellow highlighting.

Organisational performance results

- 18 At the committees meeting of the 4 September 2024 the committee received the report “year-end performance report – 1 July 2023 – 30 June 2024” and noted Councils performance against its KPI targets and the context provided for those outcomes.
- 19 The draft annual report details performance of the organisation against the key performance targets as report on the 4 September, that were specified in the LTP 2021/2031. The mandatory measures in which Council is required to report on are included.
- 20 Managers have reviewed the activities for which they are responsible and have provided commentary on the actual performance against targets, particularly in those instances where the performance targets have not been met.
- 21 For Council’s 58 KPIs, the year-end results show that 40 (69%) were achieved, 14 (24%) were not achieved and 4 (7%) were not measured. The KPI’s that weren’t measured are part of the transport and emergency management activities, and were discussed at the September meeting.
- 22 Of the 14 KPIs where the target was not achieved, reasons included recruitment, supply delays, budget constraints due to increased costs (particularly in roading) and an infrastructure network that has many assets needing repairs, maintenance or upgrades coming due at the same time.



GROUP	ACHIEVED	NOT ACHIEVED	NOT MEASURED	TOTAL
Community Leadership	3	-	-	3
Community Resources	8	2	-	10
Environmental Services	5	2	2	9
Stormwater	9	-	-	9
Transport	6	1	2	9
Sewerage	6	3	-	9
Water Supply	6	3	-	9
Total	40	14	4	58

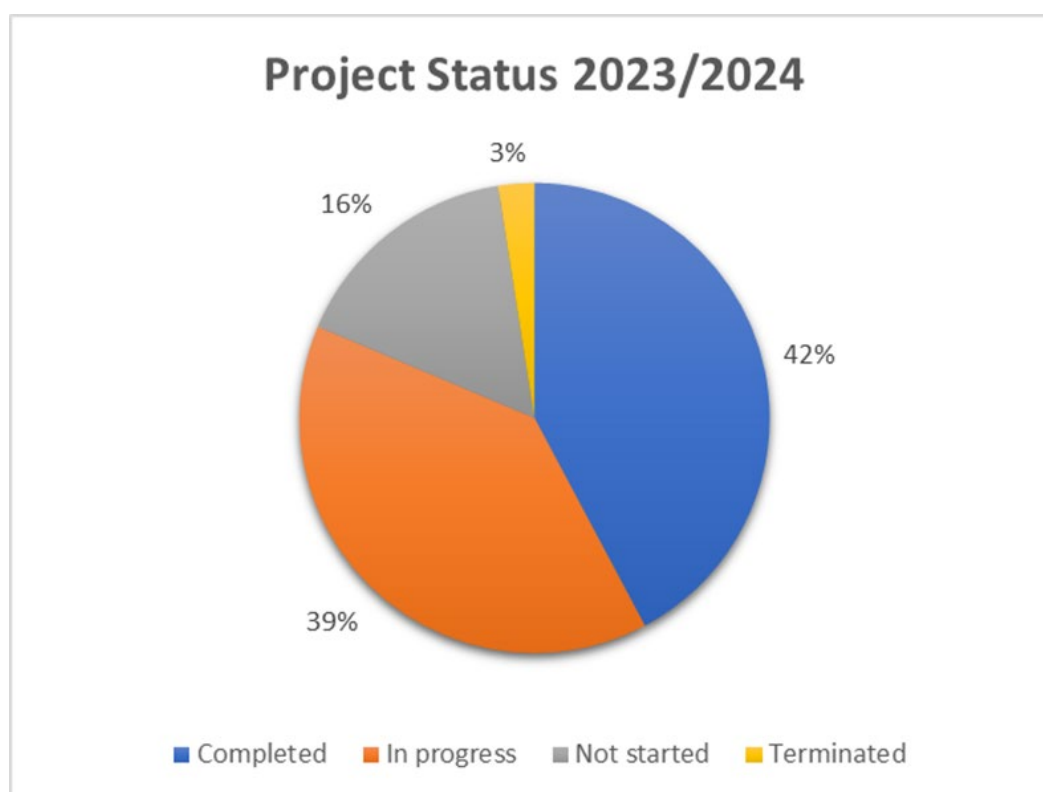
Projects

- 23 The draft unaudited 2023/2024 annual report includes information about projects, their completion status and actual cost versus budget. The projects include those programmed in the 2023/2024 annual plan plus any projects carried forward from previous years or any new projects. This project information excludes the roading programme.
- 24 The project list is extracted from an internal system as at 30 June 2024, 42% of projects were completed, 39% were in progress, 16% were not started, 3% were terminated. A list of projects not started are in **section one, pg 20 – attachment A**

ACTIVITY GROUP PROJECTS STATUS	COMPLETED	IN PROGRESS	NOT STARTED	TERMINATED	TOTAL
Community leadership	-	-	-	-	-
Community resources	49	32	17	1	99
Corporate services*	-	1	-	-	1

ACTIVITY GROUP PROJECTS STATUS	COMPLETED	IN PROGRESS	NOT STARTED	TERMINATED	TOTAL
Environmental services	-	-	-	-	-
Stormwater	2	4	-	1	7
Sewerage	4	15	-	-	19
Transport	3	4	6	2	15
Water supply	10	7	3	-	20
Total	68	63	26	4	161

Council has various corporate services that are considered internal activities. These corporate services are funded through internal charges which are spread over the seven activities.



Financial results

Draft financials of the Annual Report 2023/2024

- 25 An ongoing review of the financial results is currently being undertaken and will be incorporated into the draft document. Any significant changes to the financial information detailed below will be discussed at the meeting.
- 26 These financial statements have been prepared in accordance with Tier 1 PBE accounting standards.
- 27 A summary of key financial information is set out below. An explanation of the key financial variances for each activity group is also detailed in the activity funding statement (FIS) commentaries in the annual report.

Comprehensive Revenue and Expenditure

- 28 The statement of comprehensive revenue and expense records the revenue received and the expenditure incurred by Council. It also records changes in the value of Council's assets.
- 29 Council has reported a draft operating deficit of \$6.8m for the year ending 30 June 2024. This is a favourable variance of \$2.4m compared to the annual plan operating deficit of 9.2m as outlined in the table below.

Draft Statement of Comprehensive Revenue and Expenditure for 2023/2024

ACTUAL		ACTUAL	BUDGET AP	VARIANCE		VARIANCE
2022/2023		2023/2024	2023/2024			
\$M		\$M	\$M	\$M	%	
105.5	Total operating revenue	109.7	102.8	6.8	6.7%	Favourable
114.3	Total operating expenditure	116.6	112.0	(4.5)	(4.1%)	Unfavourable
0.4	Share of surplus from associates	0.1	0.0	0.1		Unfavourable
(8.4)	Operating surplus/(deficit)	(6.8)	(9.2)	2.4	26.0%	Favourable
161.8	Gains on assets at fair value	101.8	104.5	(2.7)	(2.6%)	Unfavourable
153.5	Total comprehensive surplus	95.0	95.3	(0.3)	(0.3%)	Unfavourable

- 30 Total operating revenue was \$6.8 million higher than the annual plan comprising:
- rates revenue was \$63.3million (annual plan \$63.7million). This includes \$0.4m rates penalty income. outlined in the table below.
 - NZTA Waka Kotahi was \$21.3million (annual plan \$19.2million). This favourable variance comprises \$1.1million for pavement rehabilitation carried forward and \$0.9million for school signage.
 - other revenue was \$17.4million (annual plan \$12.4million). This favourable variance comprises \$2 million for Council's share of WasteNet revenues which were not included in the Annual Plan, \$1.8 million for forestry income relating to works carried forward and an adjustment to future harvesting schedules, and \$0.5million from the Fiordland Housing Trust windup.
 - interest and dividends \$0.7million (annual plan \$1.9million). This unfavourable variance is due to the delay in the implementation of the balanced fund investments.
 - grants and subsidies \$3.7million (annual plan \$4.8million). This unfavourable variance comprises \$2million relating to the deferred start of the 'better off' grant funding programme from DIA, partially offset by receipt of \$1million in recovery funds relating to the Bluecliffs landfill site emergency event.
 - other gains and losses \$2 million (annual plan \$0.8million). This favourable variance comprises \$1.9million relating to the Luxmore land sale and \$0.5million for a sewerage insurance claim at Riverton, partially offset by a forestry revaluation loss of \$0.6million and a loss of \$0.4million relating to the sale of Matuku water assets to consumers.
 - vested assets \$1.0million (annual plan \$0.0m) are outlined in the table below.

Draft Summary of Vested Assets for 2023/2024

	ACTUAL
	2023/2024
	\$M
Community resources*	-2.8
Community leadership	0.0
Environmental services	0.0
Transport	0.7
Stormwater	1.3
Sewerage	0.7
Water supply	0.9
Corporate services	0.0
Total Vested Assets	1.0

* \$2.8m was incorrectly recognised in the prior year (2022/23) financial accounts which has been reversed. Finance to confirm with the Auditors prior year accounts need to be restated.

- 31 Total operating expenditure was \$4.5million higher than the annual plan comprising:
- Employee benefits \$18.7million (annual plan \$20.1million). The variance is due to vacancies generated by the restructure and turnover. With some positions outstanding for some time to ensure the best candidate.
 - Depreciation and amortisation \$40.6 million (annual plan \$37.9million). This unfavourable variance is due to actual inflation rates being higher than the annual plan assumptions.
 - Finance costs \$1million (annual plan \$3.3million). This favourable variance is due to lower than planned LGFA borrowings due to the delay in the implementing the investment strategy.
 - Other \$56.3million (annual plan \$50.8million). This comprises \$6.7million in unfavourable variances (overspends), partially offset by \$1.5million in favourable variances(underspends) as outlined in the tables below.

Unfavourable Variances in Other Expenditure (Overspends)

	2023/2024
	\$M
Maintenance of sealed and unsealed roads to cover unbudgeted inflation increases in the three main maintenance contracts	2.0
Council's share of WasteNet expenditure which was excluded from the Annual Plan	1.9
Landfill remediation works due to the Bluecliffs landfill site emergency event	1.0
External consultants due to vacant positions in the building solutions and resource management areas	0.9
Emergency roading reinstatement following the September 2023 flood event	0.6
Electricity	0.3
Total Unfavourable Variances (Overspends) in Other Expenditure	6.7

Favourable Variances in Other Expenditure (Underspends)

	2023/2024
	\$M
Investment Management Fee	0.4
Resource Planning Spatial Plan	0.3
Landfill contingency	0.2
Fuel	0.2
Better Off grants to external organisations	0.2
Stewart Island Visitor Levy	0.2
Total Favourable Variances (Underspends) in Other Expenditure	1.5

Financial Position

- 32 The summarised statement of financial position below outlines favourable variances against the annual plan for Council's Assets, Liabilities and Equity.

Draft Statement of Financial Position as at 30 June 2024

ACTUAL		ACTUAL	BUDGET AP	VARIANCE	VARIANCE	VARIANCE
2022/2023		2023/2024	2023/2024			
\$M		\$M	\$M	\$M	%	
2,198.4	Total Assets	2,309.8	2,243.2	66.6	3.0%	Favourable
47.2	Total Liabilities	63.7	116.5	52.8	45.3%	Favourable
2,151.2	Total Equity	2,246.1	2,126.8	119.4	5.6%	Favourable

- 33 Total assets as at 30 June 2024 are \$2,309.8million which is \$66.6million higher than the annual plan and comprises. This is principally due to the revaluation of Councils infrastructure.
- 34 Total liabilities as at 30 June 2024 are \$63.7million which is \$52.8million lower than the annual plan principally as a result of less borrowings due to the delays in some capital projects and the investing of Councils unrestricted reserves
- 35 Councils reserves are \$43.7million (annual plan \$38.1million). This represents an increase of \$1million from the prior year as outlined in the table below. The key variance in here is the increase in the district operating reserve.

Draft Summary of Reserves as at 30 June 2024

	OPENING	CLOSING	MOVEMENT
	1 JULY 2023	30 JUNE 2024	
	\$M	\$M	\$M
Council reserves – special	28.0	27.4	(0.6)
Council reserves – general	11.4	12.7	1.3
Restricted reserves	3.3	3.6	0.3
Total Reserve Funds	42.7	43.7	1.0

Interest has been allocated on the average reserve balance for the 2023/2024 year at a rate of 2.0% for the local and strategic asset reserves, 4.4% for restricted reserves, and 0.0% for all other reserves.

Cash Flows

- 36 The statement of cash flows records the cash that Council received and disbursed. Broadly cash, under financial reporting rules is recorded in three separate categories:
- operating cash flows - the cash flow related to day-to-day operating activities
 - investing cash flows - the cash flow received from sale of assets and cash spent on capital assets
 - financing cash flows - the cash flow received from any borrowings and the cash flow disbursed in repaying borrowings.
- 37 Council's cash position decreased by \$6.7m during 2023/24 from \$12.1m as at 30 June 2023 to \$5.4 million as at 30 June 2024 as outlined in the table below.

Draft Statement of Cash Flows for 2023/2024

ACTUAL 2022/2023		ACTUAL 2023/2024	BUDGET AP 2023/2024	VARIANCE
\$M		\$M	\$M	\$M
24.7	Net Cash Flows from Operating Activities	24.3	27.6	3.3
5.0	Net Cash Flows from Financing Activities	14.0	27.3	13.3
(26.5)	Net Cash Flows from Investing Activities	(45.1)	(53.6)	(8.6)
(3.2)	Total Net Cash Flows	(6.7)	1.3	8.1

- 38 Net cash flows from Operating activities is \$3.3m less than the annual plan which has resulted in the financial prudence benchmark relating to operations control not being met.
- 39 Net cash flows from Financing activities is \$13.3m less than the annual plan due to lower than planned LGFA borrowings as a result of the delay in the investment strategy.
- 40 Net cash flows from Investing activities is \$8.6m less than the annual plan due to delays in capital expenditure projects. A summary of capital expenditure by activity compared to the Annual Plan budget is shown in the table below.

Draft Capital Expenditure for 2023/2024

	ACTUAL 2023/2024 \$M	BUDGET AP 2023/2024 \$M
Community Leadership		0.1
Community Resources	3.4	13.1
Vested Asset Adjustment (non cash)	-2.8	0.0
Corporate Services	0.2	0.8
Environmental Services	0.0	0.3
Sewerage	5.6	8.3

	ACTUAL	BUDGET
	2023/2024	AP
	\$M	2023/2024
	\$M	
Stormwater	2.3	0.8
Transport	26.1	25.9
Water supply	5.2	4.7
Total Capital Expenditure	39.9	54.0

- 41 The community resources capital expenditure budget included \$5.6m for the office and buildings which has been carried forward to 2024/25.

Financial Prudence Benchmarks

- 42 Of the seven financial prudence benchmarks reported, Council has met five for 2023/2024 as outlined in the Financial Benchmark Performance table below.

Draft Financial Prudence Benchmarks for 2023/2024

	ANNUAL PLAN	ACTUAL	PERFORMANCE
YEAR	2023/24	2023/24	2023/24
Rates affordability benchmark	7.6%	7.1%	Met
Debt affordability benchmark - net debt	56.2%	16.9%	Met
Debt servicing benchmark	3.2%	0.9%	Met
Balanced budget benchmark	91.7%	93.0%	Met
Essential services benchmark	109.4%	89.9%	Not Met
Operations control benchmark	> 100%	87.9%	Not Met
Debt control benchmark	< 100%	31.7%	Met

- 43 Council has not met the Essential services benchmark. Council did not meet this benchmark in the prior years of 2022/2023 and 2021/2022. Council meets this benchmark if its planned capital expenditure on network services equals or is greater than depreciation on network services.
- 44 Council has not met the Operations control benchmark. This is primarily due to cash flow timing issues which are expected to be temporary in nature. This benchmark is met if Councils actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

Other Financial Matters of Interest

Infrastructure revaluation

- 45 The revaluation of roading and three waters assets has resulted in a \$101.3m increase in value over the prior year as shown in the summary table. The roading revaluation was completed by Beca and the three waters revaluation was completed by Waugh.
- 46 Council undertakes a revaluation of its roading and water and waste assets annually. The practice for the three waters has been to do a comprehensive review every three years and in the

intermediary years increase the values using standard industry indices. For roading, indices have principally been used annually because Council does not actively build or substantially renew some components of the roads on a regular basis and therefore does not have the information on which to base a revaluation.

Draft Infrastructure Revaluation for 2023/2024 with prior year comparison

ASSET GROUP	REVALUATION	
	2023/2024	2022/2023
	\$M	\$M
Roading	89.6	140.7
Three waters	11.7	24.8
Total revaluation movement	101.3	165.5

- 47 This year a price index increase was used for three waters valuation however this increase was tested against recent contracts completed by Southland DC to ensure these reflected what Council are experiencing in their local market and this revealed that the CGPI increase was in fact quite similar to rates in recent contracts.
- 48 In undertaking the roading revaluation, SDC provided recent contract rates for surfacing completed, bridges constructed and footpath construction. These have been increased accordingly with the cost adjustment factor from the latest values for infrastructures cost indexes from the Waka Kotahi procurement manual. to bring them to June 2024 values. For the remaining rates, the rates used in 2023 have been increased with the cost adjustment factor from the latest values for infrastructures cost indexes from the Waka Kotahi procurement manual tools applied. The increases in value is in line with contract movements during the year (eg the price of bitumen).
- 49 The roading valuation is completed within the live asset database and signed off by the valuer on 17 June 2024. The final indices to 30 June are estimated by the valuer as some of these are produced up to three months after the end of the relevant period. With the audit starting in mid-October there is a risk that the auditors perceive the indices used do not reflect the actual one published (ie not best information available). As the valuation is completed within a live database (and information has since been updated), the valuations are unable to be recalculated on the data applicable at 30 June.

Infrastructure Depreciation

- 50 In line with the revaluation increase, annual depreciation has also increased by \$4.8 million (11%) as shown in the summary table below.

Draft Infrastructure Depreciation for 2023/2024 with prior year comparison

ASSET GROUP	ANNUAL DEPRECIATION	
	ACTUAL 2023/2024	ACTUAL 2022/2023
	\$M	\$M
Roading	28.8	25.4
Total three waters	9.4	9.0

ASSET GROUP	ANNUAL DEPRECIATION	
	ACTUAL 2023/2024	ACTUAL 2022/2023
	\$M	\$M
• Stormwater (not funded)	1.1	1.1
• Wastewater	5.0	4.7
• Water Supply	3.3	3.2
Total annual depreciation	38.2	33.3

Forestry Valuation

- 51 The forestry valuation was completed by Woodlands Pacific Consulting Limited. The valuation resulted in an overall increase in the forestry asset of \$0.1m (1%) which is recorded as a gain in other revenue.

Draft Forestry Revaluation for 2023/2024 with prior year comparison

	FORESTRY VALUATION	
	ACTUAL 2023/2024	ACTUAL 2022/2023
Discount rate	7.5%	7.5%
	\$M	\$M
Fair value of tree crop	13.3	13.4
Land value	2.5	2.5
	15.8	15.9

The main factors driving the increase in \$0.1m increase in value were:

- increases for growth \$1.5m
- increase prices 0.1m.

Offset by:

- decreases for harvest \$0.7 million
- woodflow \$0.9m.

Emissions Trading Scheme (ETS)

- 52 Council recognises ETS credits on the statement of financial position as at 30 June 2024. The statement reflects an asset, being the number of units held, multiplied by the value of the units at 30 June 2024. ETS credits increased by \$1.1m over the prior year. This is shown through the financial assets at fair value through other revenue and expense line of the statement of comprehensive revenue and expense.

Draft ETS Credit with prior year comparison

	ETS CREDITS	
	ACTUAL 2023/2024	ACTUAL 2022/2023
Units	113,231	109,673
\$ per unit	\$50.50	\$41.75
Total ETS credits	\$5.7m	\$4.6m

- 53 In addition, 2.1 hectares of trees that have been harvested were not replanted at balance date (temporarily un-stocked). As staff expect the land to be replanted during the 2024/2025 financial year, no allowance has been made for any deforestation liability \$0.1m which would be incurred if the trees were not replanted within four years.

Internal Loans

- 54 Internal loans are \$67.3 million as at 30 June 2024, an increase of \$7.0m from the prior year as outlined in the table below.

Draft Summary of Internal Loan Balances as at 30 June 2024

	OPENING	CLOSING	MOVEMENT
	1 JULY 2023	30-JUN-24	
	\$M	\$M	\$M
Community resources	10.9	8.9	-2.0
Community leadership	0.1	0.0	0.0
Environmental services	0.3	0.2	-0.1
Transport	10.8	10.1	-0.7
Stormwater	1.9	2.7	0.8
Sewerage	19.3	24.4	5.1
Water supply	15.1	19.3	4.2
Corporate services	2.0	1.7	-0.3
Total Internal Loans	60.3	67.3	7.0

- 55 Interest was charged on internal loans at 4.35% in accordance with the Annual Plan. A summary of new loans against the annual plan is shown in the table below.

Draft Summary of New Internal Loans for 2023/2024

	ACTUAL	BUDGET AP
	2023/2024	2023/2024
	\$M	\$M
Community resources	1.9	11.1
Community leadership	0.0	0.0
Environmental services	0.0	0.0
Corporate services	0.0	0.0
Transport	0.4	2.5
Stormwater	0.9	0.8
Sewerage	3.2	6.8
Water supply	4.1	4.1
Total New Internal Loans	10.4	25.4

- 56 New internal loans to Community Resources are substantially less than the annual plan partially due to \$5.6m for office and buildings which has been carried forward to 2024/25.

Factors to consider

Legal and statutory requirements

- 57 Section 98 of the Local Government Act 2002 requires Council to adopt an annual report within four months of the end of the financial year (30 October 2024).
- 58 The act also requires Council to publish a summary of the annual report within one month of the annual report being adopted. Staff are intending to include the summary document in the information presented to the committee and Council in October 2024. The final audited summary document will be released in November 2024 once the annual report is adopted.
- 59 Part 3 of Schedule 10 also outlines a number of disclosures that are required to be included in the annual report.

Community views

- 60 The community expects Council to adopt an annual report in accordance with the requirements of the Local Government Act 2002. The report is an important accountability document in terms of explaining the actual performance of the organisation relative to the objectives that were set via the Long Term Plan and Annual Plan.
- 61 The annual report and summary (once adopted) will be made available to the public via Council's website, by placing printed copies in libraries and service centres and having printed copies available for distribution on request. Availability of the report will be advertised.

Costs and funding

- 62 The total audit fee for the annual report is \$187,883 (excluding GST) plus actual disbursements estimated at \$17,000. This is an increase on the prior year of approximately 3%. Council allowed \$202,300 for audit fees in its 2024/2025 budget.

- 63 Along with Council’s own review and quality assurance processes of the information in the annual report, the independent review undertaken by the auditors helps to ensure that the public can rely on the information provided. In general, auditors provide an opinion as to whether Council has complied with Generally Accepted Accounting Practice (GAAP) and that the annual report fairly reflects Council’s financial position, results of operations and cashflows, and levels of service and reasons for any variance.
- 64 In relation to the financial aspects of the annual report, the financial results are not expected to change significantly, other than for those outstanding matters noted in this report. Staff will continue to focus on key disclosures such as post balance sheet events, contingencies and commitments in order to ensure that the most up to date information is provided to the auditors and disclosed where necessary.
- 65 There are no additional financial considerations associated with deciding on whether to endorse the annual report.

Policy Implications

- 66 Council’s policies relating to the basis upon which the annual report is prepared are outlined in the Statement of Accounting Policies contained in the report itself.

Analysis

Options considered

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

Analysis of options

Option 1 – Endorse and release of the draft unaudited Annual Report 2023/2024 for audit, including any amendments agreed at this meeting.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• complies with Deloitte agreed timelines• committee has an opportunity to review the report and satisfy itself that the report has been prepared on an appropriate basis• committee approval can occur prior to releasing for audit• compliance with Council’s legislative requirements and Council’s committee delegations.	<ul style="list-style-type: none">• there are no disadvantages.

Option 2 – Do not endorse the draft unaudited Annual Report 2023/2024

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• there are no advantages of this option.	<ul style="list-style-type: none">• Council will not be compliant with the legislation if the annual report is not audited and adopted by Council by 31 December 2024.

Assessment of significance

- 68 The Annual Report 2023/2024 is considered significant under Council’s Significance and Engagement Policy because the performance of Council is of wide community interest.
- 69 It is important to the public that Council meets both its financial and non-financial commitments to ensure it delivers its services efficiently and effectively. To do this the public relies on the information provided in the annual report to give it assurance that Council is undertaking its responsibilities and how well it is performing these.

Recommended option

- 70 The recommended option is Option 1 – Endorse and release the draft unaudited Annual Report 2023/2024 for audit, including any amendments agreed at this meeting.

Next steps

- 71 The draft annual report and summary document will be finalised and graphically designed and then provided to Deloitte.
- 72 Deloitte will then carry out their audit process beginning on 21 October 2024 before the final audited draft annual report is presented to the committee and Council at their meetings on the 4 and 11 December 2024.
- 73 Once the annual report and summary are adopted, and the signed representation letter has been provided to Deloitte, the audit opinion(s) will be issued to Council. The audit opinion will then be included in the final annual report and both the full document and summary document will be published online (December) with the printed versions available in mid January.

Attachments

- A Annual Report Section 1 Executive Summary
- B Annual Report Section 2 Council Activities
- C Annual Report Section 3 Financial information



DRAFT Annual Report 2023/2024

Unaudited

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What's an Annual Report?

SECTION 1

Overview

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[What's an Annual Report?](#)

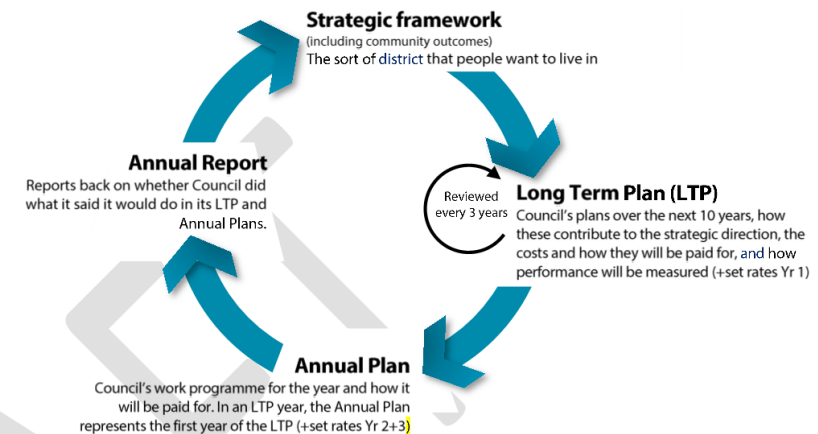
What's an Annual Report?

This Annual Report tells you and us how well we did against what we said we were going to do in year three of the Long Term Plan (LTP) 2021-2031, how much it cost to do this and how we paid for it. This annual report is the last report related to the 2021-2031 Long term plan.

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

This document reports on Council's activities during the year 1 July 2023 to 30 June 2024.

The planning cycle



A message from Mayor Rob Scott and chief executive Cameron McIntosh

A message from Mayor Rob Scott and chief executive Cameron McIntosh

to be completed

Council’s strategic direction

The table below sets out Council’s approach to planning and the strategies and proposals that are set out in the Long Term Plan 2021-2031, as well as the key priorities we intend to focus on.

Our vision	Southland – one community offering endless opportunities			
Our mission	Working together for a better Southland			
Wellbeing	Environment	Culture	Economic	Social
Community outcomes	Kaitiakitanga (guardianship) for future generations	Inclusive connected communities	A diverse economy creating healthy and affordable lifestyles	Empowered communities with the right tools to deliver the best outcomes
Strategic priorities	Support healthy environments and sustainable communities	Better preparing our communities and council for future changes	Provision of appropriate infrastructure and services	Improve how we work to build resilience

Key highlights/executive summary

Key highlights/executive summary

Matariki pou

Matariki is being celebrated in Southland Murihiku in a joint project between Southland District Council, Te Ao Mārama and Ngāi Tahu.

The project has been co-funded by the Ministry of Business, Innovation and Employment's Tourism Infrastructure Fund (TIF).

A series of eight pou (pillars or sculptures) created by artists Steve Solomon, Keri Whitiri and James York have been erected around the district. Seven were celebrated with official openings during the year and one was yet to be formally opened at the time of writing.

Each pou depicts an entity from Māori pūrākau (stories) characterising prominent stars in the Matariki (Pleiades) cluster, with its rising in the morning sky heralding the Māori New Year. Each entity relates to the surroundings or the seasons they watch over.

The network of pou will create a wayfinding experience throughout Southland which guides travellers to journey from one location to the next to see the artworks and read the stories of the area and how the stars relate to the landscape.

Te Ao Mārama kaupapa taiao manager Dean Whaanga says: "Something really special has been created at each of these sites, with each one quite different from the others, and placed in sites connected to the stars' stories.

"For example, Waitā, at Curio Bay, relates to kai moana and the bounty of the sea. Its sister star, Waiti, at Garston, relates to freshwater and all the creatures and food that comes from the streams, rivers and lakes."

In total, 10 pou will be installed in locations throughout Southland – eight in Southland district and two within the Invercargill city boundary. The Invercargill pou will be added to the wayfinding experience at a later date.



[Key highlights/executive summary](#)

The project is designed to achieve the following outcomes:

- a connected wayfinding experience throughout parts of the Southland Murihiku region, visiting locations and stops on the way
- co-design with iwi, which allows Te Rohe Pōtae o Murihiku (Southland District Council) to produce an outcome that will ensure Māori cultural narratives and history are reflected in both infrastructure and landscape
- acknowledging Matariki and Puanga as an integral part of our society – to learn and understand a Māori world view of the stars and the night sky to be enjoyed by our region's residents and visitors
- promoting and preserving dark skies and astro tourism in the region
- connecting to other strategies and outcomes such as the Murihiku Southland Destination Strategy 2023-2029, Milford Opportunities, Dark Skies, Council's open spaces strategy, and the Southern Scenic Route.

The seven pou already officially celebrated are: Matariki (Cosy Nook/Matariki), Tupuārangi (Lee Bay, Stewart Island/Rakiura), Ururangi (Slope Point), Waitā (Curio Bay), Tupuānuku (Mandeville), Waiti (Garston), and Waipunārangi (Te Anau).

The final pou in Southland district is Hiwa-i-te-rangi (Taramea/Riverton). An opening date has yet to be confirmed.

District Bridges

Council continued with its bridge renewal programme replacing 12 bridges

list bridges

Action on airport

Southland District Council and the Fiordland Community Board enlisted Great South in January 2024 to help to establish Te Anau Airport Manapōuri as a more commercial operation and to explore opportunities to increase revenue.

A governance group, chaired by aviation expert Richard Roberts, was set up to oversee Great South's work, and meets monthly.

The airport provide facilities for flight services in and out of the Te Anau basin. It has a sealed and unsealed runway, terminal building and other facilities for visitors and users, including hangar spaces.

However, over the past five years rentals and fee income have not been enough to fund annual operating expenses, with the shortfall of between \$217,000 and just under \$320,000 being funded from local rates.

During consultation about the Long Term Plan in June 2024, there was roughly a 50:50 split on whether the airport should be funded by Fiordland-based ratepayers alone or receive some level of funding from all ratepayers across Southland district. Council chose to go with 30% district rate funding, with a tight review and project management in place.

[Key highlights/executive summary](#)

Great South's initial concept plan includes jet parking at the airport, establishing a café, additional commercial hangar space and provision for hangar homes.

A review of the airport runway revealed it was in good condition, while community consultation about the airport's future is continuing and a community and business travel survey has been conducted.

Working with community groups

During the year our community facilities team worked closely alongside a number of community groups to carry out local projects. These included:

- Winton Rotary Club and Friends of Ivy Russell Reserve Group for the removal of pest weeds and installation of drainage in Ivy Russell Reserve, Winton
- Limehills School and the Friends of Kowhai Reach for enhancement of Kowhai Reach, at Kauana, with new fencing, plantings, track upgrade and a meeting space
- Manapōuri Weed Busters on visual amenity enhancement, native plantings and the installation of picnic amenities at Frasers Beach, Manapōuri
- Riverton Pest Busters for animal pest management at Mores Reserve, Riverton
- Gorge Road Community Group for native amenity planting, weed control and track maintenance at the Gorge Road Reserve
- Menzies College students for the installation of a new bike jump track at the Wyndham Recreation Reserve

Community board highlights

- Ōraka Aparima Community Board: Refurbishment of the Thornbury War Memorial; Recognition of Service Award to Lynley and Stuart Shaw, long-serving custodians of the Thornbury hall; renaming of Koi Koi Park, Riverton, to the correct name Kohikohi Park; renewal of the signage/footbridge and viewing platform at Mores Reserve, Riverton.
- Fiordland Community Board: Community Service Award to Abi James; upgrade of the Village Green playground in Manapōuri; Te Anau Basin development Plan; Te Anau Airport Manapōuri review and action plan; new battery recycling bins; engagement with community on playground upgrades.
- Tuatapere Te Waewae Community Board: progressing the Railway Station development grant applications; supporting installation of the all-weather turf at Hauroko Valley Primary School.
- Waihopai Toetoe Community Board: Ohai playground upgrade, which has been well received with plenty of children using it.

[Key highlights/executive summary](#)**Honouring our community heroes**

Southland district's community boards, in association with Southland District Council, recognised the outstanding contributions of a number of deserving Southlanders with Community Service Awards during the year.

The Waihopai Toetoe Community Board saluted 40 years of “priceless” work and outstanding leadership in emergencies by Wyndham volunteer firefighter James Walker.

The Waihopai Toetoe board also honoured Sandra Earwaker, of Tokanui, whose tireless service and advocacy for the Southern Southland community was described as staggering. She has been a driving force on countless committees and projects, coached sports teams, raised funds and even wrote a book about the local area.

Peter Gutsell was acknowledged with an award by the Wallace Takitimu Community Board for his selfless service to Otautau over 50 years, during which he has been integral in many organisations and activities.

The Fiordland Community Board honoured Abi James for her passionate work facilitating a multitude of events to the benefit of not only the tamariki and rangatahi of Fiordland, but also the wider community.

Beverley Evans was bestowed with a Community Service Award from the Wallace Takitimu Community Board, of which she was a former member, recognising a lifetime of dedicated involvement in the Nightcaps area.

Prominent Mossburn identity Jim Guyton received his award from the Northern Community Board for his outstanding contributions to the township and surrounding area, including 53 years in the Mossburn Volunteer Fire Brigade.

Raewyn Black's extraordinary contribution to Western Southland was recognised by the Oraka Aparima Community Board. The Gropers Bush volunteer has been deeply involved in a long list of organisations and activities in Western Southland for more than 40 years.

Meanwhile, a rare group award was presented to the Waiau Rivercare Group by the Tuatapere Te Waewae Community Board. The group was founded in 2018 and became the Waiau Rivercare Group Incorporated Society in 2019, initially with the sole purpose of stopping algal bloom and returning the river to a state of ecological health. The group has worked hard with the community, local schools and playgroups to create an awareness of the Waiau River, and the issues it's facing.

In addition, long-serving community volunteers Lynley and Stuart Shaw were honoured by the Oraka Aparima Community Board with a special Recognition of Service Award after 33 years as custodians of the Thornbury Hall. It is only the second time this honour has been bestowed. The first was in 2019, when a Recognition of Service Award was presented to Isobel Pearson who worked as an amenities cleaner in Otautau for 41 years.

[Key highlights/executive summary](#)**Māori liaison**

John Twidle was contracted to Council for a 12-month stint, in the role of kaitakawaenga kaupapa Māori (iwi liaison).

John is well known to the Rūnanga in Murihiku. He recently completed a two-year contract with the Milford Opportunities Project as workstream lead for heritage and the Ngāi Tahu Partnership. He has a good understanding of the Te Anau area, Piopiotahi and Murihiku.

John will help us to develop and foster our iwi relationships.

Around the Mountains Cycle Trail

The 23 Ngā Haerenga Great Rides of New Zealand are spread throughout the country. Around the Mountains Cycle Trail is the only Great Ride in Southland.

The trail continues to increase in popularity with the number of users growing year on year. With the international borders open, there were more international visitors to the region, enjoying Southland hospitality and the local businesses reaping the economic benefits. The Tour Aotearoa and Sounds to Sounds events in March saw Mossburn heaving with cyclists.

At the end of September 2023 there was a massive rain event in Southland and Otago. This resulted in washouts and scouring on the Around the Mountains Cycle Trail rendering several areas as unpassable and other areas difficult to ride. Bypasses were put in place, and the trail re-opened in time for Labour weekend. Funding via the MBIE Extreme events fund was sought and approved. The repairs were undertaken over winter and should create a smooth enjoyable riding experience for the upcoming season.

The Around the Mountains Cycle Trail Trust is now in their third year and they have taken over the marketing activities to promote the trail and improve the rider experience. With a dedicated social media specialist regular Facebook and Instagram posts link in with NZCT marketing campaigns to raise the exposure of the Trail. The new website went live in August 2023 and has received positive feedback about the fresh look and improved functionality.

The trust structure sees Council retain ownership of the 186km asset and all associated intellectual property, together with responsibility for asset management and maintenance.

Council with funding from MBIE installed an additional Shelter and toilet at Gorge Burn in the Von Valley in March 2024. The river nearby is vulnerable to flooding, and can rise and fall quickly. The Shelter enables cyclists to take refuge if the river levels are too high to cross.

[Key highlights/executive summary](#)**Long Term Plan completion**

Council adopted the Long Term Plan (LTP) 2024-2034 on 26 August 2024. Its title is, These are challenging times, Southland Murihiku.

The adoption followed 20 months of work, reviewing documents, strategies and plans along with incorporating central government legislative change and careful consideration of how to fund the work that needs to be done and reflecting on the submissions from our ratepayers.

The LTP is Council's key future planning document and sets out the forecast work programme for the next 10 years. It includes the major projects planned in coming years, explains the activities and levels of service to be provided for the community and shows how the plan will be funded through rates and other sources of revenue. It also includes Council's Infrastructure and Financial Strategies.

Public consultation from 5 June to 5 July formed a key part of the process. Council received 312 submissions and 32 submitters presented during two days of hearings at the Wallacetown Community Centre on 16 and 17 July.

Council deliberated on the submissions on 24 July and resolved to proceed with its preferred option for each of three key proposals for water services management, levels of service for roading and glass recycling. Following submissions, adjustments were made to some of the proposed targeted rate changes (roading and halls). A change was also made to the Revenue and Financing Policy included in the final LTP to reflect Council's decision to provide 30% general rate funding towards Te Anau Airport Manapōuri.

In addition, changes were made to the LTP financial information to reflect other decisions made since the consultation document was prepared. The impact of these changes meant that the proposed average rate increase for 2024/2025 reduced slightly from 13.66% to 13.18%. This final figure is a median increase. Some properties will be rated more and some less, depending on a range of factors including the type of property, its location, the services provided in respective areas, and the capital value of the property.

Following adoption of the LTP, Council also resolved to pass a rates resolution that enables it to set rates for 2024/2025.

This LTP takes over from the 2021-2031 plan, and this is the final annual report for that plan.

The current LTP 2024- 2034 can be viewed on Council's website southlanddc.govt.nz

Customer improvements

Our environmental services group – made up of the environmental management, building solutions, and environmental health/animal control teams – continued an ongoing project to enhance service delivery. This is in line with Council's services values, where we strive for continuous improvements.

During the year we updated and improved a number of internal processes and procedures.

[Key highlights/executive summary](#)

Alcohol applications fluctuate from year to year but on average we process around 240 new applications a year, including special licences, managers' certificates, on/off/club licences and temporary authorities. We process around the same number of renewals – managers' certificates and on/off/club licence renewals. There are more than 200 licensed premises in the Southland district.

A push to promote online applications on Council's website continued, focusing on the advantages and efficiencies over filling out paper applications. Not the least of these is convenience for the customer. It's not always convenient for people to get to an office within opening hours. Becoming a registered user of online services allows people to access their information from anywhere at any time, saving their work and coming back to it later, and enables us to provide support to customers throughout the process.

Our online services include applying for consents, property files, information, licences, consents or permits, registering your dogs and paying accounts or rates.

Other benefits to the customer include more control and visibility of the status of their applications, as well as the ability to update information at their own convenience. Also, less paper is always better for the environment

Representation review

Southland District Council has had a look at how people and communities are represented by Council and our community boards.

The law requires that we do this at least once every six years to make sure our communities are being represented effectively. Work on the current review began in 2023, including a series of workshops with community boards, the public and other stakeholders.

Minor changes to the boundaries of some wards and community boards were proposed, as well as adding macrons to the titles of those wards and community boards with Māori names that required them.

Following public consultation on the proposed changes Council endorsed the recommendations. The final proposal along with any appeals or objections will be sent to the Local Government Commission, which will make a final determination on representation in the district in time for the local elections in 2025.

Māori contribution to decision-making sent email to (Fran)

Māori contribution to decision-making sent email to (Fran)

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

Southland District Council was officially gifted its Māori name, Te Rohe Pōtae o Murihiku, at a naming ceremony at Takutai o te Tītī marae at Colac Bay/Ōraka in November 2005, strengthening links between Council and the tangata whenua and emphasising the importance of Council's partnership with Ngāi Tahu. Te Rohe Pōtae o Murihiku acknowledges Council's role as an all-embracing shelter ("umbrella/lid") for its district.

Charter of understanding

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

The charter of understanding provides:

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

Te Rōpū Taiao is the collaborative structure put in place to give effect to the charter of understanding and the obligations of the parties to the charter. Councillors and Council staff involved in resource management regularly attend Te Rōpū Taiao meetings. Te Rōpū Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives and meetings are usually held quarterly, with minutes reported back to participant councils.

Māori contribution to decision-making sent email to (Fran)

Fostering Māori capacity

At the time of reporting the Resource Management Act 1991 is undergoing major reform. This reform will define mana whenua as partners in Council environmental management decision-making processes. It will require significant investment in the initial upskilling of staff and councillors in respect of tikanga Māori principles and protocols. Te Rohe Potāe o Murihiku Tikanga Māori rōpū was established by staff to have a safe space for those who wish to embrace Te Ao Maori. That rōpū has grown over the past twelve months and has supported the organisation to meet the cultural development needs of staff and councillors, by offering opportunities to learn and participate in Tikanga Māori practices.

Initiatives	Status	Progress
Continue to engage Te Ao Marama (TAM) as a partner during its decision making and consultation processes	Ongoing	Te Ao Marama representatives were invited to be part of the 2021-2031 LTP process. Te Ao Marama representatives were part of relevant resource consent applications that were identified to adversely affect mana whenua. The RMA is now under reform, with significant change anticipated for Māori participation in all resource management processes. Te Ao Marama representatives were the lead organisation on a regional-wide cultural landscapes assessment undertaken as part of the plan change to address natural features and landscapes in the Southland District Plan.
Continue to hold regular liaison meetings between Te Ao Marama and Council executive and senior managers	Ongoing	Regular meetings held and Council senior managers also attend Te Rōpū Taiao. This level of communication and engagement will continue as a minimum.
Continuing to strengthen genuine partnerships/relationships with all four Rūnanga Papatipu o Murihiku; Te Rūnanga o Awarua, Te Rūnanga o Oraka/Aparima, Te Rūnanga o Hokonui and, Te Rūnaka o Waihōpai at governance, management and operational levels.	Ongoing	Several elected members, leadership team members, managers and other staff were fortunate during 2022/2023 to be involved in partnership programmes and projects such as Predator Free Rakiura, the Milford Opportunities Project, the Whakamana te Waituna Charitable Trust, Emergency Management Southland, Matariki, which have provided opportunities to build relationships with mana whenua and rūnanga/rūnaka. There is, however, much more to be done in this space. Staff are working with TAM on a delivery framework to ensure the right timing of collaboration for the right projects are prioritised. It was a privilege to be able to hold the inaugural council meeting at Takutai o te Titi marae.
Provide an interpreter on request should Māori wish to present submissions to Council in Te Reo Māori	Ongoing	Interpretation service available on request. Council will ensure this service is clearly communicated at the beginning of any Council process as standard practice.

Māori contribution to decision-making sent email to (Fran)

Initiatives	Status	Progress
Provide a standing invitation to all Māori to attend Council meetings and hearings to become familiar with Council protocol	Ongoing	Standing invitation in place.
Give consideration to the appointment of iwi representatives to act as hearing commissioners on key issues such as major resource consent applications and District Plan changes that have issues of iwi significance.	Ongoing	This is considered on a case-by-case basis. Where Te Ao Marama is a submitter, then the choice of mana whenua representative needs to recognise the need to avoid any real or perceived conflicts of interest Te Ao Marama representatives were lead organisation on a regional wide Cultural Landscapes Assessment undertaken as part of the plan change to address Natural Features and Landscapes in the Southland District Plan.
Creating opportunities to increase iwi/Māori representation across Council's governance structure, solidifying Te Tiriti o Waitangi treaty partnership principles.	Ongoing	
Actively embodying the outcomes of the Resource Management Act reform and local government review implementing a local government system that embraces the treaty partnership.	Ongoing	Co-drafting with mana whenua the Landscapes and Natural Features Plan change
Continued internal cultural competency of Tikanga Māori practices and principles by supporting the continuation of the Te Rohe Pōtāe o Murihiku Tikanga Māori Group.	Ongoing	The Tikanga Māori Rōpū meets fortnightly to learn and understand whakapapa, tikanga and te reo in a safe, encouraging environment. The rōpū steering group has drafted their strategic document to be adopted by the end of the 2023 calendar year.
Reviewing the Charter of Understanding between Te Rūnanga o Awarua, Te Rūnanga o Oraka/Aparima, Te Rūnanga o Hokonui and, Te Rūnaka o Waihōpai, Clutha District Council, Environment Southland, Gore District Council, Invercargill City Council, Queenstown Lakes District Council and Te Rohe Potāe o Murihiku (Southland District Council) and continuing to strengthen the associated relationships.	Ongoing	
Maintain existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties and integrate protocols into the organisation	Ongoing	The charter of understanding/He Huarahi mō Ngā Uri Whakatapu, which is the foundation document for the relationship, was comprehensively reviewed in 2016. The charter has now been in existence for 25 years and this was recognised at the recent New Zealand Planning Institute Awards with a Best Practice Commendation in 2019. Council is committed to increasing awareness and, in time, providing training to our wider organisation in regards to the charter. Council is committed to reviewing, updating and educating in regards to the Charter of Understanding/He Haurahi mō Ngā Uri Whakatapu.
Support the implementation, integration, review and understanding of Te Tangi a Tauira – The Cry of the People Ngāi Tahu ki Murihiku Natural Resource and Environmental Iwi Management Plan 2008 into Council plans and policies.	Ongoing	Raising awareness inter-departmentally of the relevance of Te Tangi a Tauira – The Cry of the People Ngāi Tahu ki Murihiku in Council business and processes through presentations and discussions.

Māori contribution to decision-making sent email to (Fran)

Initiatives	Status	Progress
		Co-drafting with mana whenua the Landscapes and Natural Features Plan change Development of a strategy to embed Te Ao Māori / tikanga principles and practices into everyday 'business as usual' processes.
Maintain its commitment to ongoing funding of Te Ao Marama Incorporated, the Ngāi Tahu (Murihiku) resource management agency	Ongoing	Ongoing funding for Te Ao Marama was included in the 2021-2031 Long Term Plan.
Continue to train new staff and councillors on marae protocol, local history and related legislation	Ongoing	The Te Rohe Pōtae o Murihiku Tikanga Māori Rōpū was formed internally with a key purpose to ensure Te Tiriti o Waitangi is authentically honoured and implemented within business practices and processes. Understanding Te Ao Māori practices such as marae protocol is achieved through the rōpū philosophy of 'learning through doing'. Council is committed to supporting the Tikanga Māori Rōpū as a pathway for staff and councillors to develop confidence, knowledge, and practice in all things Te Ao Māori.
Continue to provide regular contact sessions for SDC staff to interact with Te Ao Marama staff on topical matters of mutual interest, to maintain and enhance the relationship between the agencies	Ongoing	Contact sessions held regularly in 2022/2023. These have been very well attended by staff with high interest and the sessions are now usually fully booked.
Display Ngāi Tahu taonga items, following agreement with Murihiku Ngāi Tahu Papatipu Rūnanga at its Invercargill office and all area offices, to acknowledge the strength and importance of its relationship with Ngāi Tahu.	Ongoing	A carving is in place inside Council chambers and a blessing ceremony was held on its move to Don Street. Opportunities for display will be considered for any new sites.

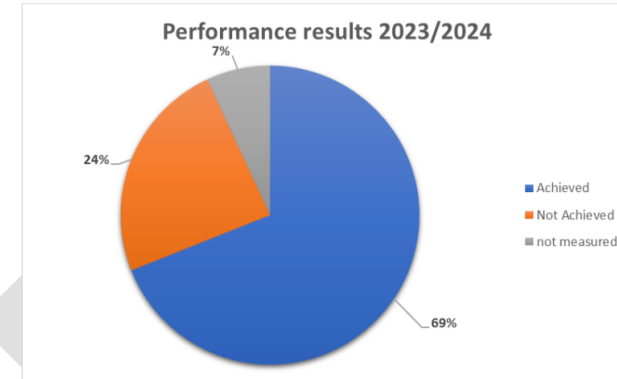
Performance and Projects Overview

Council activities are broken down into seven activity groups. Each activity group has performance measures and key performance indicator (KPI) targets that were set in the Long Term Plan 2021-2031, as well as capital expenditure projects. For more detail, please refer to individual activity groups in the Council activities section.

For Council's 58 KPIs, the year-end results show that 40 (69%) were achieved, 14 (24%) were not achieved and 4 (7%) were not measured.

KPIs

Activity	Achieved	Not achieved	Not measured	Total
Community leadership	3	-	-	3
Community resources	8	2	-	10
Environmental services	5	2	2	9
Stormwater	9	-	-	9
Transport	6	1	2	9
Sewerage	6	3	-	9
Water supply	6	3	-	9
Total	45	13	-	58
	On target	Off target		
	40	14	4	58

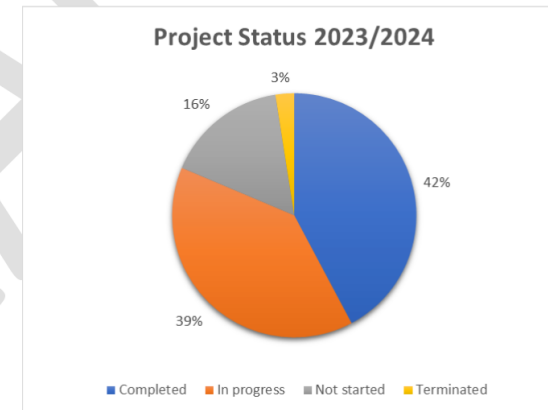


Capital expenditure projects

The project list is extracted from an internal system as at 30 June 2024 42% of projects were completed, 39% were in progress, 16% were not started, 3% were terminated.

Activity group projects status	Completed	In progress	Not started	Terminated	Total
Community leadership	-	-	-	-	-
Community resources	49	32	17	1	99
Corporate services*	-	1	-	-	1
Environmental services	-	-	-	-	-
Stormwater	2	4	-	1	7
Sewerage	4	15	-	-	19
Transport	3	4	6	2	15
Water supply	10	7	3	-	20
Total	68	63	26	4	161

*Council has various corporate services that are considered internal activities. These corporate services are funded through internal charges which are spread over the seven activities.



KPI's not met for the 2023/2024 year

KPI's not met for the 2023/2024 year

- **KPI 3.2: to meet family expectations that the burial plots are prepared by the time required**

The target of this KPI is for 100% of burial plots to be prepared by the time required (there is a 2-hour buffer included between the time to have the plot is prepared and when it is required).

The result for the 2023/2024 year is 98 %. There were two times during the year in which the notification of the plot preparation being completed came in after the 2-hour expectation of notification. Council has met with contractors to resolve this.

- **KPI 8.1: The amount of waste (tonnes) diverted from landfill as a percentage of total waste**

The target is for greater than 40% of waste to be diverted from landfill with the result for the 2023/2024 year being 29.6% waste diverted.

This KPI has consistently not been met throughout the monitoring of this LTP 2021-2031, with results sitting between 29 and 35%. The ongoing issue in meeting this KPI is that Council has little control at present on what is put into red bins. The volume of contaminants from recycling is however tracking below 20% therefore improving. A focus for WasteNet will be on an education programme.

- **KPI 9.1: percentage of non-notified resource consents processed within statutory timeframes.**

The target of this KPI is 100% of the non-notified resource consents are processed within statutory timeframes (which is 20 working days). The result for the 23/24 year is 29.28%, Staff in the regulatory team have been working on process improvements throughout this year, including, refining the methodology of collecting the data related to this KPI, and implementing process improvements. The KPI is now tracking upwards.

- **KPI 9.2: Percentage of building consent applications processed within statutory timeframes**

The target for this KPI is 100% of all building consent applications are processed within the statutory timeframe of 20 working days. The result for the 2023/2024 year is 70.1%. The result is a decrease for the 2021/2022 result of 93% and an increase from the 2022/2023 result of 65.3%. The process improvements for this team will assist in the target being reached in the future.

- **KPI 9.3 Percentage of code of compliance certificate applications processed within statutory timeframes**

The target for this KPI is 100% of code of compliance certificate applications processed within the statutory timeframe of 20 working days. The result for the 2023/2024 year is 73.23%. A decrease from the previous two years of 99% and 96.5%. Additional qualified staff have been employed in this area.

- **KPI 9.4: Number of serious injuries to the public from dog attacks**

The target for this KPI is zero serious injuries to the public from dog attacks. The result for the 2023/2024 year is one. While one dog attack is one to many, council continues to work with the public, providing education and support where necessary.

- **KPI 9.6: Number of incidents of foodborne illness believed to be caused by food sold at a Council-verified business**

The target of this KPI is zero incidents of foodborne illness believed to be caused by a Council-verified business. The result for the 2023/2024 year was three incidents. An increase in incidents from the previous two years in which there were no incidents. Council works with MPI with any incidents.

KPI's not met for the 2023/2024 year

- **KPI 12.3: maintenance of a sealed local road network - the percentage of sealed local road network that is resurfaced.**

The target of this KPI is that 6.5 % of the roading network is resurfaced (annually). The result for the 23/24 year is 4.06%. This KPI result has been decreasing throughout the long-term plan 2021-2031 – results in the 21/22 reporting year 6.2%, the 22/23 reporting year 5.2% and now in the 23/24 reporting year 4.06%.

There are two main contributing factors in relation to not achieving this KPI, staff went to market and got revised contract rates and bitumen cost indices increased significantly post covid, which resulted in heavily reduced programme for the same level of investment.

SDC's LTP bid to New Zealand Transport Authority (NZTA) for the 2024/2034 LTP used the revised contact rates, indicating to NZTA the level of investment required. The indicative allocation received from NZTA to date is not at the level required.

- **KPI 14.2a: Response to wastewater (sewerage) system faults – Attendance time: from the time of notification to the time when service personnel reach the site**

The target is that Council responds in less than 1 hour to notifications, with the result for the 23/24 year being 1.16 hours. the KPI is measured as a median time across the year.

There were six requests for the 2023/2024 year with the median response time being 1.16 hours or the equivalent of 1 hour and 10 minutes. Although outside of the expected response time of no more than 1 hour, the expected standard is New Zealand wide, and given the geographical area of Southland, 10 minutes over the expected hour is not unreasonable and did not impact on the service provided.

- **KPI 14.2b: Response to wastewater (sewerage) system faults – resolution time: from the time of notification to the time that service personnel confirm resolution of the blockage or other fault**

Working with the previous KPI, Council is required to respond to notifications within an hour and then Council is required to resolve the blockage or fault in less than 6 hours.

The result for the 2023/2024 year was 7.04 hours, one hour and 2 minutes over the targeted resolution time. The contributing factor this year was the September and April extreme rain/flood events in 2023/2024. Two of the notifications of a fault came to Council during the extreme rain/flood events which made getting to the fault and rectifying them go past the time frames in the standard.

- **KPI 14.5: percentage of monitoring results that show compliance with resource consent conditions**

The target of this KPI is to have 100% compliance with resource conditions, with the results for the 2023/2024 year being 95% compliance.

- **KPI 15.3a: Drinking water safety - The extent to which the Council drinking water supplies complies with: drinking water standards (bacteria compliance criteria)**

The target for this KPI is 100% that Council's drinking water supplies comply with the drinking water standards (bacteria compliance). For this reporting year 2023/2024 the result was 63.9%.

Projects yet to be started

- **KPI 15.3b: Drinking water safety - The extent to which the Council drinking water supplies complies with: drinking water standards (protozoal compliance criteria)**

The target for this KPI is 100% of Councils drinking water supplies comply with drinking water standards (protozoal compliance). For the 2023/2024 reporting period the result was 36.4%.

Council has 12 water treatment plants that need to meet this KPI, for the KPI to be compliant for the year. Testing is by the minute every day for each plant relying on technology to manage, test, communicate and respond (alarms). Therefore, meeting this KPI is complex and difficult. If a plant is out for 10 minutes in any given day the result for the year will be non-compliant. Each instance of non-compliance reduces the % from 100.

- **KPI 15.5: Demand management - The average consumption of drinking water per day, per resident within the territorial authority district**

The target of this KPI is that the average use water that is drinkable per resident per day is less than 850 litres. The result of the 2023/2024 year is 969 litres. 119 litres per resident above the target.

When this KPI is measured using the strict DIA required method, SDC must consider all its water supplies including Lumsden Balfour and the Eastern Bush-Otahu Flat water schemes that are effectively water for stock not people. This affects the total making SDC non-compliant with the standard. However, when staff calculate the average consumption based on connections the result is 703 litres per person per day. Still a lot of water but under the standard set.

Projects yet to be started

Projects yet to be started 2023/2024	comments
Winton Drill Hall demolition	Carried forward until 2028/2029 during the September 2023 prioritisation process
Winton Cemetery - new beams	This project was completed
Wallacetown concept and design bike/skate pump track	The scope of work for this project is still to be confirmed by the Oreti Community Board
Otautau (Holt Park) changing shed roof replacement	This project has been incorporated into the Otautau camping ground project.
Otautau (Holt Park) toilet painting exterior	This project has been incorporated into the Otautau camping ground project.
Otautau (Holt Park) changing shed painting	This project has been incorporated into the Otautau camping ground project.
Tuatapere Historic Railway Station	This project went out to the market for expressions of interest and a contract has been awarded to a local community group.
Fortrose toilet renewal	Carried forward until 2028/2029 during the September 2023 prioritisation process
Te Anau development of the town centre lakefront and boat harbour.	The Fiordland Community Board is waiting for the Te Anau Basin Development Plan before deciding on the scope of work for this project

Projects yet to be started

Riverton land purchase to increase cemetery size	xx
Otautau office roofing	Carried forward until 2027/2028 during the September 2023 prioritisation process
Riverton Leader Street toilet renewal	Carried forward until 2026/2027 during the September 2023 prioritisation process
Riverton Howells Point toilet renewal	Carried forward until 2026/2027 during the September 2023 prioritisation process at the request of iwi
Nightcaps Community Housing re-roof	Carried forward until 2024/2025 during the September 2023 prioritisation process
Garston Village projects funded from the Garston Special Reserve	This project was not started due to Council not having confirmed legal access to water (private water bore)
Dipton Hall roof	Carried forward during the December 2023 direction setting process with the Oreti Community Board
Colac Bay Manuka Street Playground equipment renewal	Carried forward as Council does not own the land that the playground is located on
Winton footpath reclamation and lichen spray	This project was completed
Te Anau Airport Manapōuri runway surface rehabilitation 2022/2023 and upgrade to airport security system	Carried forward to 2024/2025 Upgrade to the airport security system has been deferred. However, new web cameras were installed as the existing cameras started to fail
Golden Bay Wharf renewal	This project is grant funded and funding was not available
Stewart Island/Rakiura wharves refurbishment Millers Beach	This work was to be completed when the new Ulva Island wharf was being constructed. The Ulva Island wharf project did not proceed and the Stewart Island/Rakiura Community Board is still considering whether the work is to be undertaken
Stewart Island investigation project main wharf infill	This project was completed
Footpaths acquisition LOS Golden Bay footpath	Golden Bay footpath was put on hold due to Golden Bay master plan development. This project will be revisited as part of the 2024/2025 programme.
Water supply Takitimu consent renewal preparation	We are going to do this consent in house and have a peer review by consultant PDP, starting 2024/2025
Water supply Mount York consent renewal preparation	We are going to do this consent in house and have a peer review by consultant PDP, starting 2024/25.
Water supply Lumsden/Balfour consent renewal preparation	We will look to engage consultant Beca to do the consent work. Note, we are not due to start this process until 2025/2026.

Financial overview

The financial overview provides a summary of the year-end financial results for the Southland District Council group. The information contained in this overview has been extracted from the full financial statements, which contain detailed information about Council's finances and service performance. The financial results include information about Council, the Stewart Island Electrical Supply Authority, Milford Community Trust, as well as Council's share of its associated entities. The table shows the financial year-end results, as at 30 June 2024, and includes comparisons from the previous financial year and the budget for 2023/2024 as outlined in the Annual Plan 2023/2024.

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

The changes in the accounting policies relate to the disclosure of fees for Audit Firms' Services – amendments to PBE IPSAS1 requires entities to disclose the fees incurred for services received from its audit or review firm, and a description of each service, using the following specified categories:

- Audit or review of the financial report
- Other non-audit and non-review services:
 - Audit or Review Related Services
 - Other Assurance Services Taxation Services
 - Other Services

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

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

[Financial overview](#)

Definitions

NET SURPLUS/(DEFICIT) AFTER TAX

What income the Council group has left after operational costs are paid.

EQUITY / NET ASSETS

What the ratepayers own comprising the Assets of the Council Group less the liabilities.

CASHFLOW

How the Council group generated and used cash during the year.

Financial overview

FINANCIAL SUMMARY

GROUP 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL* 2023/2024 Budget (AP) (\$000)	Variance (\$000)
Comprehensive revenue and expense			
105,521 Revenue earned (incl asset development)	109,702	102,812	6,890
(113,664) Less total expenditure	(115,589)	(108,738)	(6,851)
(649) Less finance costs	(1,018)	(3,309)	2,291
434 Share of associate's surplus/(deficit)	102	-	102
(8,358) Net surplus/(deficit)	(6,803)	(9,235)	(2,432)
(3,740) Movement in fair value reserve	1,219	-	1,219
165,573 Movement in asset revaluation reserve	100,585	104,523	(3,938)
153,475 Comprehensive revenue and expense	95,001	95,289	(287)
Changes in equity			
1,998,144 Equity at start of year	2,151,619	2,031,487	120,132
153,475 Total comprehensive income	95,001	95,289	(288)
2,151,619 Equity at the end of the year	2,246,620	2,126,776	119,845
Financial position			
2,151,619 Total equity	2,246,620	2,126,776	119,845
22,645 Current assets	33,406	13,110	20,296
2,176,223 Non-current assets	2,276,914	2,230,128	46,786
2,198,868 Total assets	2,310,320	2,243,238	67,082
17,073 Current liabilities	24,703	21,545	3,158
30,176 Non-current liabilities	38,997	94,917	(55,920)
47,249 Total liabilities	63,700	116,462	(52,762)
2,151,619 Net assets (assets less liabilities)	2,246,620	2,126,776	119,844
Cash flows			
24,740 Operating cashflow	24,304	27,640	(3,336)
(26,486) Investing cashflow	(45,027)	(53,644)	8,617
5,000 Financing cashflow	14,000	27,344	(13,344)
3,254 Net cashflow increase/(decrease)	(6,723)	1,340	(8,063)
8,897 Opening cash balance	12,151	236	11,915
12,151 Closing cash balance	5,428	1,576	3,852

* The 2023/2024 budget is for Council only (ie excludes Milford Community Trust).

Financial summary

The Council group's revenue was \$6.9 million higher than budgeted as a result of \$14.5 million of assets transferred to Council from developers, additional government grants for projects in Manapouri and Te Anau as well as increased forestry income as a result of additional harvesting.

Total expenditure was \$6.9 million over budget for the year, primarily due to higher depreciation costs resulting from the revaluation of roading and three water assets, additional forestry harvesting costs and an updated landfill provision. Finance costs were less than expected because Council has not commenced its investment and borrowing strategy, this will be started in 2023/2024.

As a result, the group's net deficit was \$2.4 million less than budgeted.

Group net assets are \$120 million more than budgeted due mainly to the revaluation of Council's infrastructure assets. Council continues to maintain a strong financial position with \$2.2 billion in assets and minimal liabilities.

Council's operating cash was \$3.3 million lower than budget as a result of additional government grants received as well as increased forestry harvesting income. Due to Council undertaking less capital work than budgeted its investing cashflow was \$8.6m lower than budgeted. As a result of less capital work being undertaken, Council did not require the level of financing required (\$13.3m). Additionally, with a higher opening cash position (\$12.1m), the group's closing cash balance was \$5.4 million above budget.

Further explanations of financial statement variances from budget can be found in note 35 of the financial statements.

Annual Report disclosure statement/financial prudence benchmarks

Where the revenue came from

The group's revenue this year was \$109.7 million which was \$6.9 million higher than budget. The breakdown of this is shown in the following table.

Sources of revenue	Group Actual (\$000)	% of total revenue	Budget (AP) (\$000)	% of total budgeted revenue	Variance (\$000)	Variance Explanations
Rates revenue	63,282	58%	63,693	62%	(411)	
Waka Kotahi NZ Transport Agency	21,266	19%	19,182	19%	2,084	This favourable variance comprises \$1.1m for pavement rehabilitation carried forward and \$0.9m for school signage.
Other revenue	17,554	16%	12,381	12%	5,173	This favourable variance comprises \$2.0m for Council's share of WasteNet revenues which were excluded from the Annual Plan, \$1.8m for Forestry Harvesting income relating to works carried forward and an adjustment to future harvesting schedules, and \$0.5m from the Fiordland Housing Trust settlement.
Other gains/(losses)	2,022	2%	818	1%	1,204	This favourable variance comprises \$1.9m relating to Luxmore land sale and \$0.5m for a sewerage insurance claim, partially offset by a forestry revaluation loss of \$0.6m and a loss of \$0.4m relating to the Matuku sale of assets to consumers.
Grants and subsidies	3,752	3%	4,792	5%	(1,040)	This unfavourable variance comprises \$2.0m relating to the deferred start of the 'better off' grant funding programme from DIA, partially offset by receipt of \$1.0m in recovery funds relating to the Bluecliffs landfill site emergency event.
Interest and dividends	741	1%	1,911	2%	(1,171)	This unfavourable variance is due to lower than planned Balanced Fund Investments.
Vested assets	1,050	1%	-	0%	1,050	
Development and financial contributions	37	0%	35	0%	2	
Total	109,702	100%	102,812	100%	6,890	

Annual Report disclosure statement/financial prudence benchmarks

Where your rates were spent

The following table shows the breakdown of where the rates collected by Council were spent in 2023/2024.

Activities rates were spent on	Actual (\$000)	% of total rates
Transport	18,640	29%
Community Resources	15,002	24%
Community Leadership	8,813	14%
Water Supply	6,385	10%
Sewerage	7,387	12%
Environmental Services	5,610	9%
Stormwater	1,445	2%
Total	63,282	100%

Operational expenditure

Group operating expenditure totalled \$116.6 million, with nearly half of this relating to roading and transport services (42.2%). Overall operating expenditure was over budget by \$4 million. The breakdown of this is shown in the following table.

Operational Expenses	Group Actual (\$000)	Budget (AP) (\$000)	Variance Actuals to AP (\$000)	Variance Explanations
Other Council Expenditure	56,332	50,779	(5,553)	<p>Unfavourable variances (overspends)</p> <ul style="list-style-type: none"> Maintenance of sealed and unsealed roads to cover unbudgeted inflation increases in the three main maintenance contracts \$2.0m Council's share of WasteNet expenditure which was excluded from the annual plan \$1.9m Landfill remediation works due to the Bluecliffs landfill site emergency event \$1.0m External consultants due to vacant positions in the building solutions and resource management areas \$0.9m Emergency roading reinstatement following the September 2023 flood event \$0.6m Electricity \$0.3m <p>Favourable variances (underspends)</p> <ul style="list-style-type: none"> Inv Management fee \$0.4m Resource Planning Spatial Plan \$0.3m Landfill contingency \$0.2m Fuel \$0.2m 'Better Off' grants to external organisations \$0.2m South Island Visitor \$0.2m

Annual Report disclosure statement/financial prudence benchmarks

Depreciation and Amortisation	40,601	37,856	(2,745)	This unfavourable variance is due to actual inflation rates being higher than the annual plan assumptions.
Employee Benefit Expenses	18,656	20,102	1,446	The favourable variance is due to the impact of the restructure, higher than planned staff turnover and delays in recruiting staff in the building solutions and resource management areas.
Finance Costs	1,018	3,309	2,291	This favourable variance is due to lower than planned LGFA borrowings.
Total	116,608	112,047	(4,562)	

Capital expenditure

Capital expenditure (including vested assets and WIP) totalled \$39.9 million in 2023/2024 with the majority of this occurring across the infrastructure activities as shown in the table below. Overall capital expenditure was \$14.2 million less than the \$54.1 million budgeted due to **delays completing projects and programmed works for roading, three waters and tourism infrastructure projects which were government-funded. However, \$14.5 million of this expenditure relates to assets transferred to Council from developers (vested assets). Total capital expenditure excluding vested assets was \$26.7 million, which was \$16.8 million less than budget. More detail on project status is included in the summary activity report on page 27.**

Activity capital expenditure	Group Actual (\$000)	% of total	Budget (\$000)	% of total budgeted	Variance Actuals to AP (\$000)
Transport	26,099	65%	25,919	48%	180
Sewerage	5,578	14%	8,304	15%	(2,726)
Community Resources	567	1%	13,126	24%	(12,559)
Water Supply	5,159	13%	4,736	9%	423
Stormwater	2,278	6%	805	1%	1,473
Corporate Services	154	0%	845	2%	(691)
Environmental Services	23	0%	292	1%	(268)
Community Leadership	58	0%	50	0%	8
Total	39,918	100%	54,078	100%	(14,160)

Net assets and equity

Overall, Council's total net assets are \$119.8 million more than budget. This is primarily due to the increase in the valuation of Council's infrastructure assets being significantly higher than budgeted.

Annual Report disclosure statement/financial prudence benchmarks

Cashflow

The group's net operating cashflows were \$3.3 million lower than budgeted, which was due to additional government grants received as well as increased forestry harvesting income.

Net cash outflows from investing activities were \$8.6 million higher than budgeted as Council did not incur the full capital expenditure of the projected budget in 2023/2024. The remaining budget has been carried forward into 2024/2024.

Net cash inflow from financing activities was \$13.3 million less than budget as due to lower than planned LGFA borrowings.

Overall this resulted in a net cash increase over budget.

Annual Report disclosure statement/financial prudence benchmarks

Annual Report disclosure statement/financial prudence benchmarks

DRAFT




Shared services statement

Purpose - DEREK

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

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

Key

	Benchmark Met
	Benchmark Not Met
	Benchmark

Actual results for the 2018/2019, 2019/2020 and 2020/2021 financial years are compared against the benchmarks set in the 2018-2028 Long Term Plan.

Actual results for the 2021/2022 and 2022/2023 financial years are compared against the benchmarks set in the 2021-2031 Long Term Plan.

FINANCIAL BENCHMARK PERFORMANCE	Annual Plan	Actual	Performance
Year	2023/24	2023/24	2023/24
Rates affordability benchmark	7.6%	7.1%	Met
Debt affordability benchmark - net debt	56.2%	16.8%	Met
Debt servicing benchmark	3.2%	0.9%	Met
Balanced budget benchmark	91.7%	93.1%	Met
Essential services benchmark	109.4%	89.9%	Not Met
Operations control benchmark	> 100%	87.9%	Not Met
Debt control benchmark	< 100%	31.7%	Met

Shared services statement

Rates affordability benchmark

The group meets the rates affordability benchmark if its actual rates increase equals or is less than Council's budgeted quantified limit on rates increases.

Table 1 below compares the Council's actual rates increases with its self-imposed limit.

This benchmark looks at the year-on-year percentage increase in rates revenue. As forecasted in the 2021-2031 LTP, Council did not meet the rates (increases) affordability benchmark.

In setting the limit as part of the LTP council acknowledged its desire to keep rates within an envelope that was potentially more affordable for many of our rate payers, however it balanced this against a need to maintain and further invest in our infrastructure and as such noted for the first two years of the LTP our rates increase would be higher than the rates increase imposed. For 2023/2024 the actual rate increase was higher than was indicated in the LTP and this reflected higher costs in undertaking the infrastructure work required.

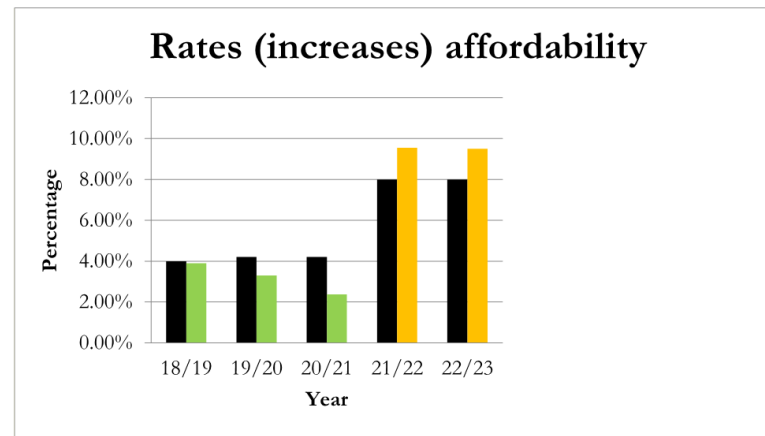


Table 1 – Total rates increase

Shared services statement

Debt affordability benchmark (net debt)

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

As part of setting the financial strategy for the LTP, Council set the limit of the amount of debt it will borrow against its revenue being less than or equal to 175%.

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

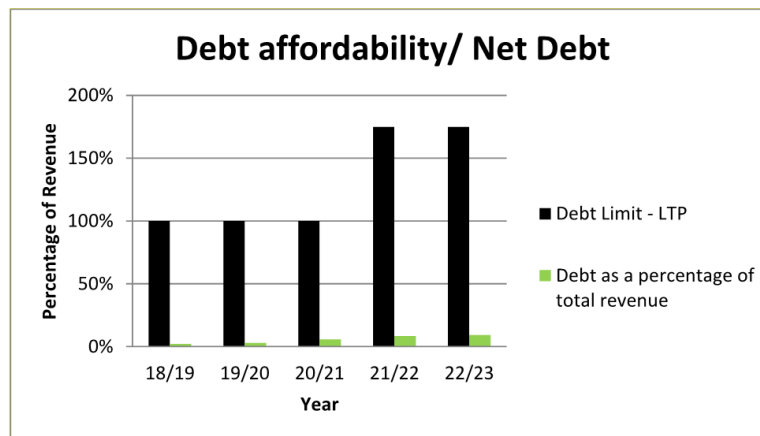


Table 2 – Debt affordability

Shared services statement

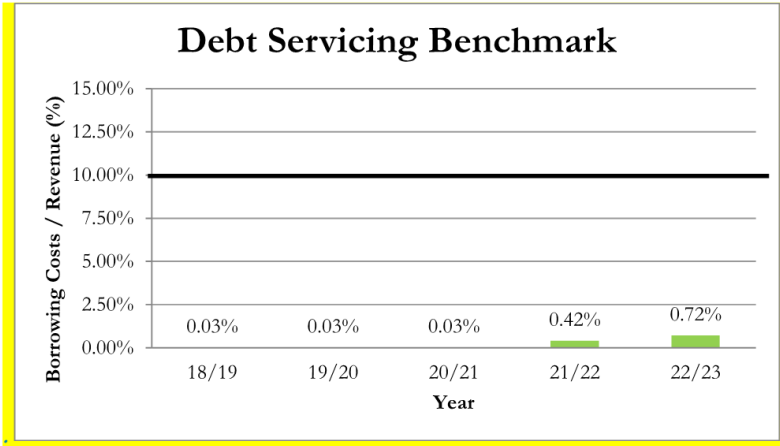
Debt servicing benchmark

This benchmark is calculated by taking Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets 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. The limit of this benchmark is set by legislation.

As per table 3, Council's borrowing costs have increased from previous years but still meets the debt servicing benchmark.

Table 3 – Debt servicing



Shared services statement

Essential services benchmark

Council meets this benchmark if its capital expenditure on infrastructure assets equals or is greater than depreciation on the same assets.

The capital expenditure on infrastructure assets as a proportion of depreciation on the infrastructure assets is displayed in table 4 below.

This limit is set by legislation.

Council did not meet this benchmark in 2021/2022 and 2022/2023 due to there being fewer capital works undertaken on infrastructure assets than planned and depreciation being higher than budgeted due to the increased revaluation of Council's infrastructure revaluations.

The impact of increasing depreciation will be an issue to work through as part of developing Council's 2024-2034 LTP.

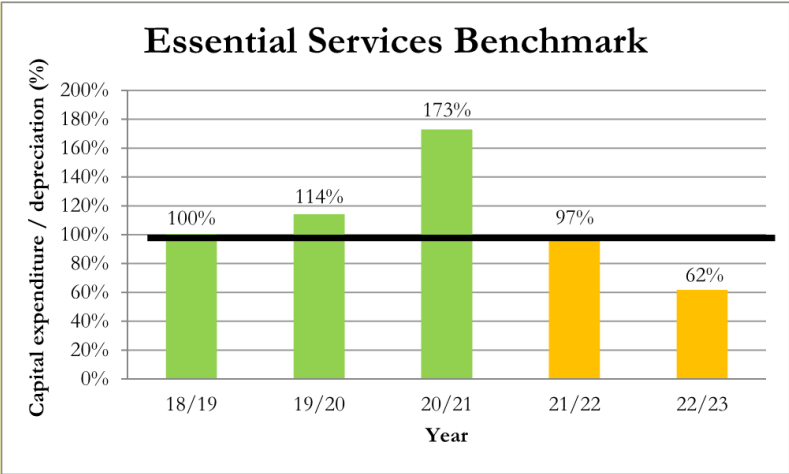


Table 4 – Essential services

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Shared services statement

Balanced budget benchmark

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

Table 5 displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

This limit is set by legislation.

As forecasted in the LTP Council did not meet its balanced budget benchmark in 2023/2024. The three key areas contributing to this are:

- Phasing the funding of depreciation on key district assets over 10 years starting in 2015, and a decision not to fund all depreciation on all assets
- an increased charge of depreciation for this year as a result of the increased infrastructure asset value as well as partial use of funded depreciation reserves to fund interest and principle repayments on loans borrowed to fund capital renewals, principally for water and wastewater projects, plus
- increased landfill provision

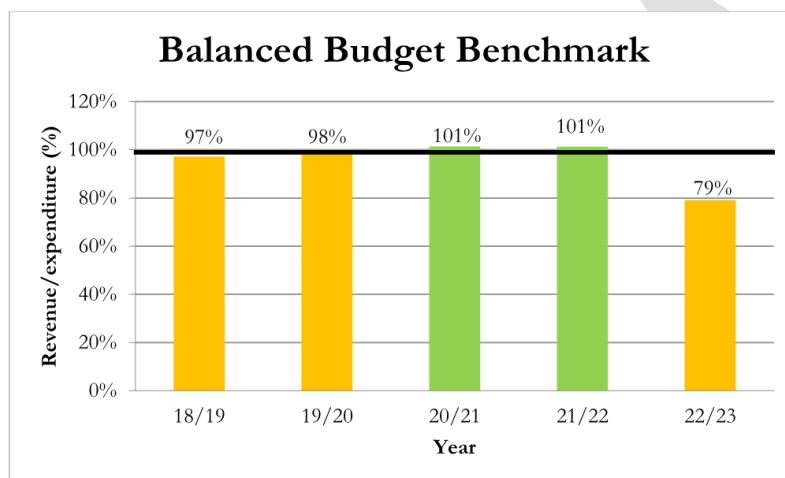


Table 5 – Balanced budget

Shared services statement

Operations control benchmark

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

Council continues to meet this benchmark in 2023/2024 due to increased cash from other revenue (\$8.8 million) due to unbudgeted forestry harvesting income and higher grants for tourism infrastructure fund which was offset by:

- higher payments to suppliers and employees (\$4.2 million) due to maintenance of sealed and unsealed roads, additional forestry harvesting costs, unplanned reactive maintenance as well as waste disposal costs. Higher consultants' fees were offset by lower employee costs.
- less income from Waka Kotahi (\$3.3 million) due to delays in the bridge replacement programme, delivery for Road to Zero programme and extended purchasing process for pavement rehabilitations and traffic services
- lower interest paid due to lower funding (\$1.6 million)

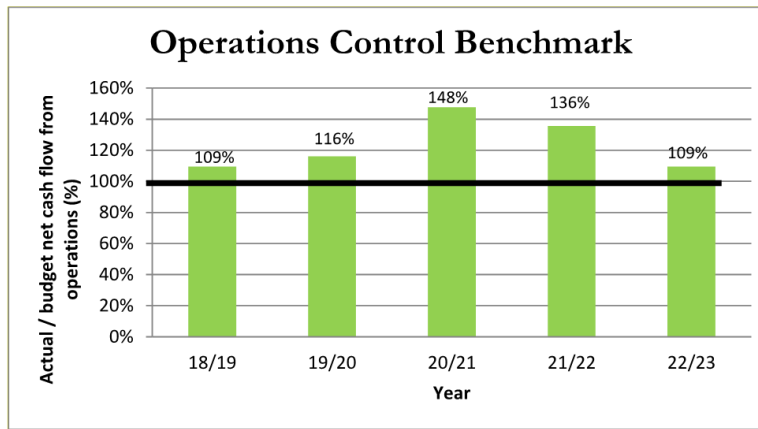


Table 6 – Operations control

Shared services statement

Debt control benchmark

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

Table 7 displays Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

This limit is set by legislation.

Council meets this benchmark in 2023-2024 due to the actual level of debt at balance date being less than what was planned in the 2023-2024 Annual Plan.

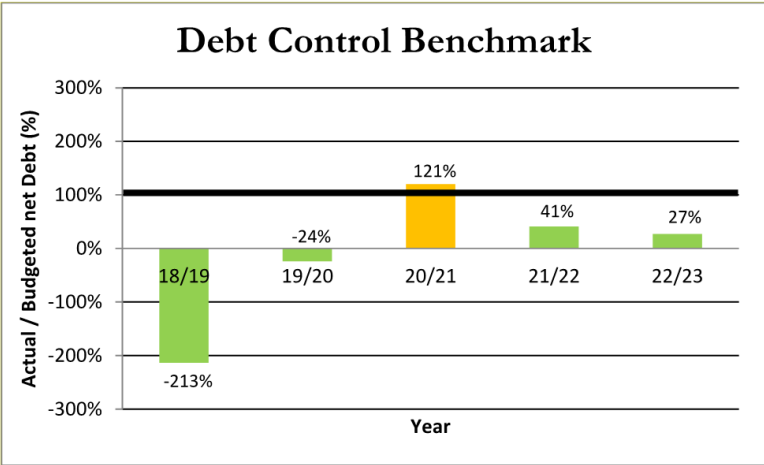


Table 7 – Debt control

Shared services statement

Council participates in relevant shared service arrangements via the Southland Triennial Agreement and a Memorandum of Understanding with the other local authorities locally and nationally. There are a variety of other collaborative arrangements in place with local councils and mana whenua.

The following are examples of some of those collaborations.

Building control

Eleven building control authorities (BCAs) – Southland District Council, Invercargill City Council, Gore District Council, Clutha District Council, Dunedin City

[Shared services statement](#)

Council, Central Otago District Council, Mackenzie District Council, Queenstown Lakes District Council, Timaru District Council, Waimate District Council and Waitaki District Council – continue to work closely together on building control matters under the Southern Cluster Building Group, sharing information and exchanging staff to support each other at busy times.

These BCAs meet regularly both as a BCA managers' group and a quality assurance leaders' group under the Southern Building Controls Group. They have developed a collaborative environment for consistency in processes as well as shared regulation forms and continuous improvement ideas.

The networking and engagement of these collaboration groups helps to standardise the consent processing methodology and quality assurance processes, improving the communities' experiences when working with a variety of councils in the South Island.

Emergency Management Southland

Emergency Management Southland (EMS) is a shared service between Invercargill City Council, Southland District Council, Environment Southland and Gore District Council. It focuses on ensuring resilience in communities by preparing for emergencies and ensuring communities are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel.

During the 2023-24-year, EMS team members were activated in response to September flooding and the Bluecliffs states of emergency. Emergency Management Southland duty officers have been contacted after hours for several other minor events throughout the year, including earthquakes and several severe weather warnings and events.

Emergency Management Southland and Ngāi Tahu have worked in partnership to create a pilot role for a mana whenua emergency facilitator for the Murihiku region with the role reporting to Te Ao Mārama Incorporated. This position will be focused on the development of strong resilient Ngāi Tahu communities based around the papatipu rūnanga, marae, and whānau living within the rūnanga takiwā. The role will support papatipu rūnanga tino rangatiratanga in emergency readiness, reduction, response, and recovery. It will support mana whenua input into emergency planning to ensure mana whenua values and needs are factored into regional planning, preparedness, and response for emergencies. Activities associated with this work will include supporting papatipu rūnanga to develop marae-based response plans, including Ahi Kaa and marae community planning and preparedness. The mana whenua emergency facilitator will work closely with the EMS team, engage in all civil defence emergency management training and be available to respond as a liaison during an emergency event.

[Shared services statement](#)

Emergency Management Southland has continued to provide increased training for the four councils' staff that would be called into the emergency co-ordination centre to assist when in a declared state emergency. This has comprised induction, foundation, and CIMs courses, and the new function specific training. 303 staff have attended these training sessions. Towards the end of the year EMS also contributed to and participated in the national exercise Rū Whenua.

The AF8 programme is a combined South Island emergency management and national science initiative that is run and administered by EMS. During the 2023/2024 year, the programme partnered with Te Rūnanga o Ngāi Tahu to co-produce a digital campaign to raise awareness of the Alpine Fault. The campaign reached a total of 268,294 people across all social media platforms (equivalent to around 25% of the South Island's total population). This project reinforced the benefits and impact of collaborative projects, where the AF8 programme partners with others to help raise awareness and prompt action.

At the start of 2024 the programme launched an NCEA level 1 geography resource, co-designed with teachers, to teach students about active faults (including the Alpine Fault), while also learning transferable geospatial information system skills in ArcGIS Online. The resource is designed to make the AF8 knowledge base more accessible in schools by aligning it to specific curriculum assessments, support inter-generational understanding of the Alpine Fault hazard risk, and build collective resilience to future events.

Additionally, the programme has supported scenario development for this year's national exercise Rū Whenua. The AF8 programme's ability to support Rū Whenua is testament to the strong partnership between science and emergency management, which underpins the programme and has been strengthened over the past eight years by the collective activities of our partners.

The AF8 Roadshow will run in early 2025, building on the previous three tours, visiting new communities and marae, and revisiting other communities to share updates and continue to build trust between emergency management and the communities they serve.

Emergency Management Southland was successful in securing \$200,000 funding per year across 2023-2026 from the NEMA resilience fund for the continued running of the AF8 programme. This will assist the future development of the programme.

Regional Climate Change Working Group

Following a regional climate change hui on 4 July 2022, Environment Southland, Te Ao Mārama, Gore District Council, Invercargill City Council and Southland District Council have established a regional climate change inter-agency working group (RCCWG). This governance-level group has been meeting regularly since February 2023. The purpose of this working group is to effectively and collaboratively progress and communicate a joined-up approach to developing and executing a regional climate change strategy and framework for action for Murihiku Southland. This is a key step towards Murihiku Southland mitigating and adapting to the regional impacts of climate change.

The development of the Regional Climate Change Strategy by the RCCWG is nearing completion and steps have been taken towards developing a framework for execution of the strategy.

[Shared services statement](#)

While this working group is not a formal joint committee and does not have formal delegations; it is expected that as the work progresses, it is intended to feed into the regionally co-ordinated approach to spatial planning for the region.

Information technology

The IT Shared Services Operations Sub-Committee has undertaken activity during the past 12 months to align the operations of member councils and provide a more collaborative platform moving forward.

Collaboration and communication between all participating councils remain strong, with each member freely sharing their council's technology journey, upcoming projects, and opportunities to align services. The councils continue to support each other with information on emerging trends, risks, and resolutions to new issues.

Shared services initiatives during the past year included:

- significant progress was made on the Provincial Growth Fund Regional LiDAR Project. As of 30 June 2024 this project is complete, and the dataset is publicly available. Council has developed publicly available tools to utilise these datasets, eg, 3D elevation models and contour mapping. These are now available on all Southland council websites;
- along with the LiDAR project, we have reflowed the region for imagery. This project was completed within the timeframes and budget. The imagery has been made publicly available via Land Information New Zealand and council websites.

Te Rōpu Taiao

The Southland councils have a long-standing and highly valued relationship with Ngāi Tahu ki Murihiku through the four Southland papatipu rūnanga, Te Ao Mārama Inc (the entity representing Southland rūnanga for resource management and local government matters) and Te Rūnanga o Ngāi Tahu (the iwi authority).

The councils continued to fund and support Te Ao Mārama Inc during the 2023-24 year. The four papatipu rūnanga and the participant councils also continued to meet through Te Rōpu Taiao hui, which allow for exchange of information and identification of opportunities to work together.

SouthLib library consortium

In 2009, all eight councils in Otago and Southland (Central Otago District Council, Clutha District Council, Dunedin City Council, Gore District Council, Invercargill City Council, Southland District Council, Queenstown Lakes District Council and Waitaki District Council) signed a historic memorandum of understanding to collaborate in the delivery of public library services across the two regions.

Shared services statement

The SouthLib consortium provides free reciprocal membership of any public library in the Otago and Southland regions to permanent residents living anywhere in the regions. This means that the more than 356,000 people living in Otago and Southland have free access to 42 public library branches, mobile services and a collection of more than 1.5 million items.

All libraries in the consortium are mostly fine-free largely due to a Public Libraries of New Zealand (PLNZ) campaign in 2022 to help all public libraries remove late fees. Fine Free Aotearoa is a step-by-step guide to help library managers, council members, and communities build a better and brighter future through engagement with their local library. Public libraries are a valuable part of our social infrastructure, a place to be connected, to learn, to access trusted information, and a platform to ensure our communities get the best out of life. Going fine-free opens doors for everyone, not just those who can afford it.

Library users in the consortium issued a total of 2,506,607 items during the year.

A range of opportunities and collaborations between the districts regularly take place, including integrated holiday and reading programmes, while requests and holds are able to be placed across boundaries. Authors' visits are co-ordinated to minimise costs, travel and accommodation. More than 110,000 people have attended library programmes and events throughout the Southland and Otago regions.

E-resource collections across the consortium are growing steadily, with 895,393 e-items issued to users across the region.

The National Library, Aotearoa Public Network Kaharoa (APNK) in collaboration with New Zealand continues to provide free and facilitated access to the internet and computer technology with 69,649 free internet connections accessed by Southland users during the year.

Councils continue to subscribe to the shared library management and resources discovery service of the Kōtui consortium. As part of the Kōtui consortium, library managers and staff benefit from access to reliable future-proofed systems, and the ability to easily build resource-sharing networks with other Kōtui public libraries for their physical resources. Other benefits of Kōtui membership include training opportunities, seven-day service desk support from a specialist team, and an active and supportive membership community.

Communities that have access to Kōtui libraries benefit from resource discovery tools at their fingertips, making it easy to find what they want in their library's physical and electronic collections. Library users can search these resources in the library, at home or on their smartphone devices, making the service convenient and adaptable to the wide variety of needs of the community.

Regional development

At the end of June 2023, Great South (the Southland regional development agency) launched the Beyond 2025 Southland Regional Long-term Plan, which outlines a regional vision for Southland creating a shared future vision and pathway for the region. In October 2023 the plan was recognised at the Economic Development New Zealand Best Practice Awards, being awarded Best Practice for Integrated Strategy.

During 2023/2024, with support from MBIE, Great South facilitated the first year of implementation of the plan. One of the five key enablers identified was housing and Great South has developed the Murihiku Southland Housing Action Plan, which will be considered by each council in 2024/2025.

[Shared services statement](#)**Regional planning**

The Southland councils have established the Second Tier Environmental Group and Regional Planning and Strategy Managers Group (comprising staff from Environment Southland, Invercargill City Council, Southland District Council, Gore District Council, Te Ao Mārama Inc. and Great South) to identify, collaborate and co-ordinate on planning risks and opportunities that are likely to impact on the region. The work has primarily focused on responding to successive legislative reforms and aligning RMA planning processes.

A co-ordinated approach to regional spatial planning in the region was explored in 2023/2024 year. A report was commissioned to identify the current state of existing spatial information and to identify information gaps. The report identified that Southland is in a good position to undertake a regional spatial planning process. Work is under way towards establishing a work programme to fill any information or resource gaps.

Future challenges

- SCouncil accommodation options and potential shared services.
- Legislative reform on (Resource Management, Local Water Done Well, Fast Track Approvals etc).
- Natural hazard risks, climate change adaptation and ensuring a resilient community.
- Community aspirations for freshwater and estuary health.
- Urban growth and expansion.

Other information about Council**Role of Council**

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

To accomplish this, we have overall responsibility and accountability in a variety of roles, including:

- planning the district's strategic direction alongside local communities as part of developing the Long Term Plan
- facilitating solutions to local issues and needs
- advocacy on behalf of the local community with central government, other local authorities and agencies
- providing prudent stewardship and the efficient and effective use of resources within the district in a sustainable way
- risk management

Shared services statement

- management of local infrastructure including network infrastructure (e.g., roads, wastewater disposal, water, stormwater) and community infrastructure (e.g., libraries, reserves and recreational facilities)
- administering various legal and regulatory requirements
- ensuring the integrity of management control systems
- informing and reporting to communities, ratepayers and residents.

Governance systems**Council**

Council consists of a mayor and 12 councillors elected by Southland district residents/ratepayers every three years. Council believes its democratic election ensures it is able to operate in the best interests of the district. Council is responsible for:

Shared services statement

- representing the interests of the district
- developing and approving Council policy
- determining the expenditure and funding requirements of Council through the planning process
- monitoring the performance of Council against its stated objectives and policies
- employing, overseeing and monitoring the chief executive's performance. Under the Local Government Act 2002, the local authority employs the chief executive, who in turn employs all other staff on its behalf.

Council committees

Committees have been established by Council to assist with conducting the business of Council. These are listed on page xxx.

Community boards

Following Council's six-yearly representation review, which was completed in 2019, the number of community boards increased to nine (formerly eight), allowing district-wide access to local decision-making. The boards prepare local budgets, recommend local rates and make decisions on issues specifically delegated by Council. Council has a policy of decentralising responsibilities, where practical, to ensure local input into decision-making and the setting of priorities for issues of local concern.

Water supply subcommittees

Council has two water supply subcommittees, which are each responsible for the overall governance of the respective water supply scheme and set priorities for the operations of the schemes in accordance with the policies of Council.

Youth Council

Southland District Youth Council is made up of school-age representatives who live across the district and meet approximately every three months.

Council operations

Council has appointed a chief executive to be in charge of its operations and has delegated certain powers of management to that position. The chief executive implements and manages Council's policies and objectives within the budgetary constraints established by Council. The chief executive is responsible for:

- implementing the decisions of Council
- providing advice to Council and community boards
- ensuring that all responsibilities, duties and powers delegated to the chief executive or to any person employed by the chief executive, or imposed or conferred by any act, regulation or bylaw, are properly performed or exercised

Shared services statement

- managing the activities of Council effectively and efficiently
- maintaining systems to enable effective planning and accurate reporting of the financial and service performance of Council
- providing leadership for Council staff
- employing staff (including negotiation of the terms of employment for the staff).

Council structure

Mayor - Rob Scott				
Oreti Ward	Mararoa Waimea Ward	Waiau Aparima Ward	Waihopai Toetoe Ward	Stewart Island Rakiura Ward
Councillor Christine Menzies (deputy mayor)	Councillor Sarah Greaney	Councillor Jaspreet Boparai	Councillor Paul Duffy	Councillor Jon Spraggon
Councillor Darren Frazer	Councillor Tom O'Brien	Councillor Don Byars	Councillor Julie Keast	
Councillor Margie Ruddenklau	Councillor Matt Wilson	Councillor Derek Chamberlain		

Shared services statement

Council committees check

Council (mayor and 12 councillors)		
Community boards	Council committees	Joint committees
Ardlussa Fiordland Northern Oraka Aparima Oreti Stewart Island Rakiura Tuatapere Te Waewae Waihopai Toetoe Wallace Takitimu	Finance and Assurance Committee Independent chair: Bruce Robertson	Southland Civil Defence Emergency Management Group Southland Regional Heritage Committee Southland Regional Land Transport Committee WasteNet (WasteNet Management Advisory Group) Joint Shareholder Committee for Great South
Youth representation	Council membership on external organisations	Council subcommittees
Southland District Youth Council	Age Concern Southland Around the Mountains Cycle Trail Trust Creative Communities Gore and Districts Community Counselling Centre Inc Milford Opportunities Project Milford Sound Tourism Ltd Pioneer Women's Memorial Trust (Gore) Rakiura Heritage Centre Trust Regional Community Road Safety Network Southland Indoor Leisure Centre Charitable Trust Southland Medical Foundation Southland Regional Heritage Building and Preservation Trust Te Puka-Rakiura Trust Te Rōpū Taiao Tuatapere Amenities Trust Waiau Working Party Whakamana Te Waituna Trust	Ohai Railway Fund Stewart Island/Rakiura Visitor Levy subcommittee Riverton Harbour subcommittee Taramea (Howell's Point) Management Committee Stewart Island/Rakiura Visitor levy subcommittee
Council-controlled organisations		Water supply subcommittees
Milford Community Trust Southland Museum and Art Gallery Trust Great South		Five Rivers Matuku Te Anau Basin

Statement of compliance and responsibility

Compliance

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

Responsibility

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

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

In the opinion of Council and management of Southland District Council, the annual financial statements for the year ended 30 June 2024 fairly reflect the financial position and operations of Southland District Council.

Rob Scott

MAYOR

Date:

Cameron McIntosh

CHIEF EXECUTIVE

Date:

Audit Report – to be provided by Deloitte

Audit Report – to be provided by Deloitte

DRAFT

Council activities

This section provides an overview of Council's activities, organised within Council's nine groups of activities. Four of these groups are mandatory under the Local Government Act – roads and footpaths, wastewater, stormwater and water supply.

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
8. Council controlled organisations

Community leadership

Includes the following activities:

- representation and advocacy
- community and futures
- community assistance (grants and donations)
- Community leadership (community development, engagement and planning)

What we do

This activity group encompasses four key services, which are:

- community-led development: supporting collaborative partnerships and building strong relationships with the community and key agencies/stakeholders
- community planning: planning with the community, iwi and key stakeholders effectively
- community engagement: connecting with the community effectively to ensure Council has the ‘full picture’ and can be truly community-centered in its approach
- community representation: enabling democratic decision-making by, and on behalf of, communities, including being an advocate.

Why we do it

This activity continues to build a strong local government system to support communities through the challenges and opportunities ahead, and helps to embed intergenerational wellbeing and local democracy. Community leadership is integral in advancing the thinking and actions towards a District-wide approach to strengthen Council’s focus on wellbeing, while supporting the importance of people, culture, places, heritage and spaces.

Community outcomes

We are required to report which of the community outcomes the activity group primarily contributes to. Council’s strategic framework can be found on [page 7](#). The orange shading indicates a primary outcome contribution.

Social Empowered communities with the right tools to deliver the best outcomes	Environmental Kaitiakitanga for future generations	Cultural Inclusive connected communities	Economic Provision of appropriate infrastructure & services
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Identified effects on community wellbeing

The community leadership activity group plays a critical role in making connections, including connections between local communities, Council and community boards. The activities provided develop the social and cultural wellbeing of our communities across the District. for example.

- services support and encouraging a connection and a sense of belonging by providing opportunities to include and connect with new arrivals to the District
- the representation and advocacy activity allow for local decision-making and participation at a local level within our communities (creating connection and a sense of belonging)
- the community and futures activity connecting with local communities and key national and regional agencies
- communities are able to set goals in their community board plans and work to achieve them (creating a sense of belonging and helping people have an attractive lifestyle)
- the community assistance activity provides funding to assist communities or community groups to achieve projects (which can help ensure communities are connected, and have the infrastructure to grow).

Ineffective governance and leadership could result in decision-making that has significant negative effects on the wellbeing of local communities. There is an economic cost to providing the activity group.

How we did

Representation and advocacy

- From 1 July 2023 to 30 June 2024 the governance team facilitated and supported 113 formal meetings.
- The governance team progressed the representation review project, carrying out preliminary community engagement, as well as developing and engaging on representation options.
- Through various channels staff worked with councillors, community boards and local communities to build strong relationships with an emphasis on communication, collaboration and trust.
- Support was provided to elected members enabling them to perform their roles and to meet their legal obligations.
- Staff supported the governance structure including elected member appointments, delegations, the code of conduct, and rules for meetings.
- Staff are supporting Council's mayor in his venture to reconsider the organisation of local government in Southland.

Staff and elected members also monitor and where appropriate participate (by engaging or lodging submissions) in the extensive range of reform that is currently under way. Currently areas of reform that could impact Council include:

- Resource management
 - Fast track approvals
 - National policy statements and national environmental standards
 - Energy and infrastructure
 - Housing
 - Farming and primary sector
 - Emergencies and natural hazards
- Climate change
- Water services
- Transport
- Environmental health, including gambling, smoke free environments and regulated products
- Building
- Health and Safety
- The Local Government Act 2002.

Community and futures (community development, engagement and planning)

- In Ōraka Aparima, led the engagement for the Taramea Bay playground refurbishment, surfer statue project, Paua shell relocation and renaming Kohokohi Park
- In Fiordland, led the engagement of Fiordland active improvements and facilitated the Fiordland affordable housing concept
- In Tuatapere Te Waewae, progressing the Railway station refurbishment grant, supported the community recreation reserve ring fence replacement, barrier arm project and looking at solutions for flood protection mitigation
- Represent Council and present reports at all nine bi-monthly community board meetings
- Facilitated bi-monthly community board workshops
- The Mayors Taskforce for Jobs (MTFJ) Community Employment Programme (CEP) was successfully launched across the District in February 2024. The programme made significant strides in supporting young job seekers across the region having placed nine young people into fulltime employment by 30 June 2024.
- Te Anau Airport Manapouri review
- Involvement with community engagement for the development of various project masterplans and opportunities studies around the district
- Ongoing support for the Waikaia Trails Trust as they developed their mountain bike trail network in the Waikaia Forest
- The community leadership team carried out a consultation on hall and pool rating boundary changes for the Annual Plan 2023/2024.
- Continued to assist the community with the delivery of community-led projects and partnered with other agencies to provide training opportunities for our communities in the district.

- Continued to support community boards and staff with the Better Off projects, through scoping, developing, and funding agreements with community groups and organisations.

The following projects were completed with the assistance of Better Off funding.

- Tokanui Pump track
- Improvements to the Mokoreta Redan Hall
- Footpath improvements in the Waihopai Toetoe CB area
- Stage 2 of the walking track to Butterfields beach on Stewart Island Rakiura
- Athol tennis courts resurface
- Mossburn tennis courts resurface
- Waikaia Pump Track
- Lumsden playground redevelopment
- Otautau Camping ground investigation works
- Balfour half court
- Balfour festive lights
- Riversdale tennis court resurfacing
- Manapouri Village Green Playground upgrade

Community assistance

- The nine Community Partnership funds continue to be well subscribed and the process has helped new and existing elected members form connections and relationships with their communities, with many groups attending meetings to talk to their community boards about their application and project.
- Other Council funds such as the District Initiatives Fund, Sport NZ Rural Travel Fund and Creative Communities Scheme have also been well subscribed, helping many schools, clubs and organisations in our communities.
- We facilitated the delivery of the SDC Holiday Programme by Active Southland in January 2024.

Performance results

The community leadership activity group has three KPIs and three targets. All of the targets were achieved.

Performance measures

Performance measures - community leadership			
Community Leadership What levels of service (LoS) we provide	Level of Service 1: Make decisions in an open, transparent manner and support collaborative partnerships with the community and key agencies/stakeholders in the district and region		
	Target	Result	How Council performed
<p>KPI 1.1: Proportion of agenda items held in open meeting ¹</p> <p><i>This KPI demonstrates transparency by showing the number of public-excluded items on the agenda compared with the number of open items on an agenda.</i></p>	85%	93%	<p>Achieved</p> <p>This is based on the number of public-excluded items on an agenda compared with the number of open items. Over the financial year, 659 reports were presented to Council, committee and subcommittees of council and community boards. 610 of those reports were presented in the public part of the meeting. 93%</p> <p>(2022/2023 Achieved – 94%)</p>
<p>KPI 1.2: Percentage of the Community Partnership Fund and District Initiatives Fund requested meets the budgeted amount.</p> <p><i>This KPI measures the need for funding assistance in the community, It measure the amount of funding requested compared to the amount of funding available, by monitoring staff are able to measure the need for funding in our communities.</i></p>	100%	152%	<p>Achieved</p> <p>As at May 31 all boards have completed their yearly rounds of funding. The number of requests for the Community Partnership fund has exceeded the funding amount available and is at 183.07%.</p> <p>The District Initiative Fund has two rounds per financial year which have now been completed and the total number of funding requests received is at 89.8% of the total annual allocated budget.</p> <p>For the year to date the total annual subscription rate across both funds combined is 152%. this result is an average across the two funds. Due to the over subscription to the Community Partnership fund some community groups have not received the funds they have requested or have received a reduced amount of funding so that the funding allocated does not exceed the amount budgeted. While the District Initiative fund not being fully subscribed, the remaining 11.2% of the fund will carry over into the 24/25 financial year</p> <p>(2022/2023: Achieved 110%)</p>
<p>KPI 1.3: Percentage of community board meetings and workshops where the community is in attendance to address the board</p> <p><i>This KPI related to developing supportive and collaborative relationships as the community board develops effective relationships with their local and district community, key stakeholders and local, regional and national organisations.</i></p>	50%	68%	<p>Achieved</p> <p>Community attendance numbers have remained high for this reporting year. There was a total of 100 people in attendance from 68 meetings and workshops across the year. There was still a diverse range of groups and individuals attending workshops and meetings ranging from government departments such as DOC, NZTA and the Police. Private groups in attendance included local business associations, hall committees, a group from Te Oruanui Marae (Ohai), small business owners and interested community individuals discussing and presenting on issues that were relevant</p>

Performance measures - community leadership

			to themselves and their communities. The higher number of public attending meetings is a positive indication of engagement and involvement in the community. The community boards have been encouraging and active in supporting public to attend meetings. (2022/2023: Achieved 81%)
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1 – This refers to the reports on the Council agenda and existing four standing committees and nine community boards

Community assistance funding Lesley updated workpaper filed under Notes to Financial Statements

	2023/2024 Actual \$(000)	2023/2024 Budget (LTP)\$(000)
Grants		
High Values Area	-	15
Hollyford Conservation Trust	10	10
Iwi funding	181	190
Safe Swim Programme	23	23
Southland Indoor Leisure Centre (stadium maintenance)	75	75
Southland Regional Heritage Committee	688	663
Southland Safer Communities	-	10
Toimata Foundation (formerly Enviroschools Programme)	10	10
Waituna Partnership	25	25
Warm Homes Trust	35	35
Around the Mountains Cycle Trail	30	-
Miscellaneous grant		-
	2023/2024 Actual \$(000)	2023/2024 Budget (LTP)\$(000)
Scholarships		
Bursaries	7	7
Community service award	2	1
Debating competition	-	1
Outward Bound	-	8
Allocation grants		
Creative Communities	33	26
District Heritage	76	69
John Beange Reserve	1	5
Northern Southland Development Fund	10	10
Ohai Railway Fund	11	55
Sport NZ	14	13

Stewart Island Visitor Levy	65	151
District Initiative Fund	64	66
Ardlussa Community Partnership Fund	7	7
Fiordland Community Partnership Fund	45	33
Northern Community Partnership Fund	6	6
Oraka Aparima Community Partnership Fund	12	13
Oreti Community Partnership Fund	35	36
Stewart Island Community Partnership Fund	5	5
Tuatapere Tewaewae Community Partnership Fund	11	21
Waihopai Toetoe Community Partnership Fund	23	23
Wallace Takitimu Partnership Fund	19	19

Stewart Island Visitor Levy allocations

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 and amenities for island visitors, or to mitigate environmental effects.

The allocation categories are:

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 operational costs)

Multi-year

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)
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)

(see the Stewart Island Rakiura Visitor Levy Policy for explanation of each allocation category)

Funding

The Stewart Island Visitor Levy Subcommittee has 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 meets annually to review applications and allocate funding. It may allocate funding only once a year.

\$333,103 of levies were received during the year, which was higher than the \$273,305 budgeted, mainly due to the increase in the levy amount from \$5 to \$10 from 1st October 2024.

The subcommittee allocated grants to three applicants during the year, totalling \$65,262, compared with the \$273,305 budgeted to be allocated. There was \$19,929 already committed from this budgeted amount from multi-year grants issued in the 2021-2022 funding round.

As per our Stewart Island Rakiura Visitor Levy Policy, the Annual Report contains an itemised statement of the Stewart Island Rakiura Visitor Levy Fund. For the 2023/2024 year the funds were allocated as follows:

Organisation	Allocation amount	Multi-year
Rakiura Heritage Trust	\$ 30,000	No
Stewart Island Rakiura Community Environment Trust	\$ 34,688	Each for two years
Stewart Island Promotions Association	\$ 574	No

Funding impact statement - community leadership

2022/2023 Budget (LTP) (\$000)	2023/2024 Budget (LTP) (\$000)		2022/2023 Actual (\$000)	2023/2024 Actual (\$000)	2023/2024 Budget (AP) (\$000)
		<i>Sources of operating funding</i>			
7,766	7,766	General rates, uniform annual general charges, rates penalties	7,762	7,864	7,867
923	923	Targeted rates	953	950	948
115	115	Subsidies and grants for operating purposes	227	823	120
-	-	Fees and charges	-	-	-
561	561	Internal charges and overheads recovered	552	566	523
-	-	Interest and dividends from investments	-	-	-
298	9,663	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	425	894	360
9,663	9,663	Total operating funding	9,920	11,096	9,818
		<i>Applications of operating funding</i>			
4,130	4,130	Payments to staff and suppliers	3,582	3,777	3,970
2	2	Finance costs ²	-	0	2
2,496	2,496	Internal charges and overheads applied ²	2,538	2,695	3,038
3,053	3,053	Other operating funding applications	3,238	3,303	3,766
9,680	9,680	Total applications of operating funding	9,358	9,775	10,776
(18)	(18)	Surplus (deficit) of operating funding	562	1,321	(958)
		<i>Sources of capital funding</i>			
-	-	Subsidies and grants for capital expenditure	-	-	950
-	-	Development and financial contributions	-	3	-
-	-	Increase (decrease) in debt	(25)	(12)	-
28	28	Gross proceeds from sale of assets	23	13	13
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
28	28	Total sources of capital funding	(2)	4	963
		<i>Applications of capital funding</i>			
		Capital expenditure			
-	-	▪ to meet additional demand	-	-	-
-	-	▪ to improve the level of service	5	-	-
82	82	▪ to replace existing assets	38	58	50
48	48	Increase (decrease) in reserves	637	1,398	74
(120)	(120)	Increase (decrease) in investments	(120)	(131)	(120)
10	10	Total applications of capital funding	560	1,326	4
18	18	Surplus (deficit) of capital funding	(562)	(1,321)	958
-	-	Funding balance	-	-	-
¹ includes all other operating funding from sources not identified in the table.					
² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2022/2023 was \$2,000 (2022: \$10,000).					

Funding impact statement – budget variations**Operating:**

Subsidies and grants for operating purposes shows as above budget primarily due to government “better off” funding for a range of community run project grants being incorrectly included in the budget as a capital funding source rather than operating funding source. Additional grants were also received for Mayoral Taskforce and work completed at Observation Rock on Stewart Island/Rakiura.

Local authorities fuel tax, fines, infringement fees, and other receipts is above budget due to funds received in relation to the winding up of the Fiordland Retirement Housing Trust, noting that the Fiordland Community Board has requested the funds be used for the benefit of elderly persons. In addition, more revenue was received from the Stewart Island/Rakiura visitor levy due to higher visitor numbers than the previous year.

Internal charges and overheads applied were less than budget as a result of lower corporate service costs particularly employee costs, project and general operating costs.

Other operating funding applications where lower than budget predominantly due to differences in the actual timing of “better off” projects with some projects being completed early and others deferred to 2024/25.

Capital:

Reserves increased more than budget as a result of the underspends in payments to staff and suppliers.

Community resources

Includes the following activities:

- community facilities (including public toilets, community centres and halls, offices and libraries, amenity buildings and dump stations)
- community services (including cemeteries, community housing, library services and heritage and culture)
- open spaces (includes parks and reserves and streetscapes)
- solid waste services (includes, bins, transfer stations, green waste and education)
- Stewart Island Electrical Supply Authority (SIESA)

What we do

Community facilities includes buildings and structures used by the community to participate in a range of activities and to access Council services.

Community services provides access for the community and visitors to our services and activities.

Open spaces manage 155 reserves throughout the district, varying in size, use, location and classification, as well as a number of beautification areas in townships.

Waste services manage rubbish and recycling options for households, business and industry, including ongoing waste minimisation and educational initiatives administered by WasteNet Southland, a joint committee of the Southland councils.

SIESA generates and supplies electricity to consumers on Stewart Island Rakiura. This activity also undertakes waste collection, and ownership and operation of the Rakiura Resource Recovery Centre.

Why we do it

This group of activities provides facilities that enable communities to participate in a range of recreational, educational, sporting, commercial and social/cultural activities. This helps communities to become more socially connected and active and makes Southland a desirable place to live.

Stewart Island Rakiura electricity supply is important economically to support the operation of businesses and industries on the island, which in turn contributes to sustaining the local community.

Community outcomes

We are required to report which of the community outcomes the activity group primarily contributes to. Council's strategic framework can be found on [page 7](#). The orange shading indicates a primary outcome contribution.

Social Empowered communities with the right tools to deliver the best outcomes	Environmental Kaitiakitanga for future generations	Cultural Inclusive connected communities	Economic Provision of appropriate infrastructure and services
--	--	--	---

Identified effects on community wellbeing

The community resources activity group contributes to social wellbeing by enabling communities and visitors to participate in a range of recreational, heritage and culture, educational, sporting, commercial and social/cultural activities, which ensures communities are more socially connected and active. Community housing benefits the elderly within the community by providing low-cost housing, with set criteria for access. Libraries provide spaces for education and social connection for all ages. Community centres provide local spaces for learning and gathering for different meetings and activities. The open spaces activity provides the community with reserves and open spaces to enjoy and encourages a healthy lifestyle, along with learning, social and leisure benefits. Cemeteries are an important part of each local community's history from a health, cultural and wellbeing perspective.

This activity group contributes to cultural wellbeing by enabling communities and visitors to participate in a range of cultural activities including visiting culturally important sites, that make communities more connected and active, keeping local customs and traditions alive and providing appropriate historical information.

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

Providing community service facilities may result in environmental impacts such as solid waste, energy use or spray drift, or pests in parks and reserves. We seek to minimise these negative effects by ensuring operations are managed effectively; and that any waste is minimised along with energy and water being conserved. Other possible negative effects from these activities could include traffic and noise affecting neighbours of community facilities, and the increased costs associated in maintaining these levels of service.

The solid waste activity has an impact on protecting people's health and provides controlled, convenient and reliable waste disposal options that help to make it easy for people to dispose of their waste and contributes to making the district a clean and desirable place to live. The activity also helps to reduce the impact waste disposal has on the environment by diverting waste from landfill and ensuring that any waste sent to landfill is disposed of and managed appropriately.

The waste the district produces is in itself a negative effect on the environment. Our solid waste activity is aimed at dealing with these negative effects in ways that cause the least possible long-term harm. Negative effects from landfills can include leachate and production of gases. Council monitors these effects and manages closed landfills with the aim of reducing or mitigating these effects where possible. We are taking steps to reduce the amount of waste disposed of at landfills in accordance with the Regional Waste Management and Minimisation Plan. Pests and rodents could potentially become a problem

but there are pest control methods in place to manage this. The potential impacts of this activity are mitigated through efficient management and cleaning of transfer sites.

How we did – what happened during the year - key points and projects

The cost for supplies continues to increase and the lack of contractor availability continues to put pressure on the completion of some of the planned projects.

Community facilities (including public toilets, community centres and halls, offices and libraries, amenity buildings and dump stations)

- The team delivered the planned public toilet replacement and refurbishment projects. Planning for the renewals and refurbishments for the 2024/2025 financial year was also completed.
- Hall maintenance work has been carried out under the maintenance contract. Some capital projects have had scope changes made throughout the year and tender prices exceeded the budget that impacted the delivery timeframes.
- The Tokanui hall heating project will be completed in the 2024/2025 financial year.

Community services (including cemeteries, community housing, library services and heritage and culture)

Community housing

- The installation of heat pumps and extractor fans that was started in the 2022/2023 financial year was completed.
- A number of units had internal refurbishments undertaken as tenants had vacated them.
- The reroofing of the Nightcaps units was not completed as there was insufficient budget to complete this work. Staff are looking at alternative options for this and the work will be completed in the 2024/2025 financial year.

Cemeteries

- New ashes beams were put in at East Winton and Lynwood (Te Anau). along with, a new double-sided beam was installed at Lynwood (Te Anau).
- Small tree lots adjacent to Wairio and Edendale cemeteries were thinned and pruned.
- A tree lot beside the Otautau cemetery is being reviewed for safety reasons on the Otautau Drummond Road.

Libraries RL to get update

- A review of the book bus operation has taken longer than anticipated as we have done this internally rather than using an external consultant. A community and user survey ran from November 2022 through to April 2023. Staff are now writing the paper with the mobile service options and costs for Council to consider.

- The radio frequency identification (RFID) system has been successfully implemented in all of our district libraries. This will enable customers to scan multiple books instantly and staff to stocktake electronically. The uptake and usage of this system has been excellent with our library users.
- The refurbished Winton Library opened in August 2022 after almost three years of repair and refurbishment work on the building.
- The community library programmes are proving very popular, including StoryWalk® and Brick Club. Overall demand for all of the programmes continues to increase.

Heritage and museums

- The province is home to eight heritage trails, which navigate and tell the story of Southland, combining the physical environment, people, culture and the rich history.
- The Southland district promotes a variety of artistic expressions, ranging from visual arts and sculpture to theatre and music. The district has a rich cultural heritage, and the arts community plays a vital role in preserving and promoting it.
- An arts and heritage strategy is being developed to recognise the value of the district's local arts and heritage assets and services and their importance to cultural identity and a sense of belonging to the area. The strategy will be all about people, communities and organisations collaborating to improve local wellbeing and quality of life and making sure that plans, strategies, priorities and programmes at all levels are integrated.
- The history of Southland Murihiku is rich and varied and each part of the district holds its own unique past. There are more than 10 museums throughout Southland district including two of Southland's newest museums which tell the human and natural history stories of the province. The district's museums are home to an array of locally and regionally significant items and collections including taoka Māori, geological and natural history specimens, textiles including costumes, whaling, industrial and agricultural artefacts and vintage machinery.
- The Southland Regional Heritage Committee funds the position of a roving museum officer who assists mainly smaller volunteer-run museums throughout the region in caring for the collections on display and in storage. The Roving Museum Officer (RMO) work has been recently focused on transferring the collections of the Wyndham & Districts Museum Inc. to the collection store of the Switzers (Waikaia) Museum Inc., and in ongoing reporting along with involvement in local and regional heritage initiatives including delivering cross-council museum workshops on object mounting and display and liaising with Project ARK team members in regional resourcing.

Stewart Island Electrical Supply Authority (SIESA)

- There was an annual audit and renewal of all processes and systems for compliance to the electricity regulations including, a new customer care policy, consumer complaints policy and revised customer services agreement.
- All work in the capital and operational works in the programme was completed ahead of schedule
- All work in the capital and operational works in the programme was completed ahead of time
- A comprehensive asset management plan was further developed for SIESA which provided the reasoning behind the long term management thinking for the current LTP. As a result of the outputs and outcomes derived from this SIESA Asset Management Plan, which is providing high quality assessments for the strategic and tactical planning of SIESA's infrastructure, we had an LTP that has resulted in less invested funds in capital

asset renewals than the previous LTP. These strategic and tactical planning outcomes are considered just as significant as the increased levels of resilience the SIESA asset group now has. These outcomes provide the community with a well-managed critical service which meets the agreed standard of service.

Open spaces

Key Projects

- Council, in partnership with Te Ao Mārama, completed the two-year Matariki wayfinding pou project co-funded by the Ministry of Business, Innovation and Employment's Tourism Infrastructure Fund (TIF).
- Better Off Funding
- Tennis court resurfacing at Athol, Mossburn and Riversdale
- Upgrade of the Thornbury war memorial
- Ohai playground upgrade
- Taramea Bay toilet replacement
- Mores Reserve (Riverton) Interpretation panel replacement

DID YOU KNOW?

- The last level 3 (2022) playground inspection only identified 6 risk issues across all 40 playgrounds. This is a major improvement and highlights the work that has been undertaken over the past four years to progressively bringing councils playgrounds up to the New Zealand standard.
- Council's water structures require a full structural assessment every three to five years as part of the resource consent requirements.
- Soft fall on our playgrounds is provided by Lindsay and Dixon from Tuatapere.
- Three mowing and four gardening contracts will come up for renewal in June 2026, find out more about being a contractor on our website. www.southlanddc.govt.nz

Green

- Undeveloped natural areas
- Esplanades
- Bush stands
- Natural vegetation
- Reserves, parks
- Sports fields

Grey

- Town squares
- Streetscapes
- Infrastructure
- Playgrounds
- Developed or formal areas
- Paths, cycleways

Blue

- Creeks/streams
- Connection and access to waterways
- Connection to private/commercial land
- Key part to stormwater network



Waste services

The government recently launched a national waste strategy. The strategy includes the phasing out of hard-to-recycle and single-use plastics, improving household recycling and food scrap collections, reducing food waste, a beverage container return scheme, product stewardship and the Waste Disposal Levy.

The Waste Disposal Levy will:

- Progressively increasing over four years the levy rate for landfills that take household waste from the \$10 per tonne set in 2019 to \$60 per tonne as of July 2024. For the 2023/2024 year Council paid \$50 per tonne for landfill.
- Expand the waste levy to cover additional landfill types, including construction and demolition fills. At present the waste levy only applies to municipal landfills that take household waste, with no levy on the remaining almost 90% of landfills throughout the country.
- Collect better data about the waste we are creating, and how we are disposing of it, so our waste can be better managed.
- Invest additional revenue from the waste levy in initiatives that support waste reduction, such as building New Zealand-based recycling infrastructure

The WasteNet Waste Services Contracts are due for re tender in 2027. On behalf of the three Councils WasteNet is currently undertaking engaging a consultant to assist with the Technical Procurement Support for procuring the upcoming contracts. WasteNet is undertaking an Organic collection study across the whole district. WasteNett is working through the WMMP (waste minimisation management plan)

Council has completed a risk assessment of closed landfills throughout Southland district as part of an ongoing environmental management plan. The assessment has identified 15 landfills which are considered to present a possible risk due to potential discharges to groundwater or surface water. A two-year sampling regime will be undertaken before Council knows what, if any, impact these sites will have on the environment and what possible obligation Council will incur.

For further information on government waste management planning follow the link below.

<https://environment.govt.nz/what-government-is-doing/areas-of-work/waste/aotearoa-new-zealand-waste-strategy/>

Performance results

This activity group has a total of 10 KPIs. Eight targets were achieved and two targets were not achieved.

Of the four targets that were not achieved, reasons included:

- KPI 3.2 – there were some contractor timing issues
- KPI 8.1 – there were several occurrences of recycling being contaminated, which meant it had to go to landfill.

There were 99 works programme projects in total for this activity group. 49 were completed, 32 were still in progress, 17 not started, and 1 was deleted.

Performance measures

Performance measures - community resources			
Community facilities			
Level of service 2: Council provides facilities and venues for community activities and events			
	Target	Result	How council performed
KPI 2.1: - Community facilities requests for service are completed within specified timeframes <i>This KPI is measuring that the requests for service are attended to in the timely manner, providing the correct level of service.</i>	80%	92.9%	Achieved There was a total of 2149 requests for service for the year ending June 2024. 2005 were completed within the agreed timeframe. (2022/2023: Achieved 89%)
Community services			
Level of service 3: Facilities are fit for purpose, to enable healthy grieving and memorialisation for the community			
KPI 3.1: Cemetery interment costs are not funded by rates <i>This KPI puts checks in place to ensure compliance with Council policy of burial/ interment costs are self-funded and do not require additional funding from rates.</i> This KPI has been removed for LTP 34 as it is reported on through Council's financial reporting processes.	\$0	\$0	Achieved. Internment fees covered the expenses of all internment costs for the year 2023/2024 year. (2022/2023: Achieved \$0)
KPI 3.2: To meet family expectations that the burial plots are prepared by the time required. <i>This KPI measures the timelines of the service to ensure that family's expectation is met and that burial plots are prepared ahead of time. There is a two-hour buffer within the timeline to ensure that at the point of interment the plot will be ready for families/ whanau.</i>	100%	93%	Not achieved There were 86 Burials for the year with 84 of these having the plot preparations notified on time. Of the 2 burials that did not meet the measure, one was a Saturday burial where notification that the plot was prepared and available being due at 8.am and was received at 8.03 am. The other was also on Saturday morning where notification that the plot was prepared and available due at 10am was not received until 10.18. The email of confirmation advised the plot was prepared by the due time of 10am, but due to technical issues with email, the email was not able to be sent within the required time.

Performance measures - community resources			
			In both instance the level of service provided to the families not being affected. (2022/2023: Not achieved 83%)
Community services			
Level of service 4: Facilities are fit for purpose, in the appropriate locations and cater for future needs			
KPI 4.1: Community housing occupancy rate <i>This KPI measures the occupancy rate to demonstrate the Community housing is being used effectively in accordance with Council's community housing policy</i>	80%	89.85%	Achieved Two properties within the portfolio are currently un-tenantable due to long term significant repairs and maintenance required. These two flats contribute to the lowered percentage of occupancy rate. The timing of several exiting tenants over the past few months also affected the occupancy rate. The flats recently vacated are added to the workload of the facilities department to refurbish where required to enable supply of refreshed flats for new tenants coming in. (2022/2023: Achieved 88%)
KPI 4.2: Percentage of people who meet priority criteria ¹ <i>This KPI is to ensure the persons for whom the housing is to provide for, are the first priority tenants.</i>	80%	91.93%	Achieved There have been more people coming onto the waiting list that are considered to be a priority tenant by age which allows us to achieve the objectives of this KPI when we tenant a vacant flat. There are still a few tenants who are approaching the priority age group over the next few years, so we should see this percentage continue to increase. (2022/2023: Achieved 93%)
Library services			
Level of service 5: Each facility will offer access to a space for tamariki, collaborative and quiet spaces for the community to use, customer support functions, library basics*, disability access, and areas for Council staff to work			
KPI 5.1: Number of Council library facilities that meet all LoS criteria <i>This KPI is improvement based with yearly increasing target to ensure that each facility will gradually be able to meet the level of service criteria. There are seven libraries within the district, two of which are considered main hub libraries, the other five are district service offices with some library services.</i> This KPI has been removed for LTP 34 and replaced with two new KPI's focusing on providing for a wider reach and increased services.	2	2	Achieved Winton and Te Anau Libraries both meet out level of service criteria being made to improve this level of service. (2022/2023: Not achieved 2)
Open Spaces			
Level of Service 6: Council provides safe, well-maintained open spaces for the community to enjoy sports and leisure activities			

Performance measures - community resources			
KPI 6.1- Open spaces requests for services ² are completed within specified timeframes <i>This KPI measures the maintenance of the service by monitoring the requests for service being responded to within the set timeframes. note timeframes are related to the type of request</i>	80%	91.3%	Achieved There were a total of 2700 RFS requests received for the year and with 2466 being completed within the appropriate timeframe. (2022/2023: Achieved 93%)
SIESA Level of service 7: Council provides a reliable, sustainable electricity supply to Stewart Island Rakiura that meets current and future needs			
KPI: 7.1: Number of unplanned point of consumer supply interruptions to Stewart Island electricity supply. <i>This KPI measures the reliability of the network.</i>	≤6	2	Achieved There were 2 outages in the July to October 2023 period, following that there have been no further outages for the remainder of the year. (2022/2023): Not Achieved – 12
Waste services Level of service 8: Provide convenient and reliable rubbish and recycling services that minimise the amount of waste going to landfill			
KPI 8.1: The amount of waste diverted from landfill (tonnes) as a percentage of total waste ³ <i>This KPI measures Councils progress on waste minimisation, that is the least amount of waste going into land fill, using more recycling methods.</i>	a) 40%	29.6%	Not achieved Trended down with no record of green waste grinding since march available. it is current practice to wait until sufficient green waste volume is available before doing a round of grinding (2022/2023: Not achieved – 35%)
KPI 8.2: The maximum amount of waste per property disposed of to landfill (kilograms) <i>The KPI measures waste minimisation. The least amount of waste going to landfill the better.</i>	b) 650kg per property	589.2g per property	Achieved Total waste disposed at landfill divided by total rubbish bins has a result that is a little higher than the previous year but still under the target of a maximum of 650K per property. (2022/2023: Achieved – 555kg)
<ol style="list-style-type: none"> 1. Policy states that priority criteria include persons are over 60 years old or persons that are considered to be in need of community housing 2. Open spaces requests for related activities eg, playgrounds, reserves etc 3. Total waste diverted by weight includes material from drop-off centres, (yellow) recycling wheelie bins, green waste sites and scrap metal. Weight calculations are estimated based on the number of collection containers processed multiplied by an average weight for different material types <p>*Library basics include public computers, wi-fi, public catalogue, self-issue machines</p>			

Funding impact statement – community resources

2022/2023 Budget (LTP) (\$000)	2023/2024 Budget (LTP) (\$000)		2022/2023 Actual (\$000)	2023/2024 Actual (\$000)	2023/2024 Budget (AP) (\$000)
		<i>Sources of operating funding</i>			
7,380	7,795	General rates, uniform annual general charges, rates penalties	7,314	8,032	8,032
6,049	6,391	Targeted rates	6,087	6,970	6,991
93	93	Subsidies and grants for operating purposes	393	1,633	801
1,852	1,917	Fees and charges	1,952	2,480	2,142
2,825	2,966	Internal charges and overheads recovered	2,917	3,074	3,086
-	-	Interest and dividends from investments	-	-	-
740	778	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	879	867	792
18,940	19,941	Total operating funding	19,542	23,056	21,844
		<i>Applications of operating funding</i>			
12,743	13,262	Payments to staff and suppliers	14,177	15,943	15,237
267	308	Finance costs ²	-	(0)	396
4,831	5,001	Internal charges and overheads applied ²	5,333	6,004	5,735
39	40	Other operating funding applications	25	64	35
17,880	18,611	Total applications of operating funding	19,535	22,012	21,403
1,059	1,330	Surplus (deficit) of operating funding	14	1,044	441
		<i>Sources of capital funding</i>			
77	21	Subsidies and grants for capital expenditure	671	902	1,508
-	35	Development and financial contributions	2	34	35
3,168	10,134	Increase (decrease) in debt	2,131	1,160	11,148
86	97	Gross proceeds from sale of assets	-	1,977	123
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
3,330	10,287	Total sources of capital funding	2,804	4,072	12,813
		<i>Applications of capital funding</i>			
		Capital expenditure			
-	232	▪ to meet additional demand	-	-	226
1,355	1,511	▪ to improve the level of service	283	2,297	2,520
2,361	8,788	▪ to replace existing assets	3,063	1,107	10,380
794	1,236	Increase (decrease) in reserves	(498)	1,762	281
(120)	(149)	Increase (decrease) in investments	(37)	(49)	(149)
4,390	11,617	Total applications of capital funding	2,812	5,117	13,257
(1,059)	(1,330)	Surplus (deficit) of capital funding	(8)	(1,044)	(444)
-	-	Funding balance	-	-	(3)

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2022/2023 was \$167,000 (2022: \$186,000).

Funding impact statement – budget variations**Operating:**

Subsidies and grants for operating purposes were higher than budget due to government funding received for the Bluecliffs landfill removal along with additional waste minimisation funding being received. This was offset by lower government “better off” grant funding following the deferral of a number of playground and park maintenance projects.

Fees and charges were above budget due to a combination of increases in transfer station charges and the volume of waste being received as well as an increase to Stewart Island electricity charges part way through the year.

Local authorities fuel tax, fines, infringement fees, and other receipts were above budget as a result of increased interest being received on Stewart Island Electricity Supply Authority reserve funds.

Payments to staff and suppliers were higher than budget because of increased fuel costs to operate the Stewart Island electricity supply and increased waste disposal costs resulting from a mix of higher contract costs, waste disposal levies and waste volumes as well as the cost of the Bluecliffs landfill removal. This was offset by lower maintenance costs due to the deferral of a number of projects as noted above in *subsidies and grants for operating purposes* above.

Finance costs were lower than budget due to Council not requiring external debt and therefore incurring minimal external interest. Instead, interest expenses relate to internal loans resulting in higher *internal charges and overheads applied*.

Capital:

Subsidies and grants for capital purposes were under budget due to lower government “better off” grant funding following the deferral of a number of capital projects to replace assets as discussed in more detail below.

Gross proceed from the sale of assets and *Increase in reserves* were both higher than budget due to sale of land in Te Anau for the next stage of the Luxmore subdivision.

Capital expenditure to meet additional demand was lower than budget due to a delay in the purchase of additional Riverton/Aparima cemetery land. *Capital expenditure to improve the level of service* was lower than budget with work still underway on the project to investigate and develop an urban master plan for Te Anau and a delay to the Butterfield Beach walking track project on Stewart Island with funding still being confirmed. *Capital expenditure to replace existing assets* was lower than budget due to the deferral of projects to renew Council office buildings and associated roof replacements. In addition, a number of toilet replacement projects were also deferred and playground renewals still underway which meant that associated grant, reserve and loan funding was also lower than budgeted. Accordingly, the *increase (decrease) in debt* is lower than budget with fewer loans required to fund the lower level of actual capital expenditure.

In addition, the budget allowed for loan principal repayments to accumulate in reserves until the loans reached the end of their borrowing term, at which point they would be due for repayment in full (at the end of 15 years). The delay to implementing the change in approach to borrowing has meant that the principal repayments have instead been used to repay internal loans rather than being held in reserve, with reserves decreasing as a result. This has resulted in variations between *Reserves* and *Increase (decrease) in debt* in the capital side of the funding impact statement and *Finance costs* and *Internal charges and overheads applied* in the operating side of the funding impact statement.

Environmental services (includes emergency management)

Includes the following activities:

- Resource management
- Environmental health
- Animal control
- Building solutions
- Emergency management

What we do

Environmental services is responsible for delivery of all of Council's key regulatory statutory functions under the Resource Management Act 1991, the Building Act 2004, the Health Act 1956, the Dog Control Act 1996, the Sale and Supply of Alcohol Act 2012, the Freedom Camping Act 2011, the Food Act 2014 and other ancillary legislation.

The group also leads Council's relationship with Emergency Management Southland.

The four environmental services teams are:

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

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

Emergency Management Southland (a joint committee of the four Southland councils) co-ordinates Council's Civil Defence Emergency Management work across the 4Rs (reduction, readiness, response and recovery).

It involves creating community and agency response plans, developing communication networks, carrying out planning and education so people can better understand the risks, and training to increase the community's readiness to respond. We support EMS by making staff available to participate in training exercises so that they are ready to contribute to the response during emergencies.

Why we do it

The environmental services activities focus on promoting and protecting public health, maintaining a safe environment and the overall amenity of the district.

The environmental services group has an important kaitiakitanga (guardianship) role in ensuring that Council delivers its statutory regulatory obligations with respect to both the built and natural environment. The group is tasked with maintaining and enhancing the district’s environment for future generations.

The group undertakes this role both to achieve the requirements under specific legislation and to meet the expectations of the community as expressed through community outcomes.

The emergency management activity puts plans in place to ensure people are safe and connected in an emergency and helps build community resilience by preparing, responding, and recovering effectively from emergency events. Co-ordinated planning and increasing community awareness also reduce the potential for damage in emergencies, and a speedy response mitigates the effects of damage where possible.

Community outcomes

We are required to report which of the community outcomes the activity group primarily contributes to. Council’s strategic framework can be found on page 7. The orange shading indicates a primary outcome contribution.

Social Empowered communities with the right tools to deliver the best outcomes	Environmental Kaitiakitanga (guardianship) for future generations	Cultural Inclusive connected communities	Economic Provision of appropriate infrastructure & services
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Identified effects on community wellbeing

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

Development and construction, if not well managed, can have negative effects on the natural environment and social wellbeing, as well as the safety of individuals. Development in the wrong areas or the wrong types of development can place strain on infrastructure and reduce people’s ability to access services and enjoy the opportunities the district offers.

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

Environmental health and animal control protect the public and the environment. Sustainable growth and economic development are encouraged, which impacts on social and economic wellbeing and the Resource Management Act ensures that cultural wellbeing is considered.

Emergency management contributes to economic wellbeing by providing for a co-ordinated response to civil defence emergencies and planning to reduce economic impacts on the communities affected by emergencies. The effects on social wellbeing include having communication networks in place and

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

For the emergency management activity, a lack of co-ordination, inadequate resourcing or communication could compromise an effective emergency response. Actions taken to respond to emergencies could also potentially affect the environment, although these are mitigated wherever possible.

How we did – key highlights and projects

Resource management

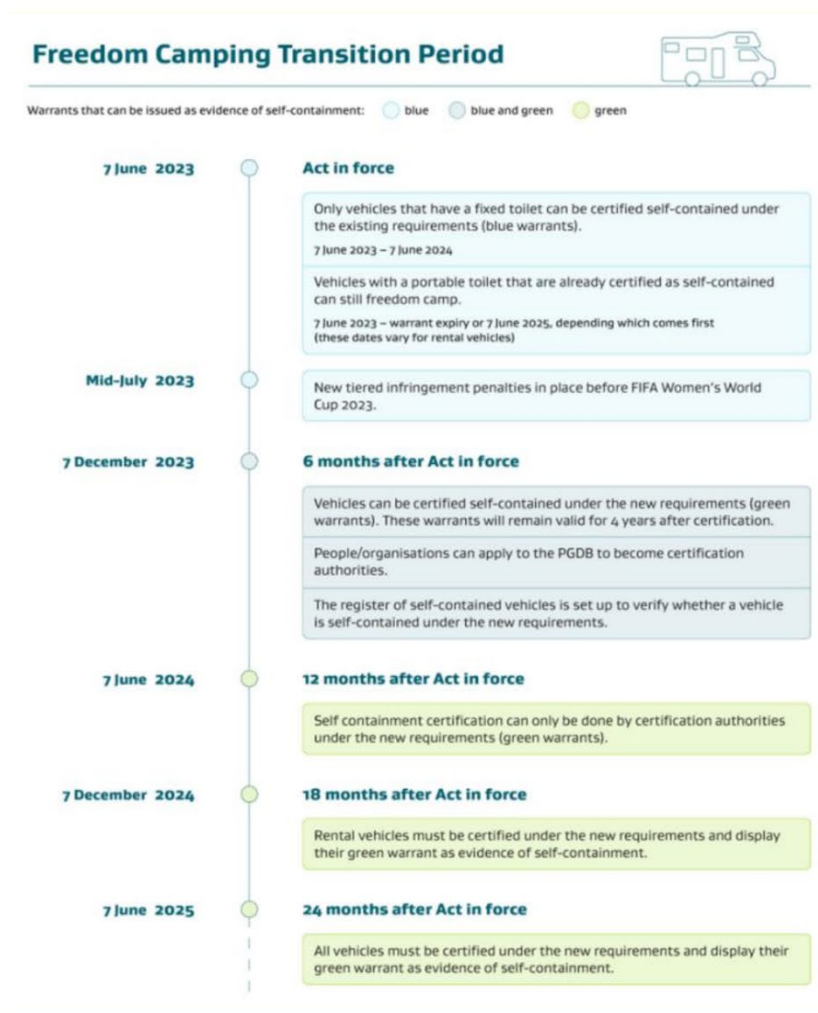
The current government is replacing the current resource management system; however, it cancelled the planned changes by the previous government.

- Staff did some spatial planning work with Great South including data-gathering for future District Plan reviews and national hazard profiles across the district, and greenhouse gas baseline work.
- Development work on climate change began, including work with the regional climate change working group.
- **Improved Timeliness** - Continued improvements in resource consents processing have led to a substantial increase in on-time consent decision-making. Compliance with statutory timeframes improved to 75% by August 2024, up from 29% in the 2023-2024 year overall. The council team are now well equipped with the resources needed to manage timeframes more effectively.
- **Consultant and Specialist Supplier Panels** - A consultant planner panel was established in early 2024, followed by a specialist supplier panel by the end of June 2024, to support the resource consents team. These panels provide expertise to bridge skills gaps and ensure additional capacity is available whenever needed. This approach allows us to maintain consistency and timeliness in consent processing, even when internal resources are stretched.
- **Practice, Training, and Conditions** - The resource consents team now has an improved set of templates, practice and guidance materials, and standardised conditions. The team has also received training on key matters under the Resource Management Act (RMA), enhancing their capability to handle applications effectively. Additionally, website improvements have been made to provide better information on the consenting process to the community, improving transparency and accessibility regarding the processes adopted by the resource consents team for varying consent matters.
- **New Lodgement System** - Introduced an online lodgement system for all consent types. This is expected to improve initial data capture, enhancing user experience and efficiency in handling applications.
- **Ongoing Challenges** - Despite these improvements, challenges remain, including the ongoing task of clearing historical applications, cleansing application data, and staff recruitment. Efforts to increase the skills and capacity of our staff through continuous recruitment and training are ongoing.

Environmental health

- Food, alcohol and health applications forms are all available online, you can also become a registered user completing a registration application through E pathways.
- The Southland District Council has been updated to include changes to food and health information.
- Freedom camping bylaw is currently being reviewed.
- Freedom camping rule changes have been published and while fines change from 13 July 2023, vehicle compliance for the new rules will have two years to come into full force.
- For more information see: <https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-projects/supporting-sustainable-freedom-camping-in-aotearoa-new-zealand/freedom-camping-changes/>
- one tag for life has been implemented
 - MPI is initiating a food act levy go to this website for more information - <https://www.mpi.govt.nz/legal/legislation-standards-and-reviews/legislation-fees-and-charges/food-act-2014-fees-charges-and-levies/>
 - if you are selling food or alcohol you need to be registered. www.southlanddc.govt.nz
 - Te Anau township has an alcohol free area <https://www.southlanddc.govt.nz/assets/Bylaws-policies-and-strategies/bylaws/Final-Alcohol-Control-Bylaw-2022.pdf>
- New regulatory signage will have QR Codes which guide the person to the relevant part of the SDC website

DID YOU KNOW?



Building control

- The building team have seen a consistent monthly increase in compliance to timeframes which will put us in a good light for the upcoming audit in February 2025
- We have successfully contracted a Quality Manager with vast experience who has already managed to streamline processes and has been completing internal audits to tidy up any non-conformances for the upcoming audit
- Community engagement and communications have been continuing with the introduction of an Industry Focus Group meeting monthly with Council to discuss new ideas, issues and to enhance the ability to work together to make the consenting process easier
- Communication lines have been opened to industry direct to our Team Leads and Building Manager which has further strengthened relationships with industry
- District Drop in sessions are continuing with the building team being available in our main offices throughout the district
- Building Warrant of Fitness MBIE requirements are being met with the team hitting 23% which is over the required 20% of audits being completed
- We are maintaining audits on swimming pools and working with owners through to compliance
- Council submitted on the MBIE consultation regarding changes to consenting for 60sq metre Granny Flats to ensure that our communities' views are represented

Animal control

- Compliance activities are ongoing, especially with an increase in incessantly barking dogs and dogs not on leash. The importance of compliance in this area is to be promoted more.
- There was one reported dog attack for the year.
- 95.5 % of dog owners met the responsible dog ownership requirements, which is excellent. The result is up from 89% for the previous year. We are targeting 95% for a safe and happy Southland.

Emergency management

- Two flooding events in September 2023 and April 2024 and the events at Bluecliffs with coastal erosion led to significant input from council.
- This year the group plan will be updated. This will spell out the goals, vision and purpose of EMS for the next five years and will include an up-to-date hazardscape for the Southland region. The Southland Hazard Risk assessment and summaries have been completed and the group plan notification will be released soon.
- Over the next year EMS is increasing the capability of responding staff by a new training programme that will include specialist emergency management co-ordination centre (ECC) training for staff, providing an improved and aligned response to emergencies. EMS has run 26 training

courses including induction, foundation, CIMS and function-specific courses including Exercise Star. This involved more than 50 staff from the four Southland councils.

- The Emergency Management Bill has had its first reading in parliament and will be progressing through to the select committee process. The bill is not a fundamental transformation of the emergency management system but instead makes some practical improvements to ensure the system can meet current and future needs. This bill considers many lessons identified from emergencies and reviews over the years. EMS will be submitting on the bill.
- The EMS website has been updated

Performance results

This activity has nine KPIs. Two of the targets were achieved, and five were not achieved and two remained not measured.

Of the five targets that were not achieved, reasons included:

- KPI 9.1 – the team catching up on historic consents as well as processing incoming consents
- KPI 9.2 – upskilling of new staff
- KPI 9.3 – staff upskilling
- KPI 9.4 – 1 recent dog bit reported
- KPI 9.6 – 3 incidents of food borne illness.
- KPI 10.1- not measured
- KPI 10.2 – not measured

There were no works programme projects for this activity group

Performance measures

Performance measures - environmental services			
Environmental services			
Level of service 9: Enhance the health, safety and wellbeing of the community and environment, through the effective implementation of a range of legislation			
	Target	Result	How council performed
<p>KPI 9.1: Percentage of non-notified resource consents processed within statutory timeframes</p> <p><i>The KPI measures processing efficiency. The statutory timeframe is twenty working days but there are some circumstances where extensions are granted. If consents are out of timeframe then a discount must be given to the applicant. The Resource Management Act (RMA) requires that non notified resource consents are processed within statutory timeframes which is 20 working days. Council can extend these statutory timeframes under specific circumstances. However, if Council goes over the statutory working days it must provide a discount to the costs of processing the resource consent decisions which is 1% deduction per day it is late up to a maximum of 50%.</i></p>	100%	29.28 %	<p>Not achieved</p> <p>This result represents an improvement from 11.36% reported in the interim report in February 2024.</p> <p>Significant progress has been made in recent months. Using an updated methodology that more accurately reflects statutory requirements:</p> <ul style="list-style-type: none"> • 43.10% of consent applications decided in the last quarter (April 1 – June 30, 2024) were processed within statutory timeframes.

Performance measures - environmental services			
			<ul style="list-style-type: none"> This improved further to 75% for consent applications decided in July and August 2024. <p>Historical applications continue to impact our overall figures, we're steadily reducing this backlog. (2022/2023: Not achieved 73%)</p>
KPI 9.2: Percentage of building consent applications processed within statutory timeframes <i>The KPI measures processing efficiency. The statutory timeframe is twenty working days.</i>	100%	70.1%	Not achieved <p>Due to the recruitment of Team Leads for Processing and Inspections as well as a Technical Lead, we have been able to gain efficiencies in processes Compliance has been increasing each month and we expect to see this continue. this KPI has trended upwards from 59.6% at the February check in to a total of 70.1% across the year (2022/2023: Not achieved 65%)</p>
KPI 9.3: Percentage of code compliance certificate applications processed within statutory timeframes <i>The KPI measures processing efficiency. The statutory timeframe is twenty working days including a final inspection visit. (A code of compliance is a formal statement issued under section 95 of the Building Act 2004, that building work carried out under a building consent complies with that building consent).</i>	100%	96%	Not achieved <p>While the percentage has dropped back slightly, (76.8%-73.23%), from the February interim total, there is further work being done to ensure compliance to timeframes with changes to procedures to gain efficiencies. (2022/2023: Not achieved 96%)</p>
KPI 9.4: Number of serious injuries to the public from dog attacks¹ <i>This KPI measures the number of dog attacks to protect the public from harm. It excludes incidents within the home environment</i>	0	0	Not Achieved <p>There has recently been reported to us a dog bite that occurred on 22nd of February 2024. The victim suffered a bite to their that required medical attention. (2022/2023: Achieved – 0)</p>
KPI 9.5: Percentage of non-working dogs subject to the responsible owner category <i>This KPI aims to encourage owners to be a responsible dog owner by providing discounts to registration fees and monitoring of the number of non-working dogs.</i>	85%	95.5%	Achieved <p>The percentage has remained fairly steady throughout the year. This is a good result achieved by all concerned. (2022/2023: Achieved – 89%)</p>

Performance measures - environmental services			
<p>KPI 9.6: Number of incidents² of foodborne illness believed³ to be caused by food sold at a Council-verified business</p> <p><i>This KPI monitors the effectiveness of processes to reduce any harm to public health through foodborne illness at businesses.</i></p>	0	3	<p>Not Achieved</p> <p>There have been three notified incidents of foodborne illness believed to be caused by food sold at a Council verified business. Council staff will work with MPI to put plans in place with the associated businesses. (2022/2023: Achieved - 0)</p>
<p>KPI 9.7: Onsite Building Warrant of Fitness (BWOF) audits completed in the community</p> <p><i>This KPI monitors public safety by completing regular audits. A building warrant of fitness (BWOF) is a building owner's annual statement confirming the specified systems in the compliance schedule for their building have been maintained and checked for the previous 12 months, in accordance with the compliance schedule. It is displayed to show people who are using the building know that all the systems are functional and working without any risk to their health and safety.</i></p>	20% of buildings audited	22.6% of buildings audited	<p>Achieved</p> <p>The team are meeting the required 20% audit requirements and are on track to continue to meet this requirement</p> <p>(2022/2023: Achieved 21%)</p>
Emergency Management			
Level of service 10: Build community resilience to emergency events			
<p>KPI 10.1: Number of Southland communities covered by a Community Response Plans that have been reviewed with that community in the last 3 years</p> <p><i>This KPI measures the resilience, readiness and preparation of communities to response to any events.</i></p>	≥ 8	0	<p>Not measured</p> <p>Due to staffing and the two emergency responses this year, data from Environment Southland has not changed from the previous year's reporting period. It is anticipated with the appointment of new staff including a team leader this KPI will be made a priority. (2022/2023: Achieved - 11)</p>
<p>KPI 10.2 – Percentage of surveyed households that have an emergency plan (written or verbal)</p> <p><i>This KPI measures the resilience, readiness and preparation of communities to response to any event.</i></p>	≥ 60%	0%	<p>Not Measured</p> <p>This KPI has not been measured this financial year due to staff and two emergency responses. Since completing the end of year report the survey had been released. (2022/2023 Based on the survey only 45% of households have some form of a plan)</p>
<p>1. This is not intended to capture injuries from dog bites within a home environment.</p> <p>2. "Incident" means illness arising from a common food source that has made one or more people ill, and includes an outbreak (more than two people ill).</p> <p>3. "Believed" means that there is strong evidence suggesting the cause is the business concerned. The term 'suspected' would be used when there is weak evidence linking a food business to the incident.</p>			

Funding impact statement – environmental services

2022/2023 Budget (LTP) (\$000)	2023/2024 Budget (LTP) (\$000)		2022/2023 Actual (\$000)	2023/2024 Actual (\$000)	2023/2024 Budget (AP) (\$000)
		<i>Sources of operating funding</i>			
5,395	5,785	General rates, uniform annual general charges, rates penalties	5,542	5,610	5,615
-	-	- Targeted rates	-	-	-
10	11	Subsidies and grants for operating purposes	53	6	410
3,850	4,006	Fees and charges	4,009	3,811	4,452
590	600	Internal charges and overheads applied		630	661
-	-	- Interest and dividends from investments	599	-	-
203	209	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	297	417	323
10,049	10,610	Total operating funding	10,499	10,475	11,460
		<i>Applications of operating funding</i>			
6,285	6,670	Payments to staff and suppliers	6,373	6,348	7,150
4	3	Finance costs ²		0	12
3,557	3,644	Internal charges and overheads applied ²	3,379	3,916	4,083
445	441	Other operating funding applications	478	479	451
10,290	10,758	Total applications of operating funding	10,230	10,743	11,696
(241)	(148)	Surplus (deficit) of operating funding	269	(268)	(235)
		<i>Sources of capital funding</i>			
-	-	- Subsidies and grants for capital expenditure	-	-	-
-	-	- Development and financial contributions	-	-	-
-	39	Increase (decrease) in debt	(92)	(68)	39
29	29	Gross proceeds from sale of assets	43	60	63
-	-	- Lump sum contributions	-	-	-
-	-	- Other dedicated capital funding	-	-	-
29	68	Total sources of capital funding	(49)	(8)	102
		<i>Applications of capital funding</i>			
		Capital expenditure			
-	-	▪ to meet additional demand	-	-	-
4	43	▪ to improve the level of service	3	23	42
114	117	▪ to replace existing assets	234	-	250
(210)	(120)	Increase (decrease) in reserves	136	(13)	(306)
(120)	(120)	Increase (decrease) in investments	(153)	(286)	(120)
(212)	(80)	Total applications of capital funding	219	(276)	(134)
241	148	Surplus (deficit) of capital funding	(269)	268	235
-	-	- Funding balance	-	-	-
¹ includes all other operating funding from sources not identified in the table.					
² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2022/2023 was \$11,000 (2022: \$7,000).					

Funding impact statement – budget variations**Operating:**

Subsidies and grants for operating purposes were under budget due to a delay in government “better off” grant funding being confirmed for the spatial planning Township Futures Project [NT still checking if we need to explain the project in more detail].

Fees and charges income was lower than budget due to fewer building and resource consent applications being processed compared to the previous year.

Local authorities fuel tax, fines infringement fees and other were higher than budget largely due to the recovery of additional fees for external consultants involved in the Contact windfarm fast track resource consenting process.

Payments to staff and suppliers were below budget due to the delay of both the spatial planning Township Futures Project and recruiting building and resource management staff. This was partially offset by higher expenditure on external consultants in some areas to cover staff vacancies.

Internal charges and overheads applied are less than budget as a result of lower corporate service costs particularly employee costs, project and general operating costs.

Capital:

Capital expenditure to replace existing assets was lower than budgeted following deferral of several vehicle replacements. This also had a flow on impact on the *Increase (decrease) in reserves*, with vehicle replacement reserves funds not used. The decrease in reserves was also lower than budgeted due to underspends in other reserve funded work and a delay in moving to external borrowing rather than borrowing internally against reserves. The budget allowed for loan principal repayments to accumulate in reserves until the loans reached the end of their borrowing term, at which point they would be due for repayment in full (at the end of 15 years). The delay to implementing the change in approach to borrowing has meant that the principal repayments have instead been used to repay internal loans rather than being held in reserve. This has resulted in variations between *Reserves* and *Increase (decrease) in debt* in the capital side of the funding impact statement and *Finance costs* and *Internal charges and overheads applied* in the operating side of the funding impact statement.

Transport

What we do

The transport group of activities manages transportation services and assets to enable safe transportation in the district (excluding state highways). Services range from maintenance, including keeping roads free from debris and grading of gravel roads, to major capital works such as bridge replacements and road renewals.

In addition to roads, streets, streetlights, bridges and culverts, transport also manages the Around the Mountains Cycle Trail and Te Anau Airport Manapōuri, along with the water facilities including wharves, boat ramps and navigation aids. Road safety promotion is another function of the transport activity.

Why we do it

Our roads and footpaths provide Southland district communities with a safe and integrated corridor for goods and services to move throughout the district. This activity supports people's ability to live, work and travel safely throughout Southland.

Water infrastructure such as boat ramps, jetties, wharves and navigation aids enable recreational and commercial access to waterways, as well as the ability for residents and visitors to access services where the only available access is by water, such as Stewart Island Rakiura the activity also supports the environment by having stop banks and marine walls, which protect the environment from flooding, as well as safety by having aids that improve navigation.

Community outcomes

We are required to report which of the community outcomes the activity group primarily contributes to. Council's strategic framework can be found on [page 7](#). The orange shading indicates a primary outcome contribution.

Social	Environmental	Cultural	Economic
Empowered communities with the right tools to deliver the best outcomes	Kaitiakitanga (guardianship) for future generations	Inclusive connected communities	Provision of appropriate infrastructure & services

Identified effects on community wellbeing

The effect of the activity group on social wellbeing includes providing crucial infrastructure so users can connect with others and move safely around the district. It provides a cycleway and footpaths to encourage walking and biking as part of a healthy lifestyle. It also provides transport through other infrastructure such as wharves, jetties and airports to further connect communities.

Southland has the second largest roading network in the country. The effects of this network on community wellbeing are providing the means to connect people, goods and services throughout the district, and supporting people's ability to live, work, visit and travel safely. It helps business and industry to transport their goods and services. The provision of streetlighting aids the safety of the community by discouraging crime in urban areas. Road safety education is carried out to minimise the negative effects of the activity.

While transport plays an integral part in Southland district, there are inherently some significant negative effects on the community's wellbeing associated with it. We have processes in place to reduce the likeliness of their occurrence. An example of a significant negative effect is fatalities. The possibility of these occurring is reduced through maintenance, renewals and road safety strategies.

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

Roading

- Project and maintenance delivery have been impacted by an increased cost over past few years while overall roading budget has largely remained static.
- Costs have increased (e.g. bitumen) but budgets remained static so we have reprioritised the budgets.
- We received Better Off funding for footpaths which helped relieve some of the budgetary pressure and not falling even further behind on the renewals work.
- Emergency events due to weather also had an impact and we are seeing more of these due to climate change.
- Work was completed on creating Speed Management Plans with new speed limits introduced around schools with minor changes elsewhere.
- The intended review of Council's Roding Bylaw has not progressed as planned and will be looked to progress in 2024/25 year.
- SDC's transport team worked with Invercargill City Council to secure funding through the Transport Choices funding package for the installation of lockable bike stands at locations in Invercargill and Southland district. The Southland district bike stand sites are in Te Anau, Riverton and Winton. Unfortunately, with a change in Government this project did not proceed to implementation stage

Te Anau Airport Manapōuri

- Part 139 Certification has been retained until 2028, enabling large passenger aircraft to land there more than four times a month.
- Council has chosen to undertake a comprehensive review of the airport activity with the results of the review completed in October 2023.
- Crack sealing maintenance was completed along with remarking key parts of the runway.
- Flight numbers have not yet returned to pre-Covid levels. Some ATR flights and private jets have also used the airport.
- Emergency training events were held at the airport by Fire and Emergency New Zealand (FENZ).

Around the Mountains Cycle Trail

- Council manages the physical infrastructure and maintenance of the trail and the Around the Mountains Trust manages the promotional and user experience aspects of the trail.
- A new website was launched and marketing included a promotional video.

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 received:

- \$1,100,000 to upgrade the boat ramp, toilets, and car park at Pearl Harbour, to upgrade the access road and toilets at Fraser's Beach, Manapōuri,
- \$1,500,000 additional funding for the Te Anau wastewater project, and
- \$440,000 for the replacement of two boat ramps and a replacement toilet for Bluegum Point.

Stewart Island Rakiura received:

- \$99,125 to build a viewing platform at Observation Rock, and
- \$600,000 for replacement of the Ulva Island wharf.

Planned maintenance was carried out on a boat ramp at Tuatapere.

Key projects

Water facilities

Stewart Island Rakiura's Ulva Island jetty project will be a multi-year project and is currently on hold pending a report going to Council.

A masterplan for the development of the Halfmoon Bay to Golden Bay connection and infrastructure has made recommendations for future work. This will be incorporated into the next Long Term Plan.

Te Anau Airport Manapouri

A reseal of the runway was deferred to the following year.

Around the Mountains Cycle Trail

A shelter project, retaining walls and maintenance work was completed.

Roading

12 Bridges were replaced along with the upgrade of several others such as Waghorn Road bridge.

**DID YOU
KNOW?**

A sealed road has the life span of 50 to 70 years depending on the traffic using the road.

When a sealed road is re-built, we come back 12 months later to put another layer of seal on the road, this is to waterproof the layer.

Performance measures

This activity has nine KPIs. Six were achieved, one was not achieved and two were not measured.

The target not achieved, the reason included:

KPI 12.3 – the intervention type and bitumen cost increases versus the budget available meant that the planned length could not be completed.

There were 15 works programme projects in total for this activity group. There were 3 completed, 4 were still in progress, 6 were not started, 2 were deleted.

Performance measures**Performance measures - transport**

Provision of roading and footpaths (including cycle trails, airport, water facilities and bridges)			
Level of service 12: Our transport network provides for safe, comfortable and efficient travel			
How we measure performance	Target	Result	How council performed
<p>KPI 12.1: Condition of the sealed road network – The average quality of ride on sealed local road network measured by smooth travel exposure¹.</p> <p><i>This KPI monitors the condition of the sealed road network because this can impact on both the safety and comfort of road users as well as on vehicle operating and maintenance costs. It is a check of on whether the level of service to road users is being maintained. (measured bi-annually)</i></p>	Smooth Travel Exposure ¹ of ≥ 97%	0%	<p>Not measured</p> <p>This KPI is measured bi-annually. It was last measured 2022/23 and is due to be measured again in 2024/2025</p> <p>(2022/2023: achieved - 99%)</p>
<p>KPI 12.2: Percentage of gravel road tests where road roughness² meets acceptable standards</p> <p><i>This KPI measures how well maintained the unsealed road network is</i></p>	≥85%	91.3 %	<p>Achieved</p> <p>The 2023/24 survey was carried out between the 20th November to 1st December. The result was 91.3% Good or Satisfactory which is a great result and consistent with previous years</p> <p>(2022/2023: Achieved – 92%)</p>
<p>KPI 12.3: Maintenance of a sealed local road network - The percentage of sealed local road network that is resurfaced</p> <p><i>This KPI measures how well maintained the sealed road network is compared to the renewal target set in the Asset Management plan.</i></p>	6.5%	4.06%	<p>Not achieved</p> <p>At the end of the sealing season 4.06% of the network had been sealed for the year. As forecasted, this is below target but the revised contract rates and bitumen cost adjustments has resulted in a smaller delivery for the same budget.</p> <p>(2022/2023: Not achieved – 5.2%)</p>
<p>KPI 12.4: Response to service requests – The percentage of customer service requests relating to roads and footpaths to which the Council responds within the required timeframes³</p> <p><i>This KPI measures responsiveness to requests from the public.</i></p>	≥90%	96.97%	<p>Achieved</p> <p>96.97% of requests were responded to within the required timeframes in 2023/24.</p> <p>(2022/2023: Achieved – 95%)</p>
<p>KPI 12.5: Road safety – The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.</p> <p><i>This KPI focuses on road safety and is intended to provide information for members of the public on trends in road safety in their area. Improvements for this KPI include road safety education and initiatives relating to reducing the contributing factors of crashes such as alcohol, fatigue and speed.</i></p>	Reduction of 1 from prior year (22)	11	<p>Achieved</p> <p>There were eleven fatal or serious injury crashes recorded in the Crash Analysis System (CAS) database in the Southland District for 2023/24. Alcohol was a contributing factor for seven (63%) of these crashes.</p> <p>(2022/2023: Not achieved - 22)</p>

<p>KPI 12.6: Footpath condition⁴ – The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or Long Term Plan).</p> <p><i>This KPI measures the condition of the footpath to ensure that they are well maintained for pedestrian's convenience and safety. (measured Annually)</i></p>	≥70%	96%	<p>Not Measured</p> <p>This KPI is measured on an annual basis and programmed for February 2025</p> <p>(2022/2023: Achieved - 96%)</p>
<p>KPI 12.7: Around the Mountains Cycle Trail has Great Ride status</p> <p><i>This KPI monitors any steps taken to continue to maintain the great ride status. The Great Rides of the New Zealand Cycle Trail network are predominantly off-road trails. They showcase the best of New Zealand's landscapes, environment, culture and heritage. The trails are located around the country from Northland to Southland</i></p>	Retain accreditation	Accreditation retained	<p>Achieved</p> <p>The Around the Mountains Cycle Trail continues to be recognised as one of 22 Great Rides in New Zealand.</p> <p>(2022/2023: Achieved accreditation retained)</p>
<p>KPI 12.8: CAA compliance requirements for Part 139 certification is maintained</p> <p><i>This KPI monitors any steps taken to continue to maintain the certification. A part 139 certification is a requirement for an aerodrome operators' certificate. The certification is important because it allows an aerodrome serving an aeroplane having a certificated seating capacity of more than 30 passengers that is engaged in regular (more than 4 flights per month) air transport operations for the carriage of passengers:</i></p>	Retain certification	Certification retained	<p>Achieved</p> <p>The Civil Aviation Authority (CAA) has re-issued a Part 139 Aerodrome Operator Certificate to Southland District Council, which is authorised to operate the aerodrome known as Te Anau/Manapōuri. The certificate has an expiry date of 28 February 2027, a duration of five years. This allows the airport to have bigger aircraft and have a bigger seating capacity (more than 30 passengers).</p> <p>(2022/2023: Achieved certification retained)</p>
<p>Water facilities</p> <p>Level of service 13: Council provides safe and well-maintained water facilities to enable public enjoyment and access to the district's rivers, lakes and sea</p>			
<p>KPI 13.1: Water facilities requests for services are completed within specified timeframes</p> <p><i>This KPI measuring requests for service (RFS) within timeframes demonstrates that the level of service is being met</i></p>	80%	93.4%	<p>Achieved</p> <p>There was a total of 136 RFS requests received for the year and 127 completed within the agreed timeframe (93.4%).</p> <p>(2022/2023: Achieved 100%)</p>
<p>1 - Smooth travel exposure is an index that determines the proportion of travel on sealed roads which are smoother than a defined threshold.</p> <p>2 - Road roughness is measured by RoadRoid testing.</p> <p>3 - Timeframes for responding to requests related to roads and footpaths vary from 24 hours to up 60 days depending on the urgency and risk associated with the request. Overall around 80% of the Council's requests for service have a target timeframe of 10 days or less. The Transport AMP includes more detail about the individual request types and timeframes.</p> <p>4 - Footpaths are assessed and given a condition rating that uses a visual rating scale of 1-5 where 1 is the highest (3 is reasonable). The percentage is calculated according to the length of the network that meets or exceeds the average of all condition ratings.</p>			

Funding impact statement - transport

2022/2023 Budget (LTP) (\$000)	2023/2024 Budget (LTP) (\$000)		2022/2023 Actual (\$000)	2023/2024 Actual (\$000)	2023/2024 Budget (AP) (\$000)
		<i>Sources of operating funding</i>			
1,017	1,053	General rates, uniform annual general charges, rates penalties	1,170	1,404	1,399
15,779	16,649	Targeted rates	16,681	17,237	17,288
6,346	6,659	Subsidies and grants for operating purposes	7,260	8,157	7,037
42	44	Fees and charges	61	70	39
353	335	Internal charges and overheads recovered	415	479	333
-	-	Interest and dividends from investments	-	-	-
1,132	1,147	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	1,573	1,775	1,608
24,669	25,886	Total operating funding	27,158	29,121	27,705
		<i>Applications of operating funding</i>			
13,607	14,269	Payments to staff and suppliers	15,519	17,096	15,168
271	328	Finance costs ²	-	0	512
2,389	2,471	Internal charges and overheads applied ²	2,733	3,140	2,848
206	209	Other operating funding applications	243	271	243
16,474	17,277	Total applications of operating funding	18,495	20,508	18,770
8,195	8,609	Surplus (deficit) of operating funding	8,663	8,613	8,934
		<i>Sources of capital funding</i>			
9,747	9,896	Subsidies and grants for capital expenditure	7,682	12,826	12,483
-	-	Development and financial contributions	-	-	-
3,354	906	Increase (decrease) in debt	(347)	(710)	2,504
47	10	Gross proceeds from sale of assets	18	64	38
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
13,148	10,812	Total sources of capital funding	7,353	12,180	15,024
		<i>Applications of capital funding</i>			
		Capital expenditure			
-	-	▪ to meet additional demand	-	-	-
3,073	2,408	▪ to improve the level of service	470	1,514	1,555
19,122	17,488	▪ to replace existing assets	14,796	23,561	24,364
(831)	(469)	Increase (decrease) in reserves	783	(4,245)	(1,954)
(21)	(7)	Increase (decrease) in investments	(33)	(36)	(7)
21,343	19,421	Total applications of capital funding	16,016	20,793	23,959
(8,195)	(8,609)	Surplus (deficit) of capital funding	(8,663)	(8,613)	(8,934)
-	-	- Funding balance	-	-	-
¹ includes all other operating funding from sources not identified in the table.					
² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2022/2023 was \$336,000 (2022: \$245,000).					

Funding impact statement – budget variations**Operating:**

Payments to staff and suppliers were higher than budget due to increased costs incurred to maintain sealed and unsealed roads as a result of inflationary pressures and to repair roads affected by flooding. This required funding to be diverted from the capital expenditure programme to keep within the limits of the approved three-year budget. As a consequence, *subsidies and grants for operating purposes* were also higher than budget given that around half of roading expenditure is funded by New Zealand Transport Agency (NZTA).

Finance costs were less than budgeted due to Council not requiring external debt and therefore incurring minimal external interest. Instead, interest expenses relate to internal loans resulting in higher *internal charges and overheads applied*.

Local authorities fuel tax, fines, infringement fees and other receipts were higher than budgeted as a result of additional recoveries for streetlighting costs incurred on behalf of NZTA for work complete on state highways.

Capital:

Capital expenditure to replace existing assets was under budget largely as a result of no work being carried on the project to renew Golden Bay wharf on Stewart Island/Rakiura. This was partially offset by increased capital expenditure on a range of roading renewals carried over from the prior year including seal resurfacing, metalling of gravel roads as well traffic services/structures like signs, markings, guard rails etc. Subsequently, *subsidies and grants for capital expenditure* and *decrease in reserves* were both also higher than budget as a result additional NZTA subsidies and reserve funding being carried forward from 2022/23 to fund the additional roading renewal expenditure. In addition, the early repayment of debt related to the Te Anau-Manapouri airport debt using existing reserve contributed to the higher *decrease in reserves* and *decrease in debt*.

Affordable waters reform

Local water done well

Local water done well is the coalition Governments plan to address New Zealand's long standing water infrastructure challenges. Recognising the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in the future, this will be done while ensuring a strong emphasis on meeting economic, environmental and water quality regulatory requirements.

the local water done well plan strives to set out

- clear minimum requirements for water service providers
- planning and accountability for local government water services
- New Financial options for Council

The first bill was enacted February 2024, repealing the previous Governments water services legislation and restoring continued council ownership and control of water services, the second bill September 2024, establishing the Local Water Done Well framework and preliminary arrangements for the new water services system. The third bill will establish the enduring setting for the new water services system expected December 2024.

Council supplies drinking water to 12 schemes: Te Anau, Winton, Riverton, Lumsden/Balfour, Edendale/Wyndham, Otautau, Orawia, Ohai/Nightcaps, Tuatapere, Manapouri, Mossburn and Eastern Bush.

The Drinking Water Standards 2005 (rev 2018) were a set of regulations established by the MoH to provide guidelines and parameters for the quality of drinking water supplied to the public. The standards provided mandatory testing requirements for different contaminants present in drinking water.

The new drinking water standards, rules and regulations which were introduced by the new water services regulator, Taumata Arowai, from 14 November 2022 onwards.

The Drinking Water Quality Assurance Rules 2022 were introduced as a part of a broader reform in the management of drinking water safety in New Zealand to ensure the overall safety and quality of the drinking water supply through effective management practices.

Stormwater

What we do

Council aims to provide a stormwater system that is reliable, has adequate capacity and aims to protect people and property from flooding.

Why we do it

Stormwater networks are provided to reduce the impact of flooding due to rainfall. The activity protects people's property, improves road safety and mitigates accessibility/safety issues that may otherwise be caused during flooding events.

The collection, treatment and disposal of stormwater also helps to protect public health and controls the level of pollutants in stormwater discharged to waterways.

Community outcomes

We are required to report which of the community outcomes the activity group primarily contributes to. Council's strategic framework can be found on [page 7](#). The orange shading indicates a primary outcome contribution.

Social Empowered communities with the right tools to deliver the best outcomes	Environmental Kaitiakitanga (guardianship) for future generations	Cultural Inclusive connected communities	Economic Provision of appropriate infrastructure & services
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Identified effects on community wellbeing

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

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

How we did – key highlights and projects

- We worked closely with the National Transition Unit on pre-transition work for the three waters reform programme, providing information and advice across all disciplines which then switched to work for the new Local Water Done Well under the new Government and this continues

Projects include:

- Winton stormwater main upgrades in conjunction with the i&i infiltration work was completed in Arthur St through to Park St
- Lumsden investigation work and design is still progressing, and some preliminary physical works were carried out due to the September 2023 Flooding. The remaining physical works are in the 2024/25 Program
- Balfour stormwater and i&i infiltration improvements works were completed.
- Outfall improvement works for Taramea Bay, Riverton was carried out as part of the Taramea Bay development project.
- Some various minor works to aid to network improvements in Riverton were completed for 2023/2024 and will be ongoing
- Te Anau stormwater improvement design continued for Pukatahi Drive and other location with work to be scheduled 2024/25.
- Climate change is predicted to have an increased effect on our coastal towns and work is planned accordingly. Design to catchment parameters and stormwater modelling is being used for projects for countering climate change.
- Contractors' availability has improved for Council and pricing is dropping as the industry becomes more competitive.

Performance results

This activity has five KPIs with nine targets. Nine targets were achieved for the 2023/20024 year.

There were 7 work programmes projects in total for this activity group. There were 4 completed, 7 were still in progress and 1 not started.

Performance measures

Performance measures - stormwater			
Level of service 11: Provide a reliable stormwater system that protects public health and the environment			
How we measure performance	Target	Result	How council performed
<p>KPI 11.1: System adequacy - Overflows resulting from the stormwater system that result in the flooding of a habitable floor¹</p> <p>(a) The number of 'flooding events' that occur within the district. (b) For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the Council stormwater system).</p> <p><i>These KPI's are designed to measure system adequacy - how effective a stormwater system is in providing an appropriate level of protection and how well it is being managed. A stormwater system means the pipes and infrastructure (excluding roads) that collect and manage rainwater run-off from the point of connection to the point of discharge. A habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages. A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor</i></p>	a) ≤ 5 b) ≤ 1	a) 1 b) 0.11	<p>Achieved</p> <p>There was 1 flooding event that resulted in flooding of habitable floors in the reporting year to date June 2023 to June 2024 (2022/2023 – achieved – 0)</p> <p>Achieved</p> <p>There was 1 flooding event that resulted in flooding of habitable floors in the reporting year to date June 2023 to June 2024 so 0.11 property per 1,000 storm water network connections were flooded (2022/2023– Achieved – 0)</p>
<p>KPI 11.2: Discharge compliance - Compliance with the resource consents for discharge from the stormwater system, measured by the number of:</p> <p>(a) abatement notices (b) infringement notices (c) enforcement orders (d) successful prosecutions, received in relation to those resource consents.</p> <p><i>These KPI's measures discharge compliance in order to monitor the extent that resource requirements are being met to prevent harm to the environment. (the environmental impacts of its stormwater system). Non-compliance with consent conditions may indicate that SDC is not managing its processes adequately or that the infrastructure is no longer adequate</i></p>	a) 0 b) 0 c) 0 d) 0	a) 0 b) 0 c) 0 d) 0	<p>Achieved</p> <p>No abatement notices issued. (2022/2023: Achieved - 0)</p> <p>Achieved</p> <p>No infringements issued. ((2022/2023: Achieved - 0)</p> <p>Achieved</p> <p>No enforcement orders issued. (2022/2023: Achieved - 0)</p> <p>Achieved</p> <p>No prosecutions. (2022/2023: Achieved - 0)</p>
<p>KPI 11.3: Response to stormwater issues - The median response time between the time of notification and the time when service personnel reach the site when 'habitable floors' are affected by flooding resulting from faults in the stormwater system.</p>	≤ 2 hours	0	Achieved

<i>KPI measures the response to stormwater issues. It is designed to measure responses to situations where water from a stormwater system gets into buildings</i>			Attendance time when the personnel first reached the site is unknown as there is no data available due to? (2022/2023: Achieved – 0)
<p>KPI 11.4: Customer satisfaction – The number of complaints received about the performance of Council's stormwater system, expressed per 1000 properties connected to the stormwater system.</p> <p><i>KPI measures customer service to determine the quality and responsiveness of the service. It provides information on issues with a stormwater system and on how satisfied customers are with the way in which a territorial authority responds to requests to fix problems</i></p>	≤ 15 per 1000 properties	1.29 per 1000 properties	<p>Achieved</p> <p>Of the 32 RFS coded as THUSW (Transport Hazard Urban Storm Water) in the Year to Date, investigation has indicated that a significant number may have been miscoded at the initial point of contact, current estimates indicate there were up to 12 genuine storm water network infrastructure related Requests for Service. An RFS system review led by Customer Services is due be undertaken in the near future which should improve RFS coding and reporting in the future.</p> <p>(2022/2023: Achieved – 4)</p>
<p>KPI 11.5: Percentage of monitoring results that show compliance with resource consent conditions. <i>KPI monitors resource consent conditions are being met. This is important to prevent environmental harm and is a legislative requirement of being issued with the consent?</i></p>	100%	100%	<p>Achieved</p> <p>All samples taken in the 2023/2024 year are compliant.</p> <p>(2022/2023: Achieved 100%)</p>
<p>1. Habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages. A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.</p>			

Funding impact statement - stormwater

2022/2023 Budget (LTP) (\$000)	2023/2024 Budget (LTP) (\$000)		2022/2023 Actual (\$000)	2023/2024 Actual (\$000)	2023/2024 Budget (AP) (\$000)
		<i>Sources of operating funding</i>			
376	388	General rates, uniform annual general charges, rates penalties	425	492	491
1,486	1,668	Targeted rates	940	953	954
-	-	Subsidies and grants for operating purposes	-	-	-
-	-	Fees and charges	-	-	-
77	77	Internal charges and overheads recovered	40	41	39
-	-	Interest and dividends from investments	-	-	-
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	-	-	-
1,938	2,133	Total operating funding	1,405	1,486	1,484
		<i>Applications of operating funding</i>			
1,237	1,362	Payments to staff and suppliers	708	526	656
27	43	Finance costs ²	-	0	103
620	654	Internal charges and overheads applied ²	656	788	717
-	-	Other operating funding applications	-	-	-
1,885	2,059	Total applications of operating funding	1,364	1,314	1,476
53	74	Surplus (deficit) of operating funding	41	172	8
		<i>Sources of capital funding</i>			
-	-	Subsidies and grants for capital expenditure	-	5	-
-	-	Development and financial contributions	-	-	-
851	580	Increase (decrease) in debt	1,059	834	805
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
851	580	Total sources of capital funding	1,059	838	805
		<i>Applications of capital funding</i>			
		Capital expenditure			
-	-	▪ to meet additional demand	-	-	-
383	53	▪ to improve the level of service	635	357	278
515	527	▪ to replace existing assets	630	649	527
31	98	Increase (decrease) in reserves	(140)	28	32
(24)	(24)	Increase (decrease) in investments	(24)	(24)	(24)
905	654	Total applications of capital funding	1,101	1,010	814
(53)	(74)	Surplus (deficit) of capital funding	(41)	(172)	(8)
-	-	Funding balance	-	-	-
¹ includes all other operating funding from sources not identified in the table.					
² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2022/2023 was \$24,000 (2022: \$28,000).					

Funding impact statement – budget variations**Operating:**

Payments to staff and suppliers were below budget with less spent on stormwater pipe condition assessments planned to assess the state of the pipe network. A portion of the budget for these was instead used to fund maintenance costs to remedy known issues.

Finance costs were lower than budget due to Council not requiring external debt and therefore incurring minimal external interest. Instead, interest expenses relate to internal loans resulting in higher *internal charges and overheads applied*.

Capital:

Capital expenditure to improve the level of service and replace existing assets was higher than budget with additional stormwater projects delivered in Taramea Bay Riverton and Sandy Brown Road Te Anau. As a result, the *increase (decrease) in debt* was higher than budget with additional loans required to fund these projects. *Reserves* also decreased instead of increasing as budgeted with additional reserve funds also used to pay for a portion of the additional project carried out in Riverton. The budget also allowed for loan principal repayments to accumulate in reserves until the loans reached the end of their borrowing term, at which point they would be due for repayment in full (at the end of 15 years). The delay to implementing the change in approach to borrowing has meant that the principal repayments have instead been used to repay internal loans rather than being held in reserve, with reserves decreasing as a result. This has resulted in variations between *Reserves* and *Increase (decrease) in debt* in the capital side of the funding impact statement and *Finance costs* and *Internal charges and overheads applied* in the operating side of the funding impact statement.

Wastewater (sewerage)

What we do

We provide 19 wastewater schemes and associated infrastructure that collect, treat and dispose of wastewater from residential properties, businesses and public facilities in communities throughout the district. This service also includes the collection, treatment and disposal of industrial liquid wastes (commonly known as trade wastes) from industrial and commercial premises across the district.

Why we do it

The activity allows for the convenient disposal of wastewater, which helps to protect public health from the spread of disease, protects residents’ quality of life by keeping communities clean and reduces the effects of wastewater discharges into the environment. It helps to facilitate economic growth by providing core infrastructure for industry and businesses. Wastewater management contributes to Southland’s communities being desirable places to live, work and play in.

Community outcomes

We are required to report which of the community outcomes the activity group primarily contributes to. Council’s strategic framework can be found on page 7. The orange shading indicates a primary outcome contribution.

Social Empowered communities with the right tools to deliver the best outcomes	Environmental Kaitiakitanga (guardianship) for future generations	Cultural Inclusive connected communities	Economic Provision of appropriate infrastructure & services
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Identified effects on community wellbeing

The activity provides critical long-term infrastructure to communities to protect public health and reduces the effects of wastewater discharges into the environment including waterways. It considers cultural practices including the importance of clean water. It also helps to enable economic growth by providing core infrastructure for industry and businesses.

If not dealt with appropriately, wastewater can have significant negative effects on public health and the environment. Council’s work is aimed at dealing with these negative effects in ways that cause the least possible harm. Wastewater is treated to make it safe for disposal. With these major infrastructure assets, the negative effects from service failure are far more serious than the effects from service provision. We manage our assets to avoid service failures by carrying out a programme of regular monitoring and maintenance, and by prioritising critical work.

How we did – key highlights and projects

- A multi-year discharge upgrade to meet legislative requirements for Edendale/Wyndham design and options are still underway as we work towards getting a consent.
- Riversdale's multi-year wastewater treatment plant discharge upgrade physical works is completed and commissioned.
- The removal of sludge built up focus on Stewart Island Rakiura has progressed to a point the project went to the in September 2024.
- Investigation into design for the multi-year Winton, Balfour and Manapouri projects are ongoing and advancing as we obtain consents for the work. The Winton Land has been purchased for the treated effluent disposal field and the Manapouri project will go to tender November 2024
- Stewart Island Rakiura consent renewal preparation was under way. Some further adjustments to the treatment process are required in 2024/2025 and the major new Rising Main work from the Ponds to the Disposal fields have been completed.
- All of the remaining Waste Water Treatment Oxidation Ponds are now all fenced in. All of our Ponds are now fenced

Performance results

This activity has five KPIs with nine targets. The activity achieved eight targets and three targets was not achieved.

Of the targets that was not achieved, reasons included:

KPI 14.2a and b – Due to the two weather events in September 2023 and April 2024 response and resolution times for system faults were able to be met.

KPI 14.5: Three areas are currently being reconsented and an UV filter needed replacing with a larger unit.

There were 19 works programme projects in total for this activity group. There were 4 completed, and 15 were still in progress.

Performance measures

Performance measures - wastewater (sewerage)			
Level of service 14: Provide reliable wastewater (sewerage) collection and treatment services that protects public health and the environment			
How we measure performance	Target	Result	How council performed
<p>KPI 14.1: System and adequacy – The number of dry weather¹ wastewater (sewerage) overflows from the territorial authority's wastewater (sewerage) system, expressed per 1000 wastewater (sewerage) connections to that wastewater (sewerage) system.</p> <p><i>KPI measures the effectiveness of the system in providing the appropriate level of service and how well it is being managed to minimise harm to the community. Dry Weather¹ is defined as a period of 24 hours prior to an event of no catchment rainfall. An overflow means sewage that escapes a territorial authority's sewerage system and enters the environment. It includes blockages and chokes.</i></p>	<1	0	<p>Achieved</p> <p>The number of dry weather wastewater (sewerage) overflows from the territorial authority's wastewater (sewerage) system, expressed per 1000 wastewater (sewerage) connections to that wastewater (sewerage) system</p> <p>There is no overflow service request for the reporting period determined to be dry weather overflows.</p> <p>(2020/2021: Achieved 0)</p>
<p>KPI 14.2: Response to wastewater (sewerage) system faults - Where the Council attends to wastewater (sewerage) overflows resulting from a blockage or other fault in the Council's wastewater (sewerage) system, the following median response times² measured:</p> <p><i>These KPI's measures the responsiveness to issues. Measuring the response time is a way of gauging whether Council is listening to its customers and providing solutions.</i></p>			
(a) b Attendance time: from the time of notification to the time when service personnel reach the site; and	a) ≤1 hour	1.16 hours	<p>Not Achieved</p> <p>There are six total service requests for the reporting period. The median response time of notification for the reporting period is 1.16 or equivalent to 1 hour and 10 minutes, which exceeded the expected attendance response time) of 1 hour. Two of the IPS requests were due to extreme rain/flooding from 20 September to 21 September 2023, and the April 2024 IPS request was due to a heavy rain event.</p> <p>(2022/2023: Achieved – 16 minutes)</p>
(b) Resolution time: from the time of notification to the time that service personnel confirm resolution ¹ of the blockage or other fault	b) ≤6 hours	7 hour, 4 minutes	<p>Not Achieved</p> <p>There are six total service requests for the reporting period. The median resolution time of notification for the reporting period is</p>

			7.04 or equivalent to 7 hours and 2 minutes, which exceeded the expected attendance (resolution time) of 6 hours. Two IPS requests were due to extreme rain/flooding from 20 September to 21 September 2023, and the April 2024 IPS request was due to a heavy rain event. (2022/2023: Achieved – 1.51 minutes)
KPI 14.3: Customer satisfaction – The total number of wastewater (sewerage) system complaints about any of the following: (a) wastewater (sewerage) odour (b) wastewater (sewerage) system faults (c) wastewater (sewerage) system blockages; and (e) the Council's response to issues with its wastewater (sewerage) system, expressed per 1,000 connections to the Council wastewater (sewerage) system. <i>KPI measures the customer service satisfaction. It measures how satisfied customers are with the way in which Council responds to requests to fix problems</i>	≤8 per 1,000 connections	5 per 1,000 connections	Achieved There are 48 total service requests for the reporting period: The calculation for the total number of sewerage system complaints is $(48/9,658)*1000=4.96997$ Therefore, there is 5 total number of sewerage system complaints for the reporting period. (2022/2023: Achieved - 5)
KPI 14.4: Discharge compliance - Compliance with resource consents for wastewater (sewerage) discharges, measured by the total number of: <i>These KPI's measure discharge compliance in order to monitor the extent that resource requirements are being met to prevent harm to the environment. (the environmental impacts of the system). Non-compliance with consent conditions may indicate that Council is not managing its processes adequately or that the infrastructure is inadequate.</i>			
(a) Abatement notices	0	0	Achieved There were no abatement notices issued. (2022/2023: Achieved -0)
(b) Infringement notices	0	0	Achieved There were no infringement notices issued. (2022/2023: Achieved -0)
(c) Enforcement orders	0	0	Achieved There were no enforcement notices issued (2022/2023: Achieved -0)
(c) Convictions received in relation to the resource consents	0	0	Achieved There were no successful prosecutions (2022/2023: Achieved -0)
KPI 14.5: Percentage of monitoring results that show compliance with resource consent conditions. <i>KPI monitors resource consent conditions are being met. This is important to prevent environmental harm and is a legislative requirement of being issued with the consent?</i>	100%	95%	Not achieved There were 6 non-compliant results. Curio Bay for E-coli (Apex investigating), Edendale-Wyndham for DRP and Ammonia Nitrogen (beds were replaced too close to sampling), Riversdale for E-coli x2 and Ammonia Nitrogen (new consent now operative, Meadow Burn cleaned out by ES). 2023-24 Yearly compliance total of 95%. (2022/2023: Not achieved 96%)
1 - Dry Weather" is defined as a period of 24 hours prior to an event of no catchment rainfall. 2 - In accordance with operations and maintenance contract timeframes.			

Funding impact statement - wastewater

2022/2023 Budget (LTP) (\$000)	2023/2024 Budget (LTP) (\$000)		2022/2023 Actual (\$000)	2023/2024 Actual (\$000)	2023/2024 Budget (AP) (\$000)
		<i>Sources of operating funding</i>			
673	697	General rates, uniform annual general charges, rates penalties	973	1,104	1,102
5,720	6,273	Targeted rates	5,171	6,283	6,366
-	-	Subsidies and grants for operating purposes	-	-	-
-	-	Fees and charges	64	32	-
191	194	Internal charges and overheads recovered	231	265	191
-	-	Interest and dividends from investments	-	-	-
34	35	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	150	672	118
6,618	7,199	Total operating funding	6,588	8,355	7,777
		<i>Applications of operating funding</i>			
2,732	2,941	Payments to staff and suppliers	3,538	3,207	2,719
349	447	Finance costs ²	-	0	1,053
1,620	1,742	Internal charges and overheads applied ²	2,258	2,756	1,786
-	-	Other operating funding applications	-	-	-
4,702	5,131	Total applications of operating funding	5,796	5,963	5,557
1,916	2,068	Surplus (deficit) of operating funding	792	2,393	2,220
		<i>Sources of capital funding</i>			
-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	Development and financial contributions	540	-	-
5,481	4,534	Increase (decrease) in debt	433	2,484	6,826
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
5,481	4,534	Total sources of capital funding	973	2,484	6,826
		<i>Applications of capital funding</i>			
		Capital expenditure			
937	-	▪ to meet additional demand	-	-	-
5,222	5,841	▪ to improve the level of service	2,654	2,846	6,936
759	176	▪ to replace existing assets	154	2,024	1,368
528	634	Increase (decrease) in reserves	(995)	54	790
(48)	(48)	Increase (decrease) in investments	(48)	(48)	(48)
7,397	6,603	Total applications of capital funding	1,765	4,877	9,046
(1,916)	(2,068)	Surplus (deficit) of capital funding	(792)	(2,393)	(2,220)
-	-	Funding balance	-	-	-

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

² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2022/2023 was \$645,000 (2022: \$439,000).

Funding impact statement – budget variations**Operating:**

Local authorities fuel tax, fines, infringement fees and other receipts were higher than budget due to an insurance payment received to make repairs to the Edendale/Wyndham treatment plant following an accident in 2023.

Payments to staff and suppliers were higher than budget due to an increase in unplanned maintenance costs for repairing parts of the network as well as higher electricity costs across the district.

Finance costs were less than budgeted due to Council not requiring external debt and therefore incurring minimal external interest. Instead, interest expenses relate to internal loans resulting in higher *internal charges and overheads applied*.

Capital:

Capital expenditure to improve the level of service was lower than budgeted due to the timing of works associated with three wastewater treatment plant upgrades. The projects Edendale/Wyndham (\$1.1 million), Balfour (\$1.4 million), and Manapouri (\$1.7 million) have all been delayed due to consultation processes.

Capital expenditure to replace existing assets were higher than budget with the completion of work to upgrade the Riversdale treatment plant (\$285,000) carried forward from the prior year and the project to replace the rising main in Stewart Island (\$348,000) starting a year earlier than budgeted. Accordingly, the *increase (decrease) in debt* is lower than budget with the fewer loans required to fund the lower level of actual capital expenditure. *Reserves* decreased by more than the budget due to the delay in moving to external borrowing rather than borrowing internally against reserves. The budget allowed for loan principal repayments to accumulate in reserves until the loans reached the end of their borrowing term, at which point they would be due for repayment in full (at the end of 15 years). The delay to implementing the change in approach to borrowing has meant that the principal repayments have instead been used to repay internal loans rather than being held in reserve, with reserves decreasing as a result. This has resulted in variations between *Reserves* and *Increase (decrease) in debt* in the capital side of the funding impact statement and *Finance costs* and *Internal charges and overheads applied* in the operating side of the funding impact statement.

Water supply

What we do

Water is a valuable resource in Southland district, and we strive to provide a reliable and adequate supply. Council provides **ten** community drinking water supplies; **two** treated rural supplies and **nine** untreated rural water supplies for stock water only.

Why we do it

Supplying safe and clean drinking water is a fundamental requirement of life, supporting healthy communities and economic wellbeing. Water is necessary to provide critical public services, and enables economic growth. Industries, businesses, hospitals and schools all require water to function. It also contributes to community safety through the firefighting capability in most urban reticulated areas.

Community outcomes

We are required to report which of the community outcomes the activity group primarily contributes to. Council’s strategic framework can be found on **page 7**. The orange shading indicates a primary outcome contribution.

Social	Environmental	Cultural	Economic
Empowered communities with the right tools to deliver the best outcomes	Kaitiakitanga (guardianship) for future generations	Inclusive connected communities	Provision of appropriate infrastructure & services

Identified effects on community wellbeing

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

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

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

How we did – key highlights and projects

- 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.
- We continued to upgrade water plants to the new SCARDA system, which helps with plant safety.
- Our new Automation contractor AFI was appointed to monitor our systems for maintenance and repairs.
- Investigation works continued in Riverton for a major upgrade in 2024/25 due to growth of the town and new extra storage tanks were installed just prior to Xmas to help with the seasonal demand.
- Chlorine monitoring continued.
- Te Anau and Nightcaps had AC Water Main Reticulation works carried out, and more district wide work will continue into 2024/25

Key projects

- The multi-year Eastern Bush Otahu Flat water treatment plant upgrade investigation and design continues with an extension for consent granted to 2024/2025.

Performance results

This activity has five KPIs and nine targets. The activity achieved five targets and four targets were not achieved.

Of the four targets not achieved reasons included:

KPI 15.3a – one plant continues to be non-compliant due to only basic chlorination, which means when the river gets dirty during storms the chlorination isn't as effective, but a new plant with better technology is planned for the future.

KPI 15.3b – The Eastern Bush-Otahu Flat plant does not have a protozoal barrier but the plant is due to be upgraded.

KPI 15.5 – the strict DIA required methodology for measurement of this KPI include supplies that are for stock water – therefore this skews the data for the Southland District. however if stock water is taken out of the equation SDC does meet this KPI.

There were 20 works programme projects in total for this activity group. There were 10 completed, 7 are still in progress and 3 yet to start

Performance measures

Performance measures - water supply			
Level of service 15: Our water supply network provides safe, reliable and adequate supply of water			
How we measure performance	Target	Result	How council performed
KPI 15.1: Fault response times – Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured: <i>These KPI's measures the responsiveness to issues. Measuring the response time is a way of gauging whether Council is listening to its customers and providing solutions.</i>			
(a) <u>attendance</u> for urgent call-outs ¹ : from the time Council receives notification to the time that service personnel reach the site.	a) ≤ 1 hour	a) 0.27 hours	Achieved The response is within the KPI target of 1 hour (2022/2023: Achieved – 19 minutes)
(b) <u>resolution</u> of urgent call-outs ¹ : from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption;	b) ≤ 6 hours	a) 5 hours, 57 minutes	Achieved The response is within the KPI target of 6 hours (2022/2023: Achieved 4 hours, 48 minutes)
(c) <u>attendance</u> for non-urgent call-outs ¹ : from the time that Council receives notification to the time that service personnel reach the site; and	c) ≤ 4 hours	b) 0.93 hours	Achieved The response is within the KPI target of 4 hours. (2022/2023: Achieved – 57 minutes)
(d) <u>resolution</u> of non-urgent call-outs ¹ : from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	d) ≤ 24 hours	d) 22 hours, 47 minutes	Achieved The response is within the KPI target of 24 hours (2022/2023: Achieved – 23 hours, 10 minutes)

<p>KPI 15.2: Customer satisfaction – The total number of complaints received by Council about any of the following:</p> <ul style="list-style-type: none"> (a) drinking water clarity; (b) drinking water taste; (c) drinking water odour; (d) drinking water pressure or flow; (e) continuity of supply, and (f) the way Council responds to any of these issues expressed per 1,000 connections to Council's networked reticulation system. <p><i>KPI measures the customer service satisfaction. It measures how satisfied customers are with the way in which Council responds to requests to fix problems.</i></p>	≤10 per 1,000 connections	6.7 per 1,000 connections	<p>Achieved</p> <p>54 total service requests for the reporting period: 33 calls are related to (no) water supply; 14 are pressure-related, and seven are aesthetic-related.</p> <p>The calculation for the total number of water system complaints is $(54/8,057) \times 1000 = 6.7022$</p> <p>Therefore, 6.70 per 1000 connections total drinking water complaints for the reporting period.</p> <p>(2022/2023: Not achieved – 12)</p>
<p>KPI 15.3: Drinking water safety – The extent to which the Council drinking water supplies complies with:</p> <ul style="list-style-type: none"> (a) drinking water standards (bacteria compliance criteria) and 	a) 100%	a) 63.6%	<p>a) Not achieved</p> <p>Seven out of eleven plants throughout the district were compliant, and four plants were non-compliant.</p> <p>The Otahu Flat/Eastern Bush is non-compliant because of turbidity in the water. There is only basic chlorination at the scheme currently which means when the river gets dirty during storms chlorination isn't as effective. A new plant is being designed and this is expected to be installed in the near future (2026/2027). Otahu Flat/Eastern Bush is on a continuous boil water notice to reduce any potential risk. There was E-coli detected in the Eastern Bush Reticulation on Nov. 3, 2024.</p> <p>Manapouri - On September 11, 2023 - 66 mins non-compliant due high turbidity under T3.18 National Transition Unit (NTU). On February 21, 2024 non-compliant under T3.15 for 60 mins due to high turbidity.</p> <p>Ohai - On September 20-21, 2023 2 days non-compliant under T3.2 & 4 due to high turbidity</p> <p>Tuatapere is technical non-compliant due to a cartridge filtration issue.</p> <p>(2022/2023: Not achieved – 93%)</p>
<p>KPI 15.3: Drinking water safety – The extent to which the Council drinking water supplies complies with:</p> <ul style="list-style-type: none"> (b) drinking water standards (protozoal compliance criteria). <p><i>These KPI aims to inform ratepayers and consumers on whether the water supplied to them is safe to drink. This is an annual measure and it is measured in June each year.</i></p>	b) 100%	b) 36.4%	<p>b) Not achieved</p> <p>Four of the eleven plants throughout the district are compliant and Seven plants were non-compliant.</p> <p>The Otahu Flat/Eastern Bush is non-compliant because of turbidity in the water. There is only basic chlorination at the scheme currently which means when the river gets dirty during storms chlorination isn't as effective. A new plant is being designed and this is expected to be installed in the near future (2026/2027).</p> <p>The Otahu Flat/Eastern Bush is on a continuous boil water notice to reduce any potential risk. There was E-coli detected in the Eastern Bush Reticulation on Nov. 3, 2024.</p> <p>Lumsden - On February 28 (833 mins) - 29 (1440 mins), 2024, non-</p>

			<p>compliant under T3.89 - 90 caused by blown lamp not showing fault on site, on shutdown mode instead of fault mode, no alarms from SCADA.</p> <p>Manapōuri - On September 11, 2023, 66 mins non-compliant under T3.88 National Transition Unit (NTU) high turbidity. On February 21, 2024, non-compliant under T3.88 NTU for 60 mins due to high turbidity</p> <p>Mossburn - On September 28-30, 2023 non-compliant under T3.89 due to low Ultra Violet Transmittivity (UVT). On October 1-4, 2023, non-compliant under T3.89 due to low UVT. On November 27, 2023 and on December 10-15, 2023 non-compliant under T3.89 due to low UVT</p> <p>Ohai - On July 14, 2023, non-compliant under T3.74 no integrity test done.</p> <p>Otautau - On November 6-7, 2023, non-compliant under T3.89 due to low UVT.</p> <p>Winton- On November 6-7/11 and on January 24, 2024, non-compliant under T3.89 due to low UVT.</p> <p>Tuatapere is technical non-compliant due to a cartridge filtration issue. (2022/2023: Not achieved – 18 %)</p>
<p>KPI 15.4: Maintenance of the reticulated network – The percentage of water lost from the Council's networked reticulation system²</p> <p><i>KPI measures the maintenance of the reticulated network. It provides information on the state and operation of Council's water reticulation network infrastructure. High levels may indicate the network is on poor condition or is being operated inefficiently. The water loss calculation is the weighted averaged percentage loss reduction per urban drinking water supply. Currently there is a lack of district wide metering with only 4% metered. The water schemes associated with this KPI have is 464.9 kilometres of main with 96% of connections not metered.</i></p>	≤25%	17.21%	<p>Achieved</p> <p>This loss is for all schemes as per DIA requirements - 702,247 cubic meters loss Vs 4,080,000 cubic meters produced. Result based on detailed Land use analysis for unmetered water.</p> <p>(2022/2023: Achieved - 15%)</p>
<p>KPI 15.5: Demand management – The average consumption of drinking water per day, per resident within the territorial authority district.</p> <p><i>KPI measures demand management. It provides information on whether the water supply system is being managed to ensure demand does not outstrip capacity. The calculation is based on the total treated water network water supplied from all plants and sources in litres per year and the normal population serviced. The small population within the district can skew the results.</i></p>	≤ 850 litres per person per day	969 litres per person per day	<p>Not Achieved</p> <p>This result strictly in accordance with DIA requirements. Connection based analysis provides a more realistic result of 703 litres/person/day but is not compliant with DIA parameters.</p> <p>(2021/2022: Not achieved 919 litres) 2022/2023 result was calculated incorrectly</p>
<p>1 - Attendance means from the time that the Council receives notification to the time that service personnel reach the site. Resolution means from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption. "Urgent" is considered complete loss of drinking-water to an urban drinking water supply. "Non-urgent" includes all other fault/interruptions to an urban drinking water supply</p> <p>2 - The water loss calculation is the weighted averaged percentage loss reduction per urban drinking water supply</p>			

Funding impact statement – water supply

2022/2023 Budget (LTP) (\$000)	2023/2024 Budget (LTP) (\$000)		2022/2023 Actual (\$000)	2023/2024 Actual (\$000)	2023/2024 Budget (AP) (\$000)
		<i>Sources of operating funding</i>			
665	689	General rates, uniform annual general charges, rates penalties	818	941	938
5,453	5,780	Targeted rates	5,486	5,661	5,703
-	-	Subsidies and grants for operating purposes	-	-	-
-	-	Fees and charges	43	51	-
115	116	Internal charges and overheads recovered	122	117	115
-	-	Interest and dividends from investments	-	-	-
3	3	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	4	223	73
6,235	6,588	Total operating funding	6,473	6,993	6,828
		<i>Applications of operating funding</i>			
2,922	2,985	Payments to staff and suppliers	3,639	3,700	3,043
344	403	Finance costs ²	-	0	746
1,682	1,811	Internal charges and overheads applied ²	2,131	2,496	1,795
-	-	Other operating funding applications	6	6	-
4,948	5,200	Total applications of operating funding	5,776	6,201	5,585
1,287	1,388	Surplus (deficit) of operating funding	697	791	1,244
		<i>Sources of capital funding</i>			
-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	Development and financial contributions	370	-	-
3,580	3,044	Increase (decrease) in debt	2,281	3,541	4,115
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
3,580	3,044	Total sources of capital funding	2,651	3,541	4,115
		<i>Applications of capital funding</i>			
		Capital expenditure			
-	-	▪ to meet additional demand	-	-	-
2,722	2,133	▪ to improve the level of service	1,318	2,389	3,095
1,609	1,683	▪ to replace existing assets	2,000	1,860	1,640
585	664	Increase (decrease) in reserves	78	136	671
(48)	(48)	Increase (decrease) in investments	(48)	(52)	(48)
4,867	4,432	Total applications of capital funding	3,348	4,332	5,359
(1,287)	(1,388)	Surplus (deficit) of capital funding	(697)	(791)	(1,244)
-	-	Funding balance	-	-	-
¹ includes all other operating funding from sources not identified in the table.					
² interest on internal loans is included in internal charges and overheads applied. Actual interest on internal loans for 2022/2023 was \$403,000 (2022: \$253,000).					

Funding impact statement – budget variations**Operating:**

Local authorities fuel tax, fines, infringement fees and other receipts were higher than budget due to an insurance payment received for repairs to the Riverton bridge pipe following a storm in 2023.

Payments to staff and suppliers were higher than budget due to an increase in unplanned maintenance costs for repairing parts of the water supply network as well as higher electricity costs across the district.

Finance costs were less than budgeted due to Council not requiring external debt and therefore incurring minimal external interest. Instead, interest expenses relate to internal loans resulting in higher *internal charges and overheads applied*.

Capital:

Capital expenditure to improve the level of service was under budget with projects to upgrade the Eastern Bush-Otahu Flat water supply and Manapouri water treatment plant both behind scheduled delivery timelines. *Capital expenditure to replace existing assets* was over budget due to the carry forward of expenditure from prior years to complete the Te Anau AC pipe replacement project. Accordingly, the *increase (decrease) in debt* was lower than budget with the fewer loans required to fund the lower level of actual capital expenditure.

Reserves increased less than what was budgeted due to a delay in moving to external borrowing rather than borrowing internally against reserves. The budget allowed for loan principal repayments to accumulate in reserves until the loans reached the end of their borrowing term, at which point they would be due for repayment in full (at the end of 15 years). The delay to implementing the change in approach to borrowing has meant that the principal repayments have instead been used to repay internal loans rather than being held in reserve, with reserves decreasing as a result. This has resulted in variations between *Reserves* and *Increase (decrease) in debt* in the capital side of the funding impact statement and *Finance costs* and *Internal charges and overheads applied* in the operating side of the funding impact statement.

Council-controlled-organisations

Milford Community Trust

Southland District Council, Environment Southland and the Department of Conservation jointly established the Milford Community Trust in 2007 to provide leadership and governance for the Milford community. It allows the Milford community to determine its priorities and provides an avenue for local consultation and engagement, as well as public meetings. Milford Piopiotahi 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 trust has adopted a statement of intent that outlines the strategic goals, specific focus areas and activities proposed for 2022-2025.

The trust asked Council to grant it exempt council-controlled organisation status and this was approved at Council's 21 June 2023 meeting. The trust will be seeking amendments to its deed to align it with that decision. Council may rescind that exempt status at any time and must review the exemption every three years. There will be no changes to the objects of the trust.

Ownership and control of the organisation

The trust was formed as a council-controlled organisation (CCO). The Milford Community Trust is an incorporated charitable trust. This structure was chosen because it creates an obligation for trustees towards the trust beneficiaries, who in this case are the Milford community. In addition, an incorporated charitable trust can continue in perpetuity for the benefit of the future Milford community.

Significant policies

- Suspected Fraud Policy
- Sensitive Expenditure Policy
- Financial Delegations Policy

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

Nature and scope of activities

This extract is from the statement of intent and is subject to change after consultation with stakeholders. Milford Community Trust's vision is the long-term sustainability of Milford Sound Piopiotahi with a community focus.

Strategic goals and focus areas

Vision: Long-term sustainability of Milford Sound Piopiotahi, with a community focus		
Provide leadership and governance for the Milford community in Milford Sound Piopiotahi	Advocate for the general benefit of the Milford community	Co-ordinate and communicate with all parties having interests in Milford Sound Piopiotahi.
Advocating for better planning to address specific issues: highway safety, control of illegal camping, toilet facilities, community facilities, co-ordinated emergency response, and recognition of the area's World Heritage status.	Advocate on behalf of the Milford community to central government, Environment Southland, Department of Conservation, Southland District Council, iwi and other authorities.	<p>Communicate the roles of the trust and other authorities more clearly to the Milford community.</p> <p>Affirm the trust role as a voice for the Milford community.</p> <p>Maintain closer relationships with Milford infrastructure providers.</p> <p>Provide clear information to concessionaires regarding intentions and implementation of trust policies.</p> <p>Consult with the community and concessionaires to develop a strategic project plan for the trust to deliver for the benefit of the community.</p>

Planned activities/services 2022/2023

Activity description	Date	Status
Planned activities		
Advocate and assist with other organisations for strategic improvements in community planning in Milford Sound.	2022/2023	<p>There have been ongoing discussions with the Department of Conservation, primarily through their representatives who attend the trust meetings but also in relation to activities the trust is looking to pursue such as enhancements to the recreational area.</p> <p>The chair has also participated in discussions with the Stage 3 Milford Opportunities Project team who are feasibility testing the long-term masterplan for Milford that was publicly released in July 2021.</p>
Unplanned activities		
None		
Information requirements		
Draft Statement of Intent approved by the trust.	March 2023	Achieved. Availability of trustees resulted in the trust receiving and approving the report on 16 March 2023.
Final Statement of Intent prepared and circulated to key partners.	June 2023	Achieved. Council approved the Statement of Intent on 21 June 2023.
Half-yearly report prepared and circulated to key partners.	March 2023	Achieved. The trust received the report on 16 March 2023

Level of service	Key performance indicator	Target	Result	How MCT performed
Maintain a structure that facilitates local decision-making.	Number of Milford Community Trust meetings held annually.	2	1	Not achieved. The trust has not undertaken much activity as that needs to funded by the tourism operators that were struggling with borders only just opening.
Keep the Milford community informed about trust plans and outcomes	Number of public forums held in Milford each year:	1	-	Not achieved. The trust has not undertaken much activity as that needs to funded by the tourism operators who are struggling with borders only just opening. Therefore, it was not considered appropriate to hold a meeting in Milford Sound Piopiotahi.

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Sources of funding

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

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

The value of the annual concession to be charged will continue to be reviewed each year. For 2022/2023 the total amount sought from concessionaires was \$nil as the trustees decided to recognise the difficult financial environment concessionaires are in due to the effects of Covid-19 on the tourism sector. Any surplus funds will be held by the trust in its bank account for future project funding.

Te Kupeka Tiaki Taoka – Southern Regional Collections Trust Board

Te Kupeka Tiaki Taoka – Southern Regional Collections Trust, formerly known as the Southland Museum and Art Galleries Trust, is a registered charitable trust incorporated under the Charitable Trusts Act. The Trust Board consists of 5 members and 1 co-opted member, independently appointed on the basis of their knowledge, experience and commitment to pursuing the goals of the Trust. The principle responsibilities of the Board are the enhancement, preservation and maintenance of the Southern Regional Collection.

The purpose of the Board is to foster, promote and celebrate a sense of connection, understanding and awareness of the cultural, social and natural history of Murihiku, Southland, Rakiura (Stewart Island); Te Rua o Te Moko (Fiordland); Te Heke (Snares Island); Motu Ihupuku (Campbell Island); Auckland Islands, Adams Island and Antipodes Island Group (Subantarctic Islands) through the collection. In its role of service to the community, the Board provides leadership and support for the acquisition, care, research and communication, loan and exhibition of the material evidence and related information.

The primary source of Trust funding is through grants made by the Southland Regional Heritage Committee and Invercargill City Council provides administration to the Board.

Over the past year, the Board has been involved in major collections relocation and documentation projects. These projects have made significant progress for the assessment, preservation and maintenance of the Southern Regional Collection to ensure that the collection may continue to tell the stories of the Southland region.

Financial summary

	Actual 2023/2024 (\$000)	Actual 2022/2023 (\$000)
Revenue		
Grants and donations revenue – Invercargill City Council	20	20
Grant – Southland Regional Heritage Committee	1,244	1,244
Revenue from providing services	-	-
Bequests	1	1
Interest revenue	11	11
Income from sale deaccessioned items	1	1
Total revenue	1,277	1,277
Expenses		
Cost of providing services	1,335	1,335
Depreciation of property, plant and equipment	2	2
Gain/(Losses) on disposal of fixed assets	16	16
Audit fees	17	17
Total expenses	1,370	1,370

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	Actual 2023/2024 (\$000)	Actual 2022/2023 (\$000)
Total surplus/(deficit)	(93)	(93)
Net assets	1,210	1,210

Sources of funding

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

Southland Regional Development Agency Limited (trading as Great South)

Great South, Southland Regional Development Agency, is responsible for economic development and promotion of Murihiku Southland. This involves managing Murihiku Southland's regional tourism organisations and central government's Regional Business Partner (RBP) Network, as well as delivering a range of events, regional initiatives, and government-funded contracts that pave the way for development.

Through the essential support provided to Murihiku Southland, Great South provides a unified voice for the region, establishes a strong platform for regional success and takes strides towards its clear vision of even better lives through sustainable regional development.

Great South is a council-controlled organisation, jointly owned by Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Mātaura Licensing Trust, Southland Chamber of Commerce, SIT|Te Pūkenga and its member Community Trust South. It is governed by an independent Board of Directors.

Established in March 2019, Great South began full operations in July that year. Shareholding Councils fund core operational costs and contract Great South to perform specific services. Great South also holds service contracts with Central Government agencies as well as private sector partners. In August 2022, Great South signed a memorandum of understanding with all four Papatipu Rūnaka in Murihiku Southland – Awarua, Hokonui, Ōraka-Aparima, and Waihōpai.

Great South continued its work to drive growth and sustainability across Murihiku Southland. Our commitment to regional development continues as we create opportunities for our people, economy, and environment. Over the past year, we have progressed agreed priorities including;

- Regional development leadership
- Regional promotion
- Business support and diversification
- Net Zero Southland.

Key activities for 2024 - 2025

Regional development leadership

Great South's primary focus under this area was to design and complete an implementation plan for Beyond Southland 2025 Southland Long Term. The plan was approved by MBIE (the funder of this work in 2023/24 FY) and socialised and agreed to by regional leaders. Three priority projects were identified to be progressed including data, housing, and support for sustainable energy solutions.

Through this work Great South has now designed and developed DISH – Data Insights Southland Hub, an easy-to-use public interface that holds robust data sources that will aid critical decision making. The platform will host a series of dashboards and will develop reports for our councils as needed. The initial dashboards include economy, housing, environment, and tourism data.

Regional promotion

In addition to achieving strong engagement through their website and social media platforms Great South was successful in running a number of campaigns that promoted the wonderful region. The most significant was through the collaboration with Air New Zealand that ran a “Find yourself speechless in Southland” and the Southern Way campaign that promoted Southland through an eight-page spread in Kia Ora magazine.

Tourism has always been a cornerstone of Great Souths economic diversification efforts, and they continue to unlock new opportunities in this sector. the launch of an updated Murihiku Southland Destination Strategy (MSDS) 2023-2029 which has now become a key driver of sustainable tourism, setting a clear pathway to a regenerative visitor economy. Great South ran sustainable tourism webinars on biodiversity conservation in tourism businesses and continued the work with Expedia and the Travel Foundation Climate Champions Programme. Additionally, they progressed the work to make Fiordland National Park a designated Dark Sky Sanctuary and commissioned the Murihiku Southland Regional Trails Entity Report.

The Great South events team supported several new events within the Southland district including Rootstock, Blues and Jazz by the Sea, Southern Lights Rally, Flavors of Fiordland, Wapiti Weekend, Te Anau Motorama, Altitude Brewing and Garston Hops Fresh Hop Harvest Celebration, Rakiura Rhyme Machine, and Te Anau Motorama. They continued to provide national marketing and advice to events that sit within the events calendar including Distinction Hotels Te Anau Tennis Invitational, Fiordland Big 3, Kepler Challenge, Men’s Muster Fiordland, Meridian Hydro Half Marathon, Rakiura Challenge Trail Run, Revenant Ultra Adventure Run, Revitalise Music Festival, Riverton Heritage Harvest Festival, Routeburn Classic, Tour of Southland, Te Anau Manapouri Fishing Classic and the Te Anau Ukulele Festival.

Business support and diversification

Great Souths business support and diversification initiatives have continued to play a pivotal role in driving regional growth last year. Great South assisted 250 businesses through the Regional Business Partner (RBP) and Callaghan Innovation programmes and specific to the Southland district;

- 73 business engagements with businesses located in the Southland district.
- 56 business consultation meetings with SDC businesses
- \$38,612 of Capability Development funding was provided to SDC businesses (33 entities) by the Business Services team during the year.

Partnering with the Southland District Council, Great South assisted in bringing to life the Mayor’s Taskforce for Jobs (MTFJ). The MTFJ is a community employment programme, focussed on connecting young Southlanders with employment opportunities. Great Souths contract with SDC commenced in February 2024, and before 30 June we were successful in placing eight youth in work, out of which six became sustainable placements.

Through our Southland Youth Futures programme, Great South engaged with 649 high school students from across the Southland district, out of which nearly 150 students engaged in our iconic Work Ready Passport programme. Great South supported Southland district based high school students with career

exploration activities. These initiatives reinforce their commitment to developing a skilled and adaptable workforce that support our regional development aspirations.

Net Zero Southland

Great Souths leadership in sustainability has continued to shine through our Te Ara Toitū programme, which aims to guide Murihiku Southland to become carbon neutral by 2050. Great South were honoured to be recognised as an Ekos Carbon Conscious Organisation and to receive the Business Sustainability Award at The Grand Business South Awards.

Great South supported 44 businesses through our decarbonisation workshops last year and conducted 25 one-on-one meetings and mentoring sessions. They also helped 11 businesses to decarbonise their heating systems across our region. These initiatives have supported Southland in reducing our carbon emissions by 14.8% from the 2018 baseline. Our region is gaining recognition for our work in this space.

Focus Area	Objectives 30 June 2024	Target	Result	Outcome 30 June 2023
Beyond 2025 Southland Implementation Plan	BY 2025 Implementation Plan designed and approved by regional leaders and MBIE	By 30 June 2024	Achieved	Not a target for 2023
	BY 2025 – Three key projects identified and implemented	3	3	Not a target for 2023
	Reporting to regional leaders and MBIE on all workstreams that have received funding under Just Transition	By 30 June 2024	Achieved	Not a target for 2023
Attraction of visitors to Murihiku Southland	Deliver and develop 4 destination promotion campaigns	4	11 Achieved	Not a target for 2023
	facilitate 10 famils to the region	10	16 Achieved	Not a target for 2023
	Ensure at least 85% of traffic to Southland & Fiordland websites come from key markets (New Zealand, Australia, North America & Europe	85%	Southland 94% Fiordland 85%	Achieved

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			Achieved	
	From 2022-23 YE baseline: increase traffic on Southland.com and Fiordland.nz by 5% Increase total engagement across all social media channels by 5%	Social traffic target of 160,553 Fiordland social media target of 37,846	Social Media 162,415 Fiordland 43,232 Achieved	achieved
Tourism Sector Development	Progress 0 projects from the revised Murihiku Southland Destination Strategy	10	11 Achieved	Achieved
	Implement Murihiku Southland Business Events Strategy including feasibility of business events in Gore	By 30 June 2024	Draft strategy development for release in Sep 2024. Gore feasibility has not been undertaken Not achieved	Not a target for 2023
Alternative land use	Support provided to four projects that encourage land use diversification including the completion of at least 2 feasibility studies	4	7 Achieved	Not a target for 2023
Business engagements	280 business engagements	280	250	Not a target for 2023
Data Dashboards	Repository designed	Data repository designed to minimum viable product level	Achieved	Not a target for 2023
	Dashboards developed and designed and made available to councils	4	4 Achieved	Not a target for 2023
Carbon emissions reduction	120 business take part in decarbonisation workshops	120	44 Not achieved	Not achieved

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	One on one meetings with 100 business are held regarding decarbonisation	100	25	Not achieved
	10 Murihiku Southland businesses decarbonise their heating systems	10	11	achieved

Financial summary

	Actual 2022/2023 (\$000)	Actual 2023/2024 (\$000)
Revenue		
Shareholder funding	3,766	3,766
Other revenue	5,821	5,821
Total revenue	9,587	9,587
Expenses		
Employee-related costs	781	781
Directors fees	186	186
Other costs	7,809	7,809
Audit fees	87	87
Total expenses	8,863	8,863
Tax expense	182	182
Total surplus/(deficit)	541	541
Net assets	3,199	3,199

Sources of funding

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

Significant policies

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

Financial information

Financial information

This section presents the financial statements for the 2023/2024 year, comparing actuals to budget. These include statements of comprehensive income, changes in equity, financial position and cashflows. Following the statements are notes explaining these in more detail.

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

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Accounting policies

Reporting entity

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

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

The financial statements of SDC are for the year ended 30 June 2024. The financial statements were authorised for issue by Council on **X December 2024**.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently to all periods presented in these financial statements.

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

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

Measurement base

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

Functional and presentation currency

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

Basis of consolidation

Council financial statements represent the results of Council’s nine significant activity groups (detailed on pages **xxx-xxx**), including the Stewart Island Electrical Supply Authority (SIESA), as well as Council’s share of its joint ventures and associates (including 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 group financial statements represent the results of the ultimate parent, Southland District Council, and its controlled entity, Milford Community Trust.

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

other entity. Specifically, Council controls another entity if and only if Council has:

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

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

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

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

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

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

New amendment applied

Disclosure of Fees for Audit Firms' Services – Amendments to PBE IPSAS1

Disclosure of Fees for Audit Firms' Services – Amendments to PBE IPSAS1 requires entities to disclose the fees incurred for services received from its audit or review firm, and a description of each service, using the following specified categories:

- Audit or review of the financial report
- Other non-audit and non-review services:
 - Audit or Review Related Services
 - Other Assurance Services Taxation Services
 - Other Services

Specific accounting policies

a) Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are:

Rates:

- 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 overdue
- 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 typically when conditions pertaining to eligible expenditure have been fulfilled.

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

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

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

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

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

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

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

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

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

b) Borrowing costs

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

c) Grant expenditure

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

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

d) Foreign currency transactions

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

e) Leases***Operating leases***

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

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

f) Equity

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

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

- accumulated funds
- Council-created reserves (general reserve, separate account balances and rates appropriation balance)
- special reserves (managed by allocation committees)
- asset revaluation reserves
- fair value through other comprehensive revenue and expense reserve.

Reserves represent a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Council created reserves may be altered without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

Special reserves are subject to specific conditions accepted as binding by Council, which may not be revised by Council without reference to the courts or third party. Transfers from these reserves may be made only for specified purposes or when certain conditions are met.

g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

h) 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 surplus or deficit in the year of the write down.

j) 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) Impairment of financial assets

At each balance sheet date SDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised through the surplus or deficit.

l) Goods and services tax (GST)

The financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated inclusive of GST. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

m) Property, Plant and Equipment

Property, plant and equipment consist of:

- *infrastructure assets*

Infrastructure assets are the fixed utility systems owned by SDC. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

- *operational assets*

These include land, buildings, improvements, library books, plant and equipment and motor vehicles.

- *restricted assets*

Restricted assets are parks and reserves owned by the Council, which cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

- *recognition*

Property, plant and equipment is shown at cost for all asset categories other than infrastructure and heritage assets, which are at valuation; less accumulated depreciation and impairment losses.

- *additions*

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction it is recognised at fair value as at the date of acquisition.

- *disposals*

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

- *subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to SDC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

- *depreciation*

Depreciation is provided on a straight-line (SL) or on a diminishing value (DV) basis. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Estimated economic life		Depreciation	
Asset category	(years)	Percent	Method
<i>Operational assets</i>			
Improvements	4-25	4.00% - 21.00%	SL or DV
Buildings	10-100	1.00% - 10.00%	SL or DV
Light vehicles	4-8	14.40% - 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

Estimated economic life		Depreciation	
Furniture and fittings	3-13	8.50% - 30.00%	SL
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
<i>Infrastructural Assets</i>			
Electrical generation plant	1-100	4.00% - 60.00%	SL or DV
Sealed roads	5-80	1.25% - 20.00%	SL
Unsealed roads	4-5	20.00% - 25.00%	SL
Bridges	70-100	1.00% - 1.43%	SL
Footpaths	30-60	1.67% - 3.33%	SL
Streetlighting	20-40	2.50% - 5.00%	SL
Cycle trail	10-99	1.01% - 10.00%	SL
Sewerage schemes	5-100	1.00% - 20.00%	SL
Stormwater schemes	80-100	1.00% - 1.25%	SL
Water supply schemes	5-100	1.00% - 20.00%	SL
Marine assets	5-50	2.00% - 20.00%	SL
Transfer stations	10	10.00%	SL
Landfill sites	10-40	10.00%	SL
Resource Consent - Sewerage	25	4.00%	SL
Resource Consent - Water	10-15	6.66-10%	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.

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. Due to the nature of the item, art works are revalued on a three to five-yearly cycle and not depreciated.

Other assets, which would normally be classified under heritage assets, for example war memorials, have been included under “other assets”.

Other assets

Other assets (ie plant and vehicles) 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.

n) Work in progress

Assets under construction are not depreciated. Work in progress is recognised at cost less impairment. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

o) 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.

- *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% - 40.00%	SL

- *Emissions Trading Scheme*

Council has approximately 1,384 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand Emissions Trading Scheme (ETS). The implication of this for the financial accounts is twofold:

Should the land be deforested (ie the land is changed from forestry to some other purpose), a deforestation penalty will arise.

Given the deforestation restriction, compensation units are being provided from the government.

The deforestation contingency is not recognised as a liability on the statement of financial position as there is no current intention of changing the land use subject to the ETS.

However, the estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

Compensation units received are recognised based on the market value at balance date (30 June). They are recognised as income in the financial statements. They are not amortised, but are tested for impairment annually.

Emissions Trading Units are revalued annually at 30 June.

The difference between initial value or the previous revaluation, and disposal or revaluation value of the units, is recognised in other comprehensive revenue and expense.

p) Forestry assets

Forestry assets are revalued independently annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cashflows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

The costs to maintain the forestry assets are recognised in the surplus or deficit when incurred.

q) 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 amortisation 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.

r) Employee benefits

Short term benefits

Employee benefits that SDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

Long term benefits

- *long service leave and retirement leave*

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated by Council staff. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
 - the present value of the estimated future cashflows.
- *superannuation schemes*

Defined contribution schemes - Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

- *presentation of employee entitlements*

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

s) Payables and deferred revenue

Short term payables are recorded at the amount payable.

t) Provisions

SDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Financial guarantee contracts

A financial guarantee contract is a contract that requires SDC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received.

When no consideration is received a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however, if SDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill post-closure costs

SDC, as an operator, has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at their landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cashflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

u) Internal borrowings

Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

v) External borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed.

Borrowings are classified as current and non-current liabilities.

w) Borrower notes

Borrower notes are subordinated convertible debt instruments that the Council subscribes for an amount equal to 5% of the total borrowing from LGFA.

LGFA will redeem borrower notes plus interest, when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cash flow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield.

x) Investments in joint arrangements

Under PBE IPSAS 37 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of

each investor, rather than the legal structure of the joint arrangement. Council has both joint operations and joint ventures.

Council determined that the investment in the following entity meets the definition of "joint operation" and should be accounted for using the proportionate consolidation method (refer note 25):

- WasteNet (31% share)

Joint operations

Council recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in [note 25](#).

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (X) below), after initially being recognised at cost in the consolidated balance sheet.

y) Investments in associates and joint ventures

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

- Southland Regional Heritage Committee
- Emergency Management Southland
- Southland Regional Development Agency (trading as Great South)

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 and have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

SDC's investment in its associates and joint ventures is accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, an investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise post-acquisition changes in Council's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

SDC's share of an associate's or joint venture's surplus or deficit is recognised in the statement of financial performance. Any change in the associate or joint venture's other comprehensive revenue and expense is presented as part of Council's other comprehensive revenue and expense. The cumulative movements are adjusted against the carrying amount of the investment. In addition, when there has been a change recognised directly in the net assets/equity of the associate or joint venture, Council recognises its share of any changes, when applicable, in the statement of changes in net assets/equity. Unrealised gains and losses resulting from transactions between Council and the associate or joint venture are eliminated to the extent of Council's interest in the associate or joint venture.

The aggregate of the SDC's share of surplus or deficit of associates or joint ventures is shown on the face of the statement of financial

performance. This is the surplus attributable to equity holders of the associate or joint venture and therefore is surplus after tax and non-controlling interests in the controlled entities of the associates and joint ventures.

The financial statements of the associate or joint venture are prepared for the same reporting period as Council. When necessary, adjustments are made to bring the accounting policies in line with those of Council. After application of the equity method, Council determines whether it is necessary to recognise an impairment loss on Council's investment in its associate or joint venture.

Council determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case Council calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of surplus of an associate and joint venture" in the statement of financial performance.

Goodwill included in the carrying amount of the investment in associate is not tested for impairment separately; rather the entire carrying amount of the investment is tested as a single asset. When Council's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture, Council measures and recognises any remaining investment at its fair value, and accounts for the remaining investments in accordance with PBE IPSAS 29. Any difference between the carrying amount of the associate or joint venture upon loss of significant

influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in surplus or deficit.

z) Critical accounting estimates and assumptions

In preparing these financial statements SDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset. For example, Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground.
- estimating any obsolescence or surplus capacity of an asset;
- estimating the replacement cost of the asset. The replace cost is derived from recent construction contracts; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then SDC could be over or under

estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense.

To minimise this risk SDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Asset inspections, deterioration and condition modelling are also carried out regularly as part of SDC's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

aa) Critical judgements in applying SDC's accounting policies

Management has exercised the following critical judgements in applying SDC's accounting policies for the period ended 30 June 2024:

Classification of property

SDC owns a number of properties that are maintained primarily to provide housing to pensioners. The receipt of rental income from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of SDC's social housing policy and are accounted for as property, plant and equipment rather than as investment property.

bb) Statement of cashflows

Operating activities include cash and cash equivalents (as defined in (g)) received from all SDC's income sources and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of SDC.

cc) Rounding

Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.

dd) Budget figures

The budget figures are those approved by SDC in its 2023/2024 Annual Plan. The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and are consistent with the accounting policies adopted by SDC for the preparation of financial statements.

ee) Standards issued and not yet effective that have not been early adopted

Standards and amendments, issues but not yet effective that have not been early adopted are:

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 Insurance contracts was issued on 22 June 2023. The standard establishes principle for the recognition, measurement, presentation and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The group has not assessed in detail the effect of the new standard.

Financial statements

Southland District Council: Statement of comprehensive revenue and expense for the year ended 30 June 2024

	Note	COUNCIL 2022/2023 Actual (\$000)s	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	COUNCIL 2023/2024 Budget (AP) (\$000)	GROUP 2023/2024 Actual (\$000)
Income						
Rates revenue	1	59,087	59,087	63,282	63,693	63,282
Other revenue	2	13,336	13,337	17,552	12,381	17,554
Interest and dividends		460	475	717	1,911	741
Waka Kotahi NZ Transport Agency		14,349	14,349	21,266	19,182	21,266
Grants and subsidies		2,486	2,486	3,752	4,792	3,752
Other gains/(losses)	3	337	337	2,022	818	2,022
Vested assets		14,538	14,538	1,050	-	1,050
Development and financial contributions		912	912	37		37
	4	105,505	105,521	109,677	102,812	109,702
Expenditure						
Employee benefit expenses	5	17,559	17,559	18,656	20,102	18,656
Depreciation and amortisation	9	36,485	36,487	40,600	37,856	40,601
Finance costs		649	649	1,018	3,309	1,018
Other council expenditure	6	59,612	59,619	56,322	50,779	56,332
		114,305	114,313	116,596	112,047	116,608
Share of associate's surplus/(deficit)		434	434	102	-	102
SURPLUS/(DEFICIT) BEFORE TAX		(8,366)	(8,358)	(6,817)	(9,235)	(6,803)
Income tax benefit	8	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAX		(8,366)	(8,358)	(6,817)	(9,235)	(6,803)
Gain/(Loss) on assets revaluations	10	(3,740)	(3,740)	1,219	-	1,219
Gain/(Loss) on property, plant and equipment revaluations	10	165,573	165,573	100,585	104,523	100,585
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		153,468	153,475	94,987	95,288	95,001

Explanations of major variances against budget can be found in [Note 35](#).

The accompanying notes form part of these financial statements

Southland District Council: Statement of changes in equity for the year ended 30 June 2024

	Note	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	COUNCIL 2023/2024 Budget (AP) (\$000)	GROUP 2023/2024 Actual (\$000)
Balance at 1 July		1,997,701	1,998,144	2,151,168	2,031,487	2,151,169
Total comprehensive revenue and expense for the year		153,468	153,475	94,987	95,288	95,001
Balance at 30 June		2,151,168	2,151,619	2,246,155	2,126,776	2,246,620

Explanations of major variances against budget can be found in [Note 35](#).

The accompanying notes form part of these financial statements.

Southland District Council: Statement of financial position as at 30 June 2024

	Note	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	COUNCIL 2023/2024 Budget (AP) (\$000)	GROUP 2023/2024 Actual (\$000)
Equity						
Retained earnings	10	713,035	713,035	705,284	701,471	705,298
Asset revaluation reserves	10	1,390,863	1,390,863	1,491,448	1,378,894	1,491,448
Fair value reserves	10	4,526	4,526	5,745	8,266	5,745
Other equity	10	-	451	-	-	451
Other reserves	11	42,745	42,745	43,679	38,145	43,679
TOTAL EQUITY		2,151,168	2,151,619	2,246,155	2,126,776	2,246,620
Current assets						
Cash and cash equivalents	12	12,128	12,151	5,392	1,576	5,428
Trade and other receivables	13	8,019	8,026	15,424	10,984	15,433
Inventories	14	129	129	130	106	130
Other financial assets	15	1,954	2,339	12,031	443	12,416
Property, plant and equipment (held for sale)	16	-	-	-	-	-
		22,230	22,645	32,976	13,110	33,406
Non-current assets						
Property, plant and equipment	16	2,155,533	2,155,577	2,254,892	2,164,556	2,254,940
Intangible assets	17	4,597	4,597	5,728	9,017	5,728
Forestry assets	18	13,420	13,420	13,290	14,210	13,290
Investment in associates	26	2,083	2,083	2,186	1,737	2,186
Other financial assets	15	545	545	770	40,608	770
		2,176,179	2,176,223	2,276,866	2,230,128	2,276,914
TOTAL ASSETS		2,198,408	2,198,868	2,309,842	2,243,238	2,310,320
Current liabilities						
Trade and other payables	19	10,689	10,698	13,116	11,859	13,129
Deferred revenue	20	2,224	2,224	2,080	-	2,080
Contract retentions and deposits		515	515	705	572	705
Employee benefit liabilities	21	2,610	2,610	2,741	2,561	2,741
Development and financial contributions	22	1,023	1,023	1,045	1,550	1,045
Provisions	24	3	3	3	4	3
Borrowings	23	-	-	5,000	5,000	5,000
		17,064	17,073	24,690	21,545	24,703
Non-current liabilities						
Employee benefit liabilities	21	11	11	11	19	11

Provisions	24	8,365	8,365	8,186	-	8,186
Borrowings	23	21,800	21,800	30,800	94,898	30,800
		30,176	30,176	38,997	94,917	38,997
TOTAL LIABILITIES		47,240	47,249	63,687	116,462	63,700
NET ASSETS		2,151,168	2,151,619	2,246,155	2,126,776	2,246,620

Explanations of major variances against budget can be found in [Note 35](#).

The accompanying notes form part of these financial statements

Southland District Council: Statement of cashflows for the year ended 30 June 2024

	Note	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	COUNCIL 2023/2024 Budget (AP) (\$000)	GROUP 2023/2024 Actual (\$000)
Cash flows from operating activities						
Receipts from rates revenue		59,014	59,014	63,168	63,693	63,168
Receipts from Waka Kotahi NZ Transport Agency		14,016	14,016	21,266	19,182	21,266
Interest and dividends		431	442	717	1,911	743
Contribution from developers		355	355	375	-	37
Receipts from other revenue		18,655	18,655	14,724	16,649	14,724
Payment to suppliers and employees		(67,634)	(67,637)	(72,403)	(70,486)	(72,410)
Interest paid		(649)	(649)	(1,018)	(3,309)	(1,018)
GST (net)		542	543	(2,203)	-	(2,204)
Net cash inflow/(outflow) from operating activities	27	24,731	24,740	24,286	27,640	24,304
Cash flows from investing activities						
Receipts from sale of property, plant and equipment		129	129	2,022	348	2,022
Receipts from investments [^]		-	390	-	-	390
Purchase of property, plant and equipment		(26,721)	(26,721)	(37,044)	(54,078)	(37,049)
Acquisition of investments [^]		102	(283)	(10,000)	85	(10,000)
Purchase of intangible assets		-	-	-	-	-
Net cash inflow/(outflow) from investing activities		(26,491)	(26,486)	(45,022)	(53,644)	(45,027)
Cash flows from financing activities						
Proceeds from borrowings		5,000	5,000	14,000	27,344	14,000
Repayment of borrowings		-	-	-	-	-
Net cash inflow/(outflow) from financing activities		5,000	5,000	14,000	27,344	14,000
Net increase/(decrease) in cash and cash equivalents		3,240	3,254	(6,736)	1,3401	(6,723)
Cash and cash equivalents at the beginning of the year		8,887	8,897	12,128	236	12,151
Cash and cash equivalents at the end of the year		12,128	12,151	5,392	1,576	5,428

[^] Prior year comparatives have been restated for comparability.

The accompanying notes form part of these financial statements

Southland District Council: Funding impact statement for the year ended 30 June 2024 (whole of Council)

COUNCIL 2022/2023 Budget (AP) (\$000)		COUNCIL 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	COUNCIL 2023/2024 Budget (AP) (\$000)
	Sources of operating funding			
23,930	General rates, uniform annual general charges, rates penalties	24,004	25,466	25,444
35,258	Targeted rates	35,318	38,054	38,249
6,873	Subsidies and grants for operating purposes	8,213	10,952	8,617
6,404	Fees and charges	6,298	6,635	6,797
1,916	Interest and dividends from investments	451	697	1,911
2,871	Local authorities fuel tax, fines, infringement fees, and other receipts ¹	5,675	9,476	6,162
77,253	Total operating funding	79,960	91,259	87,181
	Applications of operating funding			
59,623	Payments to staff and suppliers	63,435	68,963	65,126
2,259	Finance costs ²	649	1,018	3,309
4,171	Other operating funding applications	4,207	4,444	5,921
66,053	Total applications of operating funding	68,290	74,425	74,356
11,199	Surplus (deficit) of operating funding	11,670	16,834	12,825
	Sources of capital funding			
11,387	Subsidies and grants for capital purposes	8,355	13,733	14,941
	Development and financial contributions	912	37	35
14,435	Increase (decrease) in debt	(5,000)	14,000	27,344
254	Gross proceeds from sale of assets	122	2,204	348
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
26,075	Total sources of capital funding	4,389	29,973	42,667
	Applications of capital funding			
	Capital expenditure			
-	• to meet additional demand	-	-	226
14,566	• to improve the level of service	4,238	9,469	14,536
29,891	• to replace existing assets	22,427	29,370	39,315
(1,495)	Increase (decrease) in reserves	228	450	(463)
(5,678)	Increase (decrease) in investments	(10,834)	7,518	1,878
37,275	Total applications of capital funding	16,060	46,807	55,492
(11,199)	Surplus (deficit) of capital funding	(11,670)	(16,834)	(12,825)
-	Funding balance	-	-	-
	¹ includes all other operating funding from sources not identified above.			
	² interest on internal loans are included in internal charges and overheads applied/ recovered, which offset to nil and therefore are excluded from this statement. Actual total interest on internal loans for 2023/2024 was \$2,622,000 (2023: \$1,657,000).			

Southland District Council: Reconciliation of surplus/(deficit) of operating funding to net surplus/(deficit) before tax

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)	COUNCIL/GROUP 2023/2024 Budget (AP) (\$000)
Surplus/(deficit) of operating funding from funding impact statement	11,670	(16,834)	(12,825)
Depreciation	(36,485)	(36,485)	(37,856)
Subsidies and grants for capital purposes	8,355	8,355	14,941
Development and financial contributions	912	912	35
Gain on sale	(73)	(73)	348
Vested assets	14,538	14,538	-
Forestry revaluation	410	410	470
Emission trading units	-	-	-
Landfill contingency	(8,359)	(8,359)	3
Internal capital costs	73	73	-
Share of associates	434	434	-
Share of WasteNet (31%)	159	159	-
Net surplus/(deficit) before tax in Statement of Revenue and Expense	(8,366)	(6,817)	(9,235)

Southland District Council: Notes to the financial statements for the year ended 30 June 2024

1. Rates revenue

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
General rates	23,604	25,047
Targeted rates attributable to activities		
Roading	16,329	16,669
Stormwater	940	953
Regional heritage	656	675
Hall	593	614
Local community	2,549	2,752
Pool	161	169
Water	5,249	5,440
Wastewater	5,269	6,380
Refuse	3,328	4,173
Septic tank cleaning	7	7
Rates penalties	402	402
Total revenue from rates	59,087	63,282

Rates revenue is shown net of rates remissions. SDC's rates remission policy, as set out in the 10 Year Plan, allows Council to consider the remission of rates in a number of circumstances. These include land voluntarily protected for natural, historical or cultural conservation purposes, properties that can be, but are not connected to, water and wastewater schemes, Sports Associations who have liquor licences, and licensed halls owned by general clubs, societies or associations. Remissions will also be considered where extreme financial hardship can be shown or natural calamities occur. Rates remissions during the year totalled \$564,274 (2023: \$588,323), rates on non-rateable land are included in these figures.

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates: schools, places of worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of wastewater, water or refuse.

Rating base information

In accordance with the Local Government Act 2002 Amendment Act 2014, Clause 30A of Schedule 10, the following rating base information is disclosed based on the rating base information at the end of the **preceding** financial year:

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Number of rating units within Southland District	20,746	20,993
Total rateable capital value within Southland District	23,721,287	23,838,104
Total rateable land value within Southland District	16,049,188	16,082,158

2. Other revenue

	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
Regulatory income	3,554	3,554	3,477	3,477
Other income (including Council's share of Venture Southland/WasteNet)	3,582	3,583	4,469	4,471
Provision of services	818	818	1,263	1,263
Rental and hire income	897	897	906	906
User charges	2,297	2,297	2,811	2,811
Sales revenue	1,898	1,898	4,375	4,375
Fines and infringements	56	56	35	35
Targeted water rates	235	235	217	217
Total other revenue	13,336	13,337	17,552	17,554

Operating leases as a lessor

Council owns land including freehold, reserves and endowments and these are occupied with varying forms of arrangements including licences and leases. These licences and leases range from one year to perpetual rights of renewal. Community Housing agreements are excluded from this note as they are residential tenancies. The future aggregate minimum lease payments to be collected under operating leases are as follows:

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Operating leases (as a lessor)		
Revenue on operating leases as lessor	528	481
Not later than one year	468	653
Later than one year and not later than five years	1,310	2,004
Later than five years	4,400	4,613
	6,178	7,269

3. Other gains/(losses)

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Gain/(loss) on changes in fair value of forestry assets	410	(130)
Gain/(loss) on disposal of property, plant and equipment	(73)	2,152
Total gains/(losses)	337	2,022

4. Exchange/non-exchange revenue

	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
Exchange revenue	6,925	6,940	12,626	12,650
Non-exchange revenue	98,580	98,581	97,051	97,502
Total revenue	105,505	105,521	109,677	109,702

5. Employee benefit expense

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Salaries and wages	16,901	17,901
Defined contribution plan employer contributions	662	755
Increase/(decrease) in employee entitlements	(5)	-
Total employee benefit expense	17,559	18,656

Employer contributions to defined contribution plans include contributions to KiwiSaver.

6. Other Council expenditure

	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
Audit fee - Southland District Council Annual Report ¹	182	182	188	188
Audit fee - Southland District Council prior year Annual Report additional charges	-	-	-	-
Audit fee - Southland District Council Long Term Plan	-	-	63	63
Other assurance services from Audit NZ/Deloitte ²	2	5	5	5
Grants	3,810	3,810	3,886	3,886
Contractors	30,751	30,751	32,856	32,856
Insurance	639	642	863	866
Consultants and legal fees	3,238	3,238	3,430	3,430
Operating lease costs	609	609	589	589
Donations	18	18	17	17
Impairment of receivables	25	25	41	41
Other ³	20,338	20,340	14,385	14,389
Total other expenses	59,612	59,620	56,322	56,329

Fees Paid to Auditors

	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
Audit of financial statements	182	185	188	192
Other Audit or assurance engagements provided by Deloitte				
Review of LTP			63	63
Review of Debenture Trust	4	4	5	5
Counter Corruption initiative			1	1
Total fees to auditors	186	188	256	260

7. Remuneration – Mayor, councillors and chief executive

Chief executive

The SDC chief executive appointed under Section 42 of the Local Government Act 2002 received a salary of \$379,656. (2023: \$332,610).

For the year ended 30 June 2024, the total annual cost, including fringe benefit tax, to SDC of the remuneration package being received by the chief executive is calculated at \$379,656 (2023: \$333,598).

Elected representatives	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Mayor: Tong, Gary*^ (including FBT, carpark and private use of motor vehicle)	42	-
Mayor: Rob Scott (including FBT, carpark and private use of motor vehicle) - elected October 2022	93	143
Deputy mayor: Menzies, Christine*^ (including FBT and carpark) – re-elected	53	55
Byars, Donald (including FBT and carpark) - re-elected	39	41
Boparai, Jaspreet ^ (including FBT and carpark) - elected October 2022	32	46
Chamberlain, Derek (including FBT and carpark) (Elected October 2022)	30	44
Greaney, Sarah (including FBT and carpark) (Elected October 2022)	36	49
Duffy, Paul*^ (including FBT and carpark) – re-elected	44	44
Frazer, Darren* (including FBT and carpark) – re-elected	40	42
O'Brien, Tom ^ (including FBT and carpark) (Elected October 2022)	30	44
Keast, Julie* (including FBT and carpark) – re-elected	51	49
Ruddenklau, Margaret* (including FBT and carpark) – re-elected	43	45
Spraggon, Jon (including FBT and carpark) (Elected October 2022)	29	38
Wilson, Matt (including FBT and carpark) (Elected October 2022)	31	46
Scott, Rob (including FBT and carpark)	20	-
Douglas, John^ (including FBT and carpark)	16	-
Harpur, George^ (including FBT and carpark)	13	-
Kremer, Ebel (including FBT and carpark)	20	-
Owen, Karyn	13	-
Ford, Bruce	12	-
Annual cost	686	686

Remuneration for councillors who are members of Council's Regulatory and Consents Committee* may be shown as higher than for other councillors, this committee no longer exists as of November 2022. From that date all councillors would be entitled to remuneration should a hearing be held.

This additional remuneration is related to the number of hours these councillors spend in hearings and meetings for resource consent applications. These additional costs are recovered from resource consent applicants via a separate resource consent hearing charge. The per hour fee is set by the Remuneration Authority at \$116 per hour for chairpersons (2023: \$116) and \$93 per hour for members (2023: \$93).

Remuneration for councillors who are members of the District Licensing Committee^ may be shown as higher than for other councillors. This additional remuneration is related to the number of hours these councillors spend in hearings and meetings for licensing applications. These additional costs are recovered from licensing applications. The per hour fee is set in accordance with section 195 of the Sale and Supply of Alcohol Act 2012 at \$78 per hour for chairpersons (2023: \$78) and \$51 per hour for members (2023: \$51).

Travel and other reimbursements are excluded from the above totals.

Total annual remuneration band for employees as at 30 June:	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
< \$60,000	54	33
\$60,000 - \$79,999	61	73
\$80,000 - \$99,999	46	36
\$100,000 - \$119,999	21	32
\$120,000 - \$159,999	22	17
\$160,000 - \$340,000	6	6
Total employees	210	210

Total remuneration includes non-financial benefits provided to employees. At balance date Council employed 153 (2023: 153) full-time employees, with the remaining 57 (2023: 57) staff representing 40 (2023: 40) full-time equivalent employees. As at 30 June 2024 there were 10 vacant positions (2023: 10). A full-time employee is determined on the basis of a 40-hour working week.

8. Taxation

SDC and Milford Community Trust are exempt from income tax.

9. Depreciation and amortisation expense by group of activity

	COUNCIL 2022/2023 Actual' (\$000)	GROUP 2022/2023 Actual' (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)

Depreciation and amortisation by group of activity				
Community Leadership	30	30	38	38
Community Resources	1,380	1,380	1,670	1,670
Environmental Services	109	109	111	111
Sewerage	4,749	4,749	5,026	5,026
Stormwater	1,082	1,082	1,140	1,140
Transport	25,545	25,545	29,054	29,054
Water Supply	3,172	3,172	3,283	3,283
Total by group of activity	36,067	36,067	40,600	40,600
Depreciation and amortisation by other activity				
Corporate Services ¹	418	418	278	278
Total by other activity	36,485	36,485	40,322	40,322
Depreciation and amortisation not directly related to group activities	-	1	-	1
Total depreciation and amortisation expense	36,485	36,486	40,600	40,601

¹ Council has various corporate services that have depreciation and amortisation. These corporate services are funded through internal charges which are spread over the seven activities.

10. Changes in equity and reserves

Retained earnings	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
As at 1 July	721,629	721,629	713,035	713,043
Transfer from other reserves (note 11)	(228)	(228)	(934)	(934)
Transfer from reserves	-	-	-	-
Transfer to fair value through statement of comprehensive revenue and expense reserve	-	-	-	-
Operating surplus/(deficit) for the year	(8,366)	(8,366)	(6,817)	(6,817)
Operating surplus for the year transferred to other equity (Milford Community Trust)	-	8	-	18
As at 30 June	713,035	713,043	705,284	705,284

Asset revaluation reserves	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
As at 1 July	1,225,289	1,390,863
Revaluation surplus/(deficit)	165,573	100,585
As at 30 June	1,390,863	1,491,448
Asset revaluation reserves consist of:		
<i>Infrastructural assets</i>		
Wastewater system	153,551	157,842
Water system	99,448	106,297

Stormwater system	40,365	40,950
Roading network	1,097,493	1,186,335
Artwork	6	25
Total	1,390,863	1,491,448

Fair value through statement of comprehensive revenue and expense reserve	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
As at 1 July	8,266	4,526
Net revaluation gains/(losses)	(3,740)	1,219
Transfer to retained earnings	-	-
Reclassification to surplus/(deficit) on disposal	-	-
As at 30 June	4,526	5,745

Fair value through statement of comprehensive revenue and expense reserve consist of:	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Share revaluation reserve	385	576
Emission trading unit revaluation reserve	4,141	5,100
Balanced fund revaluation		69
Total	4,526	5,745

Other equity consists of:	COUNCIL/GROUP 2022/2023	COUNCIL/GROUP 2023/2024
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	Actual (\$000)	Actual (\$000)
Milford Community Trust	451	469
Total	451	469

11. Other reserves

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
As at 1 July	42,517	42,745
Transfers from/(to) retained earnings	228	934
As at 30 June	42,745	43,679

Reserves Summary	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
Total Council created - special reserves	28,043	6,369	(7,004)	27,408
Total Council created - general reserves	11,430	3,329	(2,077)	12,682
Total restricted reserves	3,272	969	(652)	3,589
Total reserve funds	42,745	10,666	(9,733)	43,679

See [note 36](#) for detailed schedule of Council's reserves.

12. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
Cash at bank and in hand	7,128	7,151	5,392	5,428
Short term deposits and other investments maturing within three months	5,000	5,000	-	-
Total cash and cash equivalents	12,128	12,151	5,392	5,428

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Financial assets recognised in a non-exchange transaction that are subject to restrictions

Council holds unspent funds, included in cash at bank and investments, of \$3.6 million (2023: \$3.3 million) that are subject to restrictions. These unspent funds relate to trusts and bequests received, waste minimisation reserve and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

13. Trade and other receivables

	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
Rates receivables	2,263	2,263	2,601	2,601
General receivables	161	161	2,962	2,962
Other receivables	5,049	5,056	9,325	9,334
Prepayments	653	653	675	675
	8,127	8,134	15,564	15,573
Less provision for doubtful debts	(108)	(108)	(140)	(140)
Net trade and other receivables	8,019	8,026	15,424	15,433
Total receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	6,672	6,679	13,611	13,620
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,347	1,347	1,813	1,813
	8,019	8,026	15,424	15,433

Rates Write-offs

The chief executive approved the write-off of rates receivables during the year under the Local Government (Rating) Act 2002 as follows: section 90A: \$215,562 (2023: \$69,113) and section 90B: \$Nil (2023: \$Nil).

Fair value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

Expected credit loss on rates receivable

Council does not provide for any expected credit loss on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the registrar of the High Court to have the judgement enforced by sale or lease of the rating unit. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material. The ageing profile of receivables at year end is detailed below:

Aged trade and other receivables	COUNCIL 2023 Gross (\$000)	COUNCIL 2023 Impairment (\$000)	COUNCIL 2023 Net (\$000)	GROUP 2023 Gross (\$000)	GROUP 2023 Impairment (\$000)	GROUP 2023 Net (\$000)	COUNCIL 2024 Gross (\$000)	COUNCIL 2024 Impairment (\$000)	COUNCIL 2024 Net (\$000)	GROUP 2024 Gross (\$000)	GROUP 2024 Impairment (\$000)	GROUP 2024 Net (\$000)
Not past due	5,889	-	5,889	5,896	-	5,896	12,930	-	12,930	12,934	-	12,934
Past due 1-60 days	-	-	-	-	-	-	-	-	-	-	-	-
Past due 60-120 days	-	-	-	-	-	-	-	-	-	-	-	-
Past due > 120 days	2,238	(108)	2,130	2,238	(108)	2,130	2,634	(140)	2,494	2,634	(140)	2,494
Total	8,128	(108)	8,019	8,134	(108)	8,026	15,564	(140)	15,424	15,568	(140)	15,428

The ECL rates for other receivables at 30 June 2024 and 1 July 2023 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward looking macro factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

The allowance for credit losses on the Councils receivables (excluding rates), based on the credit matrix is as follows:

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Individual expected credit losses	108	140
Collective expected credit losses	-	-
Total Provision for Expected Credit Losses	108	140

Individually expected credit loss receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Movement in expected credit losses is as follows:

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Balance at 1 July	94	108
Additional provisions made during the year	14	32
Balance of individual credit losses as at 30 June	108	140

14. Inventories

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Roading	85	85
Other	44	44
	129	130

The carrying amount of inventories held for consumption that are measured at current replacement cost as at 30 June 2024 amounted to \$129,552 (2023: \$128,858). The increase in inventory during the year was \$693 (2023: write down of \$210). There have been no reversals of write-downs \$Nil (2023: \$Nil). The carrying amount of inventories pledged as security for liabilities is \$Nil (2023: \$Nil).

15. Other financial assets

Current portion	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
Short term deposits with maturities 1 - 3 months from 30 June	800	1,025	550	810
Short term deposits with maturities 4 - 12 months from 30 June	720	880	620	745
Short term loans	-	-	-	-
Unlisted shares in Civic Assurance	12	12	13	13
Unlisted shares in Milford Sound Tourism	402	402	592	592
Other financial assets	20	20	63	63
LGFA borrowers notes			125	125
Investment in managed funds			10,069	10,069
Total current portion	1,954	2,339	12,031	12,416

Non-current portion	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
External loans with maturities greater than one year	-	-	-	-
Investments with maturities greater than one year	-	-	-	-
LGFA borrowers notes	545	545	770	770
Total non-current portion	545	545	770	770
Total other financial assets	2,499	2,884	12,801	13,186

Security

Council holds a Security Stock Certificate dated 22 December 2009 for \$25,000,000 in favour of Westpac NZ Limited and Westpac Banking Corporation under a Debenture Trust Deed between SDC and Corporate Trust Limited (trading as Foundation Corporate Trust).

Fair value**Term deposits**

The carrying amount of term deposits approximates their fair value.

Short-term loans

The carrying amount of short-term loans approximates their fair value.

Unlisted shares

Unlisted shares are recognised at fair value. Due to the immaterial size and nature of Council's investment in Civic Assurance and the Milford Sound Tourism, Council has estimated the fair value of this investment based on the net assets of each entity as at 31 December and 31 March respectively.

Maturity analysis and effective interest rates

This is for short-term deposits and other investments held with banking institutions, government stock or company bonds and incorporates the following:

	COUNCIL 2023 Short term deposits (\$000)	COUNCIL 2023 Other term deposits (\$000)	COUNCIL 2023 Stocks and bonds (\$000)	COUNCIL 2023 Total (\$000)	COUNCIL 2024 Short term deposits (\$000)	COUNCIL 2024 Other term deposits (\$000)	COUNCIL 2024 Stocks and bonds (\$000)	COUNCIL 2024 Total (\$000)
Short term deposits with maturities three months or less from 30 June weighted average effective interest rate	800 4.64%	-	-	800 4.64%	550 6.01%	-	-	550 6.01%
Short term deposits with maturities of four - 12 months from 30 June weighted average effective interest rate	720 6.30%	-	-	720 6.30%	620 6.10%	-	-	620 6.10%
	1,520	-	-	1,520	1,170	-	-	1,170

	GROUP 2023 Short term deposits (\$000)	GROUP 2023 Other term deposits (\$000)	GROUP 2023 Stocks and bonds (\$000)	GROUP 2023 Total (\$000)	GROUP 2024 Short term deposits (\$000)	GROUP 2024 Other term deposits (\$000)	GROUP 2024 Stocks and bonds (\$000)	GROUP 2024 Total (\$000)
Short term deposits with maturities three months or less from 30 June weighted average effective interest rate	1,025 4.74%	-	-	1,025 4.74%	810 6.07%	-	-	810 6.07%
Short term deposits with maturities of four - 12 months from 30 June weighted average effective interest rate	880 6.24%	-	-	880 6.24%	745 6.08%	-	-	745 6.08%
	1,905	-	-	1,905	1,680	-	-	1,680

16. Property, plant and equipment

2023/2024 Actual	Cost Revaluation 1 Jul 2023 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2024 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2023 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2024 (\$000)	Carrying Amount 30 Jun 2024 (\$000)	Carrying Amount 1 Jul 2023 (\$000)
Operational Assets														
Art	76	-	-	-	-	18	94	-	-	-	-	-	94	76
Buildings	18,514	146	-	-	(37)	-	18,623	(8,992)	(467)	25	-	(9,433)	9,190	9,523
EDP hardware	1,391	37	-	-	-	-	1,427	(1,248)	(98)	-	-	(1,346)	82	143
Furniture and fittings	1,160	7	-	-	(15)	-	1,153	(538)	(148)	15	-	(671)	481	622
Improvements	9,803	1,328	-	-	(488)	-	10,644	(4,165)	(776)	464	-	(4,476)	6,168	5,640
Land	14,429	85	-	-	(2,633)	-	11,881	-	-	-	-	-	11,881	14,429
Library	1,558	161	-	-	(125)	-	1,594	(614)	(174)	125	-	(663)	931	945
Motor vehicles	2,938	109	-	-	(405)	-	2,642	(1,484)	(347)	339	-	(1,492)	1,150	1,454
Office equipment	61	33	-	-	-	-	94	(30)	(8)	-	-	(38)	57	32
Other equipment	448	10	-	-	(12)	-	445	(254)	(32)	12	-	(274)	171	194
Other plant	5,415	125	-	-	(7)	-	5,533	(4,181)	(174)	7	-	(4,348)	1,185	1,234
Landfill sites	115	-	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	844	82	-	-	-	-	926	(477)	(39)	-	-	(516)	410	367
Work in progress*	1,204	1,345	-	-	-	-	2,548	-	-	-	-	-	2,548	1,204
Work in progress – Intangibles (note 17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	57,958	3,465	-	-	(3,721)	18	57,720	(22,095)	(2,263)	987	-	(23,372)	34,348	35,863
Infrastructural assets at valuation														
Bridges	240,159	6,152	-	-	-	39,758	286,069	(5,362)	(6,307)	-	5,362	(6,307)	279,762	234,797
Footpaths	21,520	928	-	213	-	3,797	26,458	(735)	(897)	-	735	(897)	25,561	20,785
Wastewater other	169,153	-	12	1,272	-	2,262	172,699	(3,113)	(3,214)	-	3,113	(3,214)	169,485	166,040
Wastewater plant	39,758	-	115	-	-	(2,702)	37,171	(1,618)	(1,791)	-	1,618	(1,791)	35,380	38,140
Water other assets	116,668	-	5,217	709	(313)	3,237	125,518	(2,475)	(2,592)	-	2,312	(2,754)	122,764	114,193

2023/2024 Actual	Cost Revaluation 1 Jul 2023 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2024 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2023 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2024 (\$000)	Carrying Amount 30 Jun 2024 (\$000)	Carrying Amount 1 Jul 2023 (\$000)
Water plant	11,842	-	1,042	-	(109)	445	13,220	(692)	(683)	-	692	(683)	12,538	11,150
Stormwater system	45,415	-	2,514	911	-	(497)	48,343	(1,082)	(1,140)	-	1,082	(1,140)	47,203	44,332
Unsealed roads	531,206	2,705	-	-	-	3,462	537,373	(4,199)	(4,221)	-	4,199	(4,221)	533,152	527,007
Cycle trail	8,147	42	-	-	-	(230)	7,959	(153)	(162)	-	153	(162)	7,797	7,994
Sealed roads	947,564	14,278	2	742	-	17,666	980,251	(14,662)	(16,996)	-	14,662	(16,996)	963,255	932,902
Street lighting	3,355	87	18	58	-	(168)	3,349	(241)	(249)	-	241	(249)	3,100	3,113
Work in progress*	16,893	10,179	(8,920)	-	-	-	18,152	-	-	-	-	-	18,152	16,893
	2,151,679	34,370	-	3,905	(421)	67,029	2,256,561	(34,332)	(38,251)	-	34,171	(38,414)	2,218,148	2,117,346
Other assets at cost														
Marine	2,077	1	-	-	(22)	-	2,056	(272)	(47)	-	-	(318)	1,738	1,805
Runways	5,059	8	-	-	-	-	5,067	(5,059)	-	-	-	(5,059)	7	-
Resource Consent - Sewerage	516	-	-	-	-	-	516	(83)	(21)	-	-	(103)	413	434
Resource Consent - Water	94	109	-	-	-	-	203	(9)	(10)	-	-	(19)	184	85
Work in progress*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	7,746	117	-	-	(22)	-	7,841	(5,422)	(77)	-	-	(5,500)	2,342	2,324
Total SDC	2,217,383	37,953	-	3,905	(4,165)	67,047	2,322,123	(61,849)	(40,593)	987	34,171	(67,285)	2,254,838	2,155,533

2023/2024 Actual	Cost Revaluation 1 Jul 2023 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2024 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2023 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2024 (\$000)	Carrying Amount 30 Jun 2024 (\$000)	Carrying Amount 1 Jul 2023 (\$000)
Milford Community Trust														
Building	54	5	-	-	-	-	59	(9)	(1)	-	-	(11)	48	45

2023/2024 Actual	Cost Revaluation 1 Jul 2023 (\$000)	Current Year Additions (\$000)	Transfer s (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2024 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2023 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2024 (\$000)	Carrying Amount 30 Jun 2024 (\$000)	Carrying Amount 1 Jul 2023 (\$000)
Total Milford Community Trust	54	5	-	-	-	-	59	(9)	(1)	-	-	(11)	48	45
TOTAL GROUP	2,217,437	37,958	-	3,905	(4,165)	67,047	2,322,182	(61,858)	(40,593)	987	34,171	(67,296)	2,254,886	2,155,578

* Refer to table below for detail of work in progress.

2022/2023 Actual	Cost Revaluation 1 Jul 2022 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2023 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2022 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2023 (\$000)	Carrying Amount 30 Jun 2023 (\$000)	Carrying Amount 1 Jul 2022 (\$000)
Art	76	-	-	-	-	-	76	-	-	-	-	-	76	76
Buildings	16,553	1,962	-	-	-	-	18,514	(8,569)	(423)	-	-	(8,992)	9,523	7,984
EDP hardware	1,291	110	-	-	(10)	-	1,391	(1,083)	(175)	10	-	(1,245)	143	208
Furniture and fittings	936	271	-	-	(46)	-	1,160	(459)	(124)	45	-	(538)	622	477
Improvements	7,073	191	2,593	-	(54)	-	9,803	(3,604)	(596)	35	-	(4,165)	5,640	3,469
Land	10,297	-	-	3,626	(124)	-	14,429	-	-	-	-	-	14,429	10,927
Library	1,581	193	-	-	(216)	-	1,558	(655)	(174)	216	-	(614)	945	925
Motor vehicles	2,391	785	-	-	(238)	-	2,938	(1,347)	(324)	187	-	(1,484)	1,454	1,044
Office equipment	59	3	-	-	-	-	61	(24)	(6)	-	-	(30)	32	35
Other equipment	434	14	-	-	-	-	448	(221)	(33)	-	-	(254)	194	213
Other plant	5,291	(89)	236	-	(23)	-	5,415	(4,028)	(179)	26	-	(4,181)	1,234	1,263
Landfill sites	115	-	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	569	276	-	-	-	-	844	(463)	(13)	-	-	(477)	367	105
Work in progress*	3,616	558	(2,971)	-	-	-	1,204	-	-	-	-	-	1,204	3,616
Work in progress – Intangibles (note 17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	50,911	4,284	(142)	3,626	(711)	-	57,958	(20,569)	(2,047)	519	-	(22,095)	35,863	30,342

2022/2023 Actual	Cost Revaluation 1 Jul 2022 (\$000)	Current Year Additions (\$000)	Transfers (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2023 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2022 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2023 (\$000)	Carrying Amount 30 Jun 2023 (\$000)	Carrying Amount 1 Jul 2022 (\$000)
Infrastructural assets at valuation														
Bridges	157,887	877	-	-	-	81,395	240,159	(3,371)	(5,362)	-	3,371	(5,362)	234,797	154,517
Footpaths	20,582	418	60	554	-	(94)	21,520	(701)	(735)	-	701	(735)	20,785	19,881
Wastewater other	155,866	-	1,583	4,105	-	7,598	169,153	(2,864)	(3,113)	-	2,864	(3,113)	166,040	153,002
Wastewater plant	36,157	-	289	250	-	3,061	39,758	(1,497)	(1,618)	-	1,497	(1,618)	38,140	34,661
Water other assets	107,327	-	2,941	1,858	-	4,542	116,668	(2,475)	(2,475)	-	2,312	(2,475)	114,193	105,015
Water plant	11,741	-	82	-	-	19	11,842	(692)	(692)	-	662	(692)	11,150	11,078
Stormwater system	40,864	-	1,219	2,035	-	1,297	45,415	(1,082)	(1,082)	-	992	(1,082)	44,332	39,872
Unsealed roads	512,738	2,987	-	-	-	15,482	531,206	(4,199)	(4,199)	-	3,949	(4,199)	527,007	508,789
Cycle trail	7,592	15	-	-	-	540	8,147	(153)	(153)	-	142	(153)	7,994	7,451
Sealed roads	914,111	9,411	-	1,886	-	22,155	947,564	(14,662)	(14,662)	-	12,906	(14,662)	932,902	901,205
Street lighting	3,174	(4)	4	223	-	(43)	3,355	(241)	(241)	-	225	(241)	3,113	2,949
Work in progress*	15,569	7,502	(6,179)	-	-	-	16,893	-	-	-	-	-	16,893	15,569
	1,983,609	21,205	-	10,912	-	135,952	2,151,679	(29,620)	(34,332)	-	29,620	(34,332)	2,117,346	1,953,989
Other assets at cost														
Marine	864	1,250	142	-	(179)	-	2,077	(419)	(22)	169	-	(272)	1,805	445
Runways	5,059	-	-	-	-	-	5,059	(5,059)	-	-	-	(5,059)	-	-
Resource Consent - Sewerage	516	-	-	-	-	-	516	(62)	(21)	-	-	(83)	434	454
Resource Consent - Water	94	-	-	-	-	-	94	(2)	(7)	-	-	(9)	85	925
Work in progress*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	6,533	1,250	142	-	(179)	-	7,746	(5,542)	(49)	169	-	(5,422)	2,324	991
Total SDC	2,041,053	26,739	-	14,538	(891)	135,952	2,217,383	(55,731)	(36,428)	688	29,620	(61,849)	2,155,533	1,985,322

2023/2024 Actual	Cost Revaluation 1 Jul 2023 (\$000)	Current Year Additions (\$000)	Transfer s (\$000)	Vested Assets (\$000)	Current Year Disposals (\$000)	Revaluation (\$000)	Cost/ Revaluation 30 Jun 2024 (\$000)	Accumulated Depreciation and Impairment Charges 1 Jul 2023 (\$000)	Current Year Depreciation (\$000)	Current Year Disposals (\$000)	Revaluation/ Write-Off (\$000)	Accumulated Depreciation and Impairment Charges 30 Jun 2024 (\$000)	Carrying Amount 30 Jun 2024 (\$000)	Carrying Amount 1 Jul 2023 (\$000)
Milford Community Trust														
Building	-	-	-	-	-	-	-	(8)	(1)	-	-	(9)	45	46
Total Milford Community Trust	-	-	-	-	-	-	-	(8)	(1)	-	-	(9)	45	46
TOTAL GROUP	2,041,107	26,739	-	14,538	(891)	135,952	2,217,383	(55,739)	(36,429)	688	29,620	(61,858)	2,155,578	1,985,368

* Refer to table below for detail of work in progress.

Core infrastructure assets

Included within the Council assets above are the following core Council assets:

Most recent replacement cost estimate for revalued assets	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Roading	2,375,934	2,562,369
Water		
Water plant	26,892	12,538
Water other assets	199,602	122,926
Stormwater		
Stormwater system	96,920	47,203
Wastewater		
Wastewater plant	57,673	35,380
Wastewater other	276,670	169,485

Work in progress

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Buildings	75	617
Improvements	271	1,172
Information Systems	-	-
Marine	473	497
Transfer stations	-	-
Other	385	262
SIESA	-	-
Roading and Footpaths	61	96
Wastewater	5,308	10,051
Water	9,099	6,690
Stormwater	2,424	916
Total Work in Progress	18,096	20,592

Leased assets

The net value of plant and equipment held under finance lease is \$Nil (2023: \$Nil).

Insurance of assets

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, Clause 31A of Schedule 10:

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Total value of all assets that are covered by insurance contracts (carrying amount at 30 June)	87,004	87,004
Maximum amount to which these assets are insured	274,320	274,320
Total value of all assets that are covered by financial risk sharing arrangements	351,126	351,126
Maximum amount available to Council under those arrangements	150,000	150,000
Total value of all assets that are self-insured (roads, footpaths, bridges, streetlighting)	1,726,618	1,726,618
Value of any fund maintained by Council for that purpose	-	-

In the event of natural disaster, subject to Cabinet approval, the government may contribute up to 60 percent towards the restoration of water, drainage and sewerage assets, and provide a subsidy towards the restoration of roads.

Infrastructural assets

Appropriately qualified personnel from Beca have completed a revaluation of District roading, footpaths and bridge asset networks as at 30 June 2024. Land values associated with Council's roading network are recognised at cost and have not been revalued.

Additionally, Waugh Infrastructure Management Limited have completed a revaluation of the water supply, sewerage scheme and stormwater assets as at 30 June 2024.

Revaluations of roading, water, sewerage and stormwater assets are carried out annually.

Sewerage, water, stormwater, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- The replacement cost reflects existing assets and network capacity. There is possibly some obsolescence in the network due to declining populations in remote locations. However, with increasing water quality requirements, moving service populations to un-serviced populations would not support New Zealand's wider ambitions for quality of water for all. Additionally, the spread of the existing population is likely to remain and therefore the extension of the existing network is also assumed to be required in the future.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts across the South Island for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2024 quarter index and then extrapolated to June 2024) for civil constructions to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected 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 the Council could be over-or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and the International Infrastructure Management Manual, 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 asset management planning activities, which provide further assurance over useful life estimates.

Heritage assets

Council-owned heritage assets include artworks, war memorials, viaducts and railway memorabilia.

Artworks are revalued every three - five years. These have been valued by an independent valuer of International Art Centre, Auckland, as at 30 June 2024 and recorded at fair value.

War memorials, viaducts and railway memorabilia are typically vested to Council and thus are recorded at no consideration in the fixed asset schedule. Given the nature of these assets, Council is unable to determine their fair value as there is no active market for such assets.

17. Intangible assets

Computer software	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Cost		
Opening cost at 1 July	762	762
Additions	-	-
Disposals	-	-
Closing cost at 30 June	762	762
Accumulated amortisation and impairment		
Balance at 1 July	(692)	(752)
Amortisation charge	(60)	(8)
Impairment	-	-
Closing at 30 June	(752)	(760)
Net book value at 30 June	10	2

Trademarks/patents	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Opening cost at 1 July	8	8
Additions	-	-
Disposals	-	-
Closing cost at 30 June	-	-
Accumulated amortisation and impairment		
Balance at 1 July	-	-
Amortisation charge	-	-
Impairment	-	-
Closing at 30 June	-	-
Net book value at 30 June	8	8

Emission trading units	COUNCIL/GROUP 2022/2023 Units	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Units	COUNCIL/GROUP 2023/2024 Actual (\$000)
Opening balance at 1 July	109,673	8,335	113,231	4,579
Additions	-	-	-	-
Disposals / Surrendered	-	-	-	-
Change in market value 30 June	-	(3,756)	-	1,139
Closing balance at 30 June	109,673	4,579	113,231	5,718
Total intangible assets		4,579		5,718

Council is part of the Emissions Trading Scheme (ETS) for both its pre-1990 forests (mandatory participation) and its post-1989 forests (voluntary participation).

Under the ETS Council is allocated New Zealand Units (NZUs). An initial free allocation of NZUs is provided in relation to pre-1990 forests. An annual allocation of NZUs is provided in relation to post 1989 forests as carbon is sequestered (from 1 January, 2008).

Council accounts for NZUs allocated at a market value of \$50.50 per unit (2023: \$41.75).

Emission Trading Units 2024	COUNCIL/GROUP Pre-1990 Forest	COUNCIL/GROUP Post-1989 Forest	COUNCIL/GROUP Total
Productive area (hectares)	1384	116.6	1,500.6
NZUs opening balance 1 July	82,914	26,759	109,673
NZUs allocated/transferred during the year	-	-	-
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	30,317	113,231

Emission Trading Units 2023	COUNCIL/GROUP Pre-1990 Forest	COUNCIL/GROUP Post-1989 Forest	COUNCIL/GROUP Total
Productive area (hectares)	1,412.5	116.8	1,529.3
NZUs opening balance 1 July	82,914	26,759	109,673
NZUs allocated/transferred during the year	-	-	-
NZUs sold during the year	-	-	-
NZUs on hand at 30 June	82,914	26,759	109,673

Post-1990 Forests

Nil units (2023: Nil) were received during the year on 116.8 hectares of post-1989 land. Future allocation of NZUs relating to post-1989 forests will depend on the amount of carbon sequestered by those forests. The units have been valued at the balance sheet date based on the estimated market value of \$50.50 per unit (2023: \$41.75). Tax is payable on the receipt or sale of the post-1989 units. Liabilities for emissions relating to post-1990 forest land are capped at the amount of NZUs previously allocated. Accordingly, NZUs are gained as forests grow and are surrendered as forests are harvested or removed in any other way. At balance date no liability for surrender of post-1989 NZUs has been accrued, because the forests are intact.

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Expected credit losses

Emission Trading Units

Council considers there is no impairment of ETUs held as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations. ETUs have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

18. Forestry assets

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Balance at 1 July	13,010	13,420
Increase due to purchases	-	-
Gains/(losses) arising from changes attributed to physical changes	1,400	1,470
Gains/(losses) arising from changes attributed to price changes	100	(1,599)
Decreases due to harvest	(1,090)	(0.74)
Balance at 30 June	13,420	13,290

SDC owns 1,840 hectares of forest in five areas: Dipton, Gowan Hill, Ohai (2 sites), and Waikaia, which are managed as one forest. The tree crop covers 1,550 hectares (2023: 1,460 hectares). The predominant species grown in these four blocks is Radiata pine followed by Douglas fir. The age of the tree crop ranges from one year to 39 years. In the year ending 30 June 2024, Council sold 57 hectares of timber for \$0.74 million (2023: 26.3 hectares of timber for \$1.9 million).

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

Council instructed Woodlands Pacific Consulting Limited (Woodlands Pacific), to independently value its forestry assets as at 30 June 2024. Woodlands Pacific is a firm of forestry consultants and valuation experts with extensive experience valuing forests nationally and internationally. The valuation was undertaken in a manner consistent with Public Benefit Entity International Public Sector Accounting Standard 27. The objective of the PBE IPSAS 27 Standard is estimating “fair value” for financial reporting purposes.

Valuation conventions

A pre-tax discount rate of 7.5% (2023 7.5%) has been used in discounting the present value of expected future cash flows;

Only the current tree crop is valued, in accordance with the valuation standard;

Land use cost are recognised by applying notional land rental based on the prevailing market rentals of forestry land in the Otago/Southland region;

Woodlands Pacific assumes inflation will affect costs and prices equally;

Current log prices are used reverting to long-term prices.

Financial risk management strategies

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and does expect short term volatility in the domestic and export market, however council expects timber prices not to decline significantly in the foreseeable long term future. Council reviews the outlook for timber prices regularly in considering the need for further financial risk management.

The normal risks to forests in New Zealand are assumed to be incorporated into the discount rates chosen for the valuation. Forest fire is covered by way of insurance and the annual premiums are included in the overhead costs.

19. Trade and other payables

	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
<i>Payables and deferred revenue under exchange transactions</i>				
Trade payables and accrued expenses	8,286	8,294	10,232	10,246
Total	8,286	8,294	10,232	10,246
<i>Payables and deferred revenue under non-exchange transactions</i>				
Income taxes payable	225	225	248	248
Other taxes payable (ie GST and FBT)	29	29	32	32
Grants payable	222	222	322	322
Other	1,928	1,928	2,281	2,282
Total	2,404	2,404	2,885	2,885
Total trade and other payables	10,689	10,698	13,116	13,129

Payables are generally non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables approximates their fair value. All trade and other payables are current. There is nothing past due.

20. Deferred revenue

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Grants (subject to conditions not yet met)	732	445
Dog registrations in advance	220	198
Outstanding building consents	1,271	1,437
Total deferred revenue	2,224	2,080

Grants

2024 grants include:

- \$210,337 from Ministry of Business, Innovation and Employment (“MBIE”) towards the Milford opportunities project.
- \$345,651 from Better Off Funding.
- \$17,270 from Te Hau Toka Funding (Library)
- \$124,000 from Department of Internal Affairs
- \$35,125 from Department of Conservation Rock Grant

2023 grants include:

- \$210,337 from Ministry of Business, Innovation and Employment (“MBIE”) towards the Milford opportunities project.
- \$345,651 from Better Off Funding.
- \$17,270 from Te Hau Toka Funding (Library)
- \$124,000 from Department of Internal Affairs
- \$35,125 from Department of Conservation Rock Grant

Outstanding building consents

Council receives income from ratepayers to undertake required inspections at the time a building consent is issued. Each building consent typically requires multiple inspections which occur over an extended period, sometimes longer than 12 months. This inspection value is held in Councils general ledger as ‘deferred revenue’ until the work is completed, and then the income is assigned to the building team.

During 2023/2024, Council completed less ‘historical’ inspections sitting in the deferred revenue account than the volume that was added as new work assigned to the deferred revenue account. This is primarily because building work is becoming more complex and requiring a greater number of required

inspections at the time the consent is issued. As a result, the difference of value of work recognised as deferred revenue at 30 June 2024 increased by \$166K, resulting in an end of year balance of \$1.44 million (2023 \$1.27).

21. Employee benefit liabilities

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Current		
Holiday pay accrual	1,868	1,894
Long service leave	-	-
Wages accrual	742	847
	2,610	2,741
Non-current		
Retirement gratuity	11	11
Long service leave (potential)	-	-
	11	11
Total employment entitlements	2,620	2,752

Key assumptions in measuring retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability. All employees entitled to a retirement gratuity have already reached retirement age, therefore the discount rate and inflation rate were not required for this calculation as the full benefit will be paid on retirement.

22. Development and financial contributions

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Roading contributions	408	408
Wastewater contributions	-	-
Water contributions	-	-
Reserves contributions	589	611
Other contributions	26	26
Total development and financial contributions	1,023	1,045

23. Borrowings

Borrowings	Actual 2023 \$000	Actual 2024 \$000
Current		
Secured borrowings	-	5,000
Total current borrowings		5,000
Non- current		
Secured borrowings	21,800	30,800
Total non- current	21,800	30,800
Total borrowings	21,800	35,800

Council's external borrowings are secured by security stock certificates in favour of the Local Government Funding Agency under a Debenture Trust Deed between Southland District Council and Covenant Trustees Limited. The effective weighted interest rate is 4.22% for the 2023-24 year, (2022-23: 3.61%). (2023 was on an average unweighted basis 4.70%)

LGFA borrowings are due for repayment on:

Date	Actual (\$000)
April 2026	4,000
May 2028	5,000
April 2029	5,000
May 2035	8,400
April 2036	8,400
Total borrowings	35,800

Internal loans

Internal loans total \$67.3 million (2023: \$60.3 million). These loans are not represented in the statement of financial position. Council's internal loans are designed to help local communities within Southland District to develop or improve new or existing facilities and undertake other major projects. Loans are for a maximum period of 30 years depending on the nature of the project being funded. The interest rate applied to these loans was 4.35% (2023: 3%). A summary of these internal loans by group activity follows:

Internal loans	COUNCIL/GROUP Balance 2023 (\$000)	Movement between activities	COUNCIL/GROUP New Advances (\$000)	COUNCIL/GROUP Total Repayments (\$000)	COUNCIL/GROUP Balance 2024 (\$000)	COUNCIL/GROUP Interest Paid (\$000)
Internal loans by group of activity						

Community resources	10,911	(3,192)	1,864	(703)	8,879	336
Community leadership	51		-	(12)	39	2
Environmental services	275		-	(68)	207	12
Transport	10,774		397	(1,107)	10,064	469
Stormwater	1,863		875	(41)	2,697	81
Sewerage	19,333	2,580	3,236	(752)	24,397	953
Water Supply	15,100	612	4,077	(537)	19,253	683
Total by group of activity	58,306	-	10,450	(3,220)	65,536	2,536
Internal loans by other activity						
Corporate services ¹	1,975		-	(250)	1,725	86
Total by other activity	1,975		-	(250)	1,725	86
Total internal loans	60,281		10,450	(3,470)	67,261	2,622

¹ Council has various corporate services that have internal loans. These corporate services are funded through internal charges which are spread over the seven activities.

The movement in activities is to allocate three waters assets

24. Provisions

Provisions are represented by:	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Opening balance - landfill aftercare provision	10	8,369
Unused amounts reversed during the year	(3)	-
Additional provisions made in the period	8,361	(179)
Closing balance - landfill aftercare provision	8,369	8,190
Other provisions	-	-
	8,369	8,190
Current	3	3
Non-current	8,365	8,186
Closing balance	8,369	8,190

A Closed Landfill Risk Assessment report was completed in September 2022 to identify risks related to closed landfill across the District. This report then lead council to obtain further information from industry experts to quantify the best estimate of the cost to remove or protect the material in the closed landfills. As a result, Council has reflected the estimate in its landfill provision.

The cash outflows for post-closure costs are expected to occur until 2040. The long-term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking this into account and is discounted using a discount rate of 5.30%.

25. Investment in joint operations

WasteNet

Council has a 31 percent interest in WasteNet, a jointly controlled operation of Council. The principal activity of WasteNet is managing the disposal of rubbish and recycling in Southland. Council's interest in the joint venture is disclosed in the financial statements under the classifications shown below.

Council's interest in WasteNet is represented by:	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
<i>Share of:</i>		
Income	1,561	2,047
Expenses	(1,393)	(1,929)
Share of surplus/(deficit)	168	118
<i>Share of:</i>		
Current assets	1,184	1,313
Current liabilities	(604)	(614)
Equity	580	699

26. Investment in associates

Council has investments in the following associated entities:

- Southland Regional Heritage Committee (SRHC) – 33% (2023: 33%)
- Emergency Management Southland (EMS) – 28.27% (2023: 28.27%)
- Southland Regional Development Agency Limited Trading as Great South (GS) – 48.73% (2023: 48.73%).

				COUNCIL/GROUP 2023/2024 Actual (\$000)
<i>Council's interest in associates is represented by:</i>	SRHC	EMS	GS	Total
Share of income	713	530	4,672	5,913
Share of expenses	(690)	(508)	(4,362)	(5,491)
Share of surplus/(deficit)	23	22	80	422
Share of assets	364	271	3,263	3,877
Share of liabilities	(89)	-	(1,704)	(1,793)
Share of equity	275	271	1,559	2,084
Share of associates' contingent liabilities incurred jointly with other investors	-	-	-	-
Share of associates' joint commitments with other investors	14	-	-	14

				COUNCIL/GROUP 2022/2023 Actual (\$000)
<i>Council's interest in associates is represented by:</i>	SRHC	EMS	GS	Total
Share of income	713	528	4,672	5,913
Share of expenses	(690)	(439)	(4,362)	(5,491)
Share of surplus/(deficit)	23	89	309	422
Share of assets	364	250	3,263	3,877
Share of liabilities	(89)	-	(1,704)	(1,793)
Share of equity	275	250	1,559	2,084
Share of associates' contingent liabilities incurred jointly with other investors	-	-	-	-
Share of associates' joint commitments with other investors	14	-	-	14

27. Reconciliation between the operating surplus (from the statement of revenue and expense) and net cash from operating activities (from the statement of cash flows)

	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
Operating surplus/(deficit)	(8,366)	(8,358)	(8,366)	(8,358)
Add/(less) non-cash Items				
Share of associate's surplus	(346)	(346)	(346)	(346)
Depreciation and amortization	36,485	36,487	36,485	36,487
Vested assets	(14,538)	(14,538)	(14,538)	(14,538)
Forestry revaluation	(410)	(410)	(410)	(410)
Loss on emission trading units	-	-	-	-
Reclassification of work in progress (Intangibles)	-	-	-	-
Add/(less) movements in working capital items				
Trade and other receivables	1,863	1,859	1,863	1,859
Interest receivable	(29)	(29)	(29)	(29)
Inventories and work in progress	-	-	-	-
Trade and other payables	1,497	1,500	1,497	1,500
Provision				
Net GST	542	542	542	542
Development and financial contributions	(557)	(557)	(557)	(557)
Other				
Movement in employee benefit liabilities	158	158	158	158
(Gains)/losses on disposal of investments	73	73	73	73
Movement in provision for decommissioning	8,359	8,359	8,359	8,359
Net cash inflow/(outflow) from operating activities	24,731	24,740	24,731	24,740

Reconciliation of movements in liabilities arising from financing activities

	COUNCIL 2022/2023 Actual (\$000)	Cashflow Movement 2023/2024 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)
Long term borrowings	21,800	30,800	30,800
Short term borrowings	-	5,000	5,000
Total liabilities from financing activities	21,800	35,800	35,800

Financial instruments

Fair value and classification of financial instruments

	Note	Council 2022/2023	Group 2022/2023	Council 2023/2024	Group 2023/2024
Cash and cash equivalents	12	12,128	12,151	5,392	5,428
Trade and other receivables	13	8,019	8,026	15,424	15,433
Financial assets amortised cost		20,147	20,177	20,816	20,861
Term deposits	15	1,520	1,905	1,170	1,555
LGFA borrowers notes	15	545	545	895	895
Investment in managed funds	15			10,069	10,069
-Unlisted shares	15	414	414	667	667
Financial assets at FVTSD		2,479	2,864	12,801	13,186
Amortised Cost					
Financial Liabilities					
Trade and other payables	19	(10,689)	(10,698)	(13,116)	(13,129)
Borrowings - Secured loans	23	(21,800)	(21,800)	(35,800)	(35,800)
Financial liabilities at amortised cost		(32,489)	(32,498)	(48,916)	(48,929)

FVTOCRE = Fair value through other comprehensive revenue and expense

FVTSD = Fair value through surplus or deficit

Fair Value

The Council carries certain financial assets and financial liabilities at fair value, in accordance with PBE IPSAS 30.

Valuation techniques with non-observable inputs (level 3)

The table below provides a reconciliation from the operating balance to the closing balance for the level 3 fair value measurements

	Actual 2023 \$000	Actual 2024 \$000
Balance as at 1 July	398	414
Gain and losses recognised in the surplus or deficit	13	191
Balance as at 30 June	414	605

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

Financial instruments risk.

Council has policies providing risk management for interest rates and the concentration of credit risk. Council is risk averse and seeks to minimise exposure from its treasury activities and has established a treasury policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment. Council's exposure to fair value rate risk is limited to its short-term bank deposits at floating interest rates and a bank advance facility.

The interest rates on Council's investments are disclosed in note 15. There are no interest rate options or interest rate swap agreements in place at 30 June 2024 (2023: Nil).

Sensitivity analysis

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial exposures at the balance date.

Interest rate risk	COUNCIL/GROUP 2022/20223 Actual (\$000)		COUNCIL/GROUP 2023/2024 Actual (\$000)	
	+100bps	-100bps	+100bps	-100bps
Cash and cash equivalents	121	(121)	54	(54)
Borrowings	218	(218)	358	(358)

Explanation of sensitivity analysis

Cash and cash equivalents include short-term deposits at call totalling \$Nil (2023: \$5.0 million) which are at fixed rates. A movement in interest rates of plus or minus 1.0 percent has an effect on interest income of \$Nil (2023: \$Nil).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council has minimal transaction in the overseas market so the exposure to this risk is very low.

Credit risk

Credit risk is the risk that a third party will default on its obligations to Council causing Council to incur a loss.

SDC has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances and company bonds.

Council limits the amount of credit exposure to any one institution by using a risk weighting methodology based on Standard and Poor's credit ratings.

In the normal course of business Council incurs credit risk with both general and rates debtors. Council has approved a credit control policy to monitor and manage its exposure to this credit risk and has special legislative powers to collect rates.

Council's maximum exposure to each class of financial instruments is as follows:

	Note	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
Cash and cash equivalents	12	12,128	12,151	5,392	5,428
Trade and other receivables (excluding prepayments)	13	7,366	7,373	15,424	15,433
Other financial assets (excluding shares in companies)	15	2,085	2,470	2,085	2,470
Total credit risk		21,579	21,994	21,579	21,994

	Note	COUNCIL 2022/2023 Actual (\$000)	GROUP 2022/2023 Actual (\$000)	COUNCIL 2023/2024 Actual (\$000)	GROUP 2023/2024 Actual (\$000)
Cash at bank and term deposits					
AA-	12, 15	13,648	14,056	13,648	14,056
Total cash at bank and term deposits		13,648	14,056	13,648	14,056
Other financial assets					
AA-	15	434	434	434	434
Total financial assets		434	434	434	434

Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the ability to access investment funds whenever necessary.

Contractual maturity analysis of financial assets and liabilities

The table below analyses Council's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Note	Less than 1 Year	1 Year	2 years plus	COUNCIL Total 2024
Financial assets					
Cash and cash equivalents	12	5,392	-	-	5,392
Trade and other receivables (excluding prepayments)	13	14,749	-	-	14,749
Other financial assets (excluding shares in companies)	15	11,426	-	-	12,196
Financial liabilities					
Trade and other payables	19	13,116	-	-	13,116
Borrowings	23	5,000	-	30,800	35,800

	Note	Less than 1 Year	1 Year	2 years plus	GROUP Total 2024
Financial assets					
Cash and cash equivalents	12	5,428	-	-	5,428
Trade and other receivables (excluding prepayments)	13	14,758	-	-	14,758
Other financial assets (excluding shares in companies)	15	12,706	-	-	2,470
Financial liabilities					
Trade and other payables	19	10,698	-	-	10,698
Borrowings	23	5,000	-	30,800	30,800

	Note	Less than 1 Year	1 Year	2 years plus	COUNCIL Total 2023
Financial assets					
Cash and cash equivalents	12	12,128	-	-	12,128
Trade and other receivables (excluding prepayments)	13	7,366	-	-	7,366
Other financial assets (excluding shares in companies)	15	2,085	-	-	2,085
Financial liabilities					
Trade and other payables (excluding taxes payable)	19	10,689	-	-	10,689
Borrowings	23	-	5,000	16,800	21,800

	Note	Less than 1 Year	1 Year	2 years plus	GROUP Total 2023
Financial assets					
Cash and cash equivalents	12	12,151	-	-	12,151

Trade and other receivables (excluding prepayments)	13	7,373	-	-	7,373
Other financial assets (excluding shares in companies)	15	2,470	-	-	2,470
Financial liabilities					
Trade and other payables	19	10,698	-	-	10,698
Borrowings	23	-	5,000	16,800	21,800

28. Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Council would have adopted in dealing with the party at arm's length in the same circumstances.

Key Management Personnel	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
<i>Councillors</i>		
Remuneration	686	686
Full-time equivalent members	13 FTE	13 FTE
<i>Executive leadership team, including the chief executive</i>		
Remuneration	1,422	1,422
Full-time equivalent members	5.71	5.71
Total key management personnel compensation	2,108	2,108
Total full-time equivalent personnel	18.71 FTE	18.71 FTE

Key management personnel include the mayor, councillors, chief executive, chief financial officer, people and capability manager, group manager programme delivery, group manager infrastructure and environmental services and group manager democracy and community.

Due to the difficulty in determining the full-time equivalent for councillors, the full-time equivalent figure is taken as the number of councillors.

29. Events after balance date

The September 2023 flooding has caused damage requiring urgent repairs across the district where landslips and washouts have occurred. It may cost up to \$2 million to repair this damage. A submission is being made to Waka Kotahi for emergency works requesting approval for the additional programme to be funded by the standard funding assistance rate.

30. Statement of contingencies

A contingency represents future expenditure that either:

May or may not be expended, in part or in full, at some future date; or

Future expenditure that will be incurred at a future date, but which is unable to be quantified at this time.

Contingent liabilities

Contingent liabilities as at 30 June 2024 total \$NIL (2023: \$Nil). Specific details are as follows:

(a) Guarantees

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA for local currency and a foreign currency rating of AA+ as at 30 June 2024.

LGFA Shareholders consist of the New Zealand Government (20%) and local authority shareholders (80%). The New Zealand Government shareholding is fully paid. The uncalled capital of local authority shareholders is \$20 million and this is available in the event that an imminent default is identified. Also, together with the shareholders and guarantors, the council is a guarantor of all the LGFA borrowings. At 30 June 2024 LGFA had bond borrowings totalling \$15,160 million (\$14,015 million)

"Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- (a) we are not aware of any local authority debt default events in New Zealand; and
- (b) local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required."

(b) Council Mutual Insurance Fund - Riskpool

Council withdrew as a member of a mutual liability fund, Riskpool, as at 30 June 2015. The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified

(c) Emission Trading Scheme

Council owns approximately 1,840 hectares of forest, of which 1,384 hectares are pre-1990 land under the Emissions Trading Scheme. Of this harvested land, 53.86 hectares has not yet been replanted at 30 June 2024 (2023: 53.86) and carries a potential deforestation liability of \$2,023,639 if the land is not replanted within four years. It is Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

(d) Building Act claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done. At the date of this report there were no matters under this Act which would indicate a liability to Council (2022: \$160,000)

(e) Weather-tight homes claims

The Weather-tight Homes Resolution Services (WHRS) no longer receives claim applications however still provide an advice and mediation service to resolve leaky home disputes. Included in the Building Act potential liability noted in (b) above are potentially for weather-tight home claims. However, as of 30 June 2023 (2022: Nil), no claims have been lodged with Council.

(f) Resource Management Act 1991 (RMA) prosecutions

As part of day to day operations, Council pursue a range of enforcement actions for breaches of the RMA. During 2022/2023, Council pursued an enforcement order in relation to non-permitted clearance of indigenous vegetation and earthworks. A court date was set for April 2023 and a decision was made to settle out of court. Additionally, Council had one other case in front of the court for enforcement matters as at 30 June 2023. As at the 13 September 2023, the case is still underway. If unsuccessful, the Court may order Council to pay the respondent's costs

(g) Water services reform programme

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023"

(h) Closed landfill sites

A risk assessment of the closed landfills has been completed as part of an ongoing environmental management plan. The assessment has identified 15 landfills which are considered to present a possible risk due to potential discharges to groundwater or surface water. A two-year sampling regime will be undertaken before council knows what, if any, impact these sites will have on the environment and what possible obligation Council will incur. (permitted activity)

Contingent assets

Council has no contingent assets as at 30 June 2024 (2023: Nil).

31. Capital and operating lease commitments

A commitment exists where Council has entered into contracts but the goods and/or services have not been provided by balance date.

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Capital commitments		
<i>Commitments for capital expenditure contracted, but not provided for:</i>		
Water system	616	616
Stormwater system	421	421
Sewerage system	1,155	1,155
Roading	7,920	7,920
Other	518	518
	10,631	10,631

	COUNCIL/GROUP 2022/2023 Actual (\$000)	COUNCIL/GROUP 2023/2024 Actual (\$000)
Operating leases (as a lessee)		
<i>Commitments for non-cancellable operating leases:</i>		
Not later than one year	384	384
Later than one year and not later than five years	757	757
Later than five years	80	80
	1,220	1,220

32. Severance payments

For the year ended 30 June 2024, Council made four severance payments of \$84,306 (2023: three employees totalling \$30,500).

33. Capital management

Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Council has the following Council-created reserves:

- reserves for different areas of benefit;
- general reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

General reserves are built up typically from specific events (ie an asset sale) and are made available for specific unforeseen events or major projects. The release of these funds can generally only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purpose they were donated.

34. Explanation of major variances against budget

	Note	COUNCIL 2023/2024 Actual (\$'000)
Revenue (excluding asset development revenue)	(a)	15,105
Asset development revenue		
- Development and financial contributions		912
Expenditure	(b)	19,630
Net impact of variance on surplus/(deficit)		(3,613)
Revaluation surplus	(c)	116,492
Total variance in Statement of comprehensive revenue and expense		109,573

Explanatory notes:**Statement of comprehensive revenue and expense****(a) Revenue**

Total operating revenue was \$6.8m higher than the annual plan comprising:

- rates revenue was \$63.3m (annual plan \$63.7m). This includes \$0.4m rates penalty income, outlined in the table below.
- Waka Kotahi NZTA \$21.3m (annual plan \$19.2m). This favourable variance comprises \$1.1m for pavement rehabilitation carried forward and \$0.9m for school signage.
- other revenue \$17.4m (annual plan \$12.4m). This favourable variance comprises \$2.0m for Council's share of WasteNet revenues which were excluded from the Annual Plan, \$1.8m for Forestry Harvesting income relating to works carried forward and an adjustment to future harvesting schedules, and \$0.5m from the Fiordland Housing Trust settlement.
- interest and dividends \$0.7m (annual plan \$1.9m). This unfavourable variance is due to lower than planned Balanced Fund Investments.
- grants and subsidies \$3.7m (annual plan \$4.8m). This unfavourable variance comprises \$2.0m relating to the deferred start of the 'better off' grant funding programme from DIA, partially offset by receipt of \$1.0m in recovery funds relating to the Bluecliffs landfill site emergency event.
- other gains and losses \$2.0m (annual plan \$0.8m). This favourable variance comprises \$1.9m relating to Luxmore land sale and \$0.5m for a sewerage insurance claim, partially offset by a forestry revaluation loss of \$0.6m and a loss of \$0.4m relating to the Matuku sale of assets to consumers.

- vested assets \$1.0m (annual plan \$0.0m)

(b) Expenditure

Total operating expenditure was \$4.5m higher than the annual plan comprising:

- Employee benefits \$18.7m (annual plan \$20.1m). The favourable variance is due to the impact of the restructure, higher than planned staff turnover and delays in recruiting staff in the building solutions and resource management areas.
- Depreciation and amortisation \$40.6m (annual plan \$37.9m). This unfavourable variance is due to actual inflation rates being higher than the annual plan assumptions.
- Finance costs \$1.0m (annual plan \$3.3m). This favourable variance is due to lower than planned LGFA borrowings.

Other \$56.3m (annual plan \$50.8m). This comprises \$6.7m in unfavourable variances (overspends), partially offset by \$1.5m in favourable variances(underspends) as outlined in the tables below.

(c) Revaluation surplus

Overall revaluation surplus was \$116.4 million more than budgeted. The increase in the asset revaluations reflect increasing contract rates and price indices. This year the capital goods price index (CGPI) increase was used for three waters valuation which was tested against recent contracts completed by Council to ensure these reflected local market costs. This showed that the price index increase was quite similar to rates in recent contracts and as such formed a reasonable basis for the revaluation.

(d) Statement of changes in equity

Changes in equity are reflected in the variance analysis of the statement of comprehensive revenue and expense above.

(e) Statement of financial position

- 1 Total assets as at 30 June 2024 are \$2,309.8m which is \$66.6m higher than the annual plan and comprises:

Current Assets:

- cash and cash equivalents \$5.4m (annual plan \$1.6m)
- trade and other receivables \$15.4m (annual plan \$11.0m)
- inventories \$0.1m (annual plan \$0.1m)

- financial assets \$12.0m (annual plan \$0.4m). This includes SIESA term deposits \$1.2m, Balanced Fund Investment \$10.1m, Unlisted shareholdings in Civic Assurance and Milford Sound Tourism \$0.6m, LGFA borrowers note \$0.1m.

Non Current Assets:

- property, plant and equipment \$2,254.9m (annual plan \$2,164.5m)
- intangible assets \$5.7m (annual plan \$9.0m)
- forestry assets \$13.3m (annual plan \$14.2m)
- investments in associates \$2.2m (annual plan \$1.7m). This is comprised of Southland Regional Heritage Committee \$0.3m, Emergency Management Southland \$0.3m and Great South \$1.6m
- financial assets \$0.7m (annual plan \$40.6m). This represents LGFA borrower's notes. The \$40.0m variance is due to lower than planned Balanced Fund Investments which are reported in current assets above.

- 2 Total liabilities as at 30 June 2024 are \$63.7m which is \$52.8m lower than the annual plan and comprises:

Current Liabilities:

- trade and other payables \$13.1m (annual plan \$11.9m)
- deferred revenue \$2.1m (annual plan \$0.0m).
- contract retentions and deposits \$0.7m (annual plan \$0.6m)
- employee benefit liabilities \$2.7m (annual plan \$2.6m)
- development and financial contributions \$1.0m (annual plan \$1.6m)
- LGFA borrowings \$5.0m (annual plan \$5.0m).

Non Current Liabilities:

- provisions \$8.2m (annual plan \$0.0m)
- LGFA borrowings \$30.8m (annual plan \$94.9m). Total LGFA borrowings are \$35.8m, \$64.0m less than the Annual Plan of \$99.9m.

Total Equity is \$2,246.1m which is \$119.4m higher than the annual plan and comprises:

- retained Earnings \$705.3m (annual plan \$701.5m)
- asset revaluation reserves \$1,491.4m (annual plan \$1,378.9m)
- share revaluations \$5.7m (annual plan \$8.3m)
- other reserves \$43.7m (annual plan \$38.1m). This represents an increase of \$1m from the prior year

35. Schedule of financial reserves

Please note that all values are rounded to the nearest thousand dollars (\$000). As a result of rounding there may be slight discrepancies in subtotals.

Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
General District							
Council	District operations	Corporate Services	General reserve	4,723	3,200	(1,167)	6,756
	Global	Corporate Services	General reserve	1,069	25	(10)	1,084
	Strategic assets reserve	Roading	Offset rates	5,638	104	(900)	4,842
General District Total				11,430	3,329	(2,077)	12,682
Restricted District							
Allocation committee	Community development fund	Community Leadership	Development of community facilities, recreational opportunities and events	3	-	(3)	(0)
	Contributions and levies	Community Leadership	Raised through the District plan to be used to remedy, mitigate or offset adverse effects arising from, and in consequence of, or in association with any development	400	18	-	418
	Contributions and levies - Waihopai Toetoe	Community Leadership	Support community initiatives by way of grants	241	11	-	251
	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	2	12	-	15
	District heritage grant	Community Leadership	Support the heritage in the District area	8	-	(8)	(0)
	Meridian contribution	Community Leadership	Support northern Southland community initiatives by way of grants	325	14	(10)	330
	Ohai Railway Board	Community Leadership	Support Ohai community initiatives by way of grants	1,843	81	(13)	1,911
	Sport NZ	Community Leadership	To subsidise travel costs for people 5-19 years of age participating in regular sporting competition	0	4	-	4

Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
	Stewart Island visitor levy	Community Leadership	Stewart Island visitor levy funds	134	282	-	416
Assets and services	Waste minimisation	Waste Services	Waste minimisation reserve	50	567	(590)	27
Environmental services	Dog and animal control	Environment Services	Residual funds from dog and animal control activity	31	(31)	-	0
Holding	SDC - officers association	Corporate Services	Held on behalf of SDC Officers Association	1	0	-	1
John Beange	John Beange	Community Leadership	Funding available in Edendale and Wyndham area	21	1	(0)	21
Southland joint mayoral fund	Southland joint mayoral fund	Community Leadership	Residual funds from Southland flood relief	128	9	-	137
Specific	ECNZ - projects	Corporate Services	Funds available for future projects in accordance with ECNZ requirements	22	-	-	22
Restricted District Total				3,209	968	(623)	3,553
Restricted Local							
Wallacetown	Cemetery bequest	Community Services	Wallacetown Cemetery	63	1	(29)	36
Restricted Local Total				63	1	(29)	36
Special district							
Assets and services	Community housing	Community Services	Operational reserve for community housing	33	37	(70)	0
	Depreciation buildings	Internal Reconciliations	Fund building replacements	24	296	(92)	228
	Depreciation IT	Internal Reconciliations	Fund IT replacements	382	95	(57)	420
	Depreciation Matuku	Internal Reconciliations	Fund Matuku water scheme replacements	4	-	(4)	-
	Depreciation motor vehicle	Corporate Services	Fund motor vehicle fleet replacements	948	662	(347)	1,264
	Depreciation Te Anau rural water	Internal Reconciliations	Fund Te Anau rural water scheme replacements	-	126	(46)	80
	Depreciation waste management	Internal Reconciliations	Fund waste management replacements	(0)	54	(42)	12

Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
	Depreciation wheelie bin	Internal Reconciliations	Fund wheelie bin replacements	45	85	(17)	113
	District reserves	Open Spaces	Operation reserve for District reserves	36	24	-	60
	Forestry Council reserve	Corporate Services	Residual funds from forestry activities	9,231	1,428	(803)	9,856
	Gravel reserves	Roading	Ensure Council has sufficient funds available for reinstatement of Council's pits	552	18	-	570
	Property development	Corporate Services	Balancing fund for sales and operational building expenditure	345	59	(92)	311
	Proposed water	Water Supply	Operational account for proposed water	553	-	-	553
	Roading	Roading	Rate smoothing reserve	3,828	114	(2,898)	1,045
	Waste management	Waste Services	General waste reserve	37	191	(228)	0
	Water schemes	Corporate Services	Development for water schemes	201	-	(201)	(0)
	Wheelie Bin Rates	Waste Services	Wheelie Bin Rates	0	34	-	34
Chief exec	Around the Mountains	Roading	Around the Mountains Cycle Trail	191	2	(10)	183
	SDC/DOC joint project	Community Leadership	Residual funds from past joint projects for future projects	61	-	-	61
Development and financial	Parks contribution	Open Spaces	Contribution to capital activity - parks and reserves	144	-	-	144
	Roading contribution	Roading	Contribution to capital activity - roading and transport	317	-	-	317
	Wastewater contribution	Sewerage	Contribution to capital activity - wastewater	246	-	-	246
	Water contribution	Water Supply	Contribution to capital activity - water	92	-	-	92
Environment and community Holding	Health licensing	Environment Services	Residual funds from health licensing	46	212	(48)	209
	International relationship	Community Leadership	Residual funds from International activities	57	-	-	57
	Milford flood protect	Corporate Services	Residual funds from Milford Flood protection	46	-	-	46
	Shared services	Community Leadership	Shared services balance	88	-	(88)	0
Policy and community	Community outcomes	Community Leadership	Contribute Southland Regional Development Strategy	108	-	-	108

Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
	Elections	Community Leadership	Fund Council's election costs every three years	88	75	-	164
	Waimumu Field Days	Corporate Services	Fund Council's Field Days every two years	18	-	(8)	10
Specific	Biodiversity initiative	Corporate Services	Funds set aside for future biodiversity initiatives	21	-	-	21
	Disaster recovery	Emergency Management	Funds set aside in case of disaster in accordance with insurance requirements	1,443	-	-	1,443
	Predator Free Rakiura	Community Leadership	Contribution to the Predator Free Rakiura programme	4	0	-	4
	Rates civil defence/ rural fire	Emergency Management	Fund emergency management	11	-	-	11
	Tuatapere (Clifden bridge)	Open Spaces	Residual funds from Tuatapere project in 2000, to be used for community projects at Council's discretion	13	0	-	14
	North Makarewa rec reserve	Open Spaces	North Makarewa rec reserve	4	1	-	5
Special district Total				19,220	3,514	(5,051)	17,682
Special local							
Ardlussa CB	General	Community Leadership	Ardlussa Community Board	33	11	(12)	32
Athol	Community centres	Community Facilities	Athol hall	18	0	(4)	15
	General	Open Spaces	Athol general purpose	4	0	-	4
Balfour	General	Open Spaces	Balfour general purpose	31	1	(6)	25
Browns	Community centres	Community Facilities	Browns hall	4	0	(4)	1
	General	Roading	Browns general purpose	49	1	(1)	49
Clifden	Community centres	Community Facilities	Clifden hall	14	2	-	16
	Rec reserve Committee	Open Spaces	Clifden reserves	37	7	-	44
Colac Bay	Community centres	Community Facilities	Colac Bay hall	5	11	-	16
	General	Roading	Colac Bay general purpose	3	0	-	3

Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
Dipton	Cemetery	Community Services	Dipton cemetery	11	0	-	11
	Community centres	Community Facilities	Dipton hall	13	3	(12)	3
	General	Open Spaces	Dipton general purpose	25	0	-	25
Drummond	General	Roading	Drummond general purpose	12	0	-	12
	Rec reserve Committee	Open Spaces	Drummond reserves	2	2	-	4
Edendale-Wyndham	Community centre	Community Facilities	Edendale Wyndham hall	65	3	-	68
Edendale-Wyndham	Footpaths	Roading	Footpaths	37	1	-	38
	General	Open Spaces	General purpose	481	8	(133)	356
Fiordland CB	General	Community Leadership	Fiordland general purpose	220	67	(87)	200
	Fiordland elderly persons	Community Leadership	Fiordland housing trust settlement	-	483	-	483
Five Rivers	Community centre	Community Facilities	Five Rivers hall	7	0	(5)	2
Fortrose	Community centre	Community Facilities	Fortrose hall	11	-	(11)	-
Garston	Special projects	Open Spaces	Garston general purpose	27	1	(3)	25
Gorge Road	Gorge Road general	Open Spaces	Gorge Road general purpose	42	(4)	(4)	35
Hokonui	Community centre	Community Leadership	Hokonui Hall	95	2	-	97
Limehills	Community centre	Community Facilities	Limehills hall	13	2	-	15
	General	Open Spaces	Limehills general purpose	61	1	-	62
Lochiel	Lochiel recreation reserve lease	Open Spaces	Lochiel recreation reserve lease	-	1	-	1
Lumsden	Cemetery	Community Services	Lumsden cemetery	1	0	-	1
	Community centre	Community Facilities	Lumsden community centre	20	0	(5)	16
	General	Open Spaces	Lumsden general purpose	133	4	(76)	60
Manapouri	Community centre	Community Facilities	Manapouri community centre	7	0	(2)	5

Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
	Fraser's Beach	Open Spaces	Fraser's Beach reserve	41	1	-	42
	General	Open Spaces	Manapouri general purpose	65	12	-	76
	Swimming pool area	Open Spaces	Manapouri pool	3	3	(1)	5
Mararoa/Waimea Ward	Mararoa/Waimea Ward	Open Spaces	Mararoa/Waimea Ward	49	0	(49)	0
Mataura Island	Community centre	Community Facilities	Mataura Island community centre	6	0	-	6
Matuku	Rural WS general	Water Supply	Matuku water	1	-	(1)	(0)
Menzies Ferry	Community centre	Community Facilities	Menzies Ferry community centre	9	0	-	9
Mokoreta/Redan	Community centre	Community Facilities	Mokoreta/Redan community centre	25	-	(25)	0
Mossburn	General	Open Spaces	Mossburn general purpose	100	2	(8)	94
Nightcaps	Community centre	Community Facilities	Nightcaps community centre	18	0	(4)	14
	General	Open Spaces	Nightcaps general purpose	6	0	-	6
	McGregor Park	Open Spaces	Nightcaps McGregor Park	64	1	-	65
Northern CB	General	Community Leadership	Northern CB general purpose	24	19	(25)	19
	Northern pool reserve	Community Leadership	Northern pool reserve	-	0	-	0
Ohai	Community centre	Community Facilities	Ohai community centre	7	0	(4)	3
	General	Open Spaces	Ohai general purpose	304	5	(67)	243
Oraka-Aparima CB	Riverton library endowment	Community Services	Riverton library endowment	14	7	-	21
Oraka-Aparima CB	General	Community Leadership	Oraka-Aparima CB general purpose	7	36	(32)	11
Orawia	Community centre	Community Facilities	Orawia community centre	10	1	(8)	3
			Orawia hall group	23	0	-	23
Orepuki	Community centre	Community Facilities	Orepuki community centre	13	0	(3)	10
	General	Roading	Orepuki general purpose	10	0	(8)	1

Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
Oreti	Community centre	Community Facilities	Oreti community centre	7	-	(7)	(0)
Oreti CB	General	Community Leadership	Oreti CB general purpose	86	22	(45)	63
	Hedgehope recreation reserve	Open Spaces	Hedgehope reserve	2	0	-	2
	Winton library endowment reserve	Community Services	Winton library endowment	20	11	-	30
Otapiri/Lora	Community centre	Community Facilities	Otapiri/Lora community centre	74	4	(0)	78
Otautau	Baths	Community Leadership	Otautau pool	11	-	(11)	0
	Bowling club	Open Spaces	Bowling club	0	0	-	0
	Brightwood Develop Co	Roading	Otautau financial contribution	18	0	-	18
	CB conference	Open Spaces	Community board conference	0	0	-	0
	Community centre	Community Leadership	Otautau community centre	30	1	-	31
	Forestry	Open Spaces	Holt Park forestry	175	4	-	179
	General	Open Spaces	Otautau general purpose	334	7	(12)	329
Riversdale	General	Open Spaces	Riversdale general purpose	3	-	(3)	0
Riverton	Cemetery maintenance	Community Services	Riverton cemeteries	77	2	-	78
	Doc profits lib sale	Community Services	Riverton projects	72	1	-	74
	General	Open Spaces	Riverton general purpose	105	10	(9)	105
	Parks and res develop	Open Spaces	Riverton parks and reserves	0	0	-	0
	Property sales	Open Spaces	Riverton general purpose	157	3	-	160
	Riverton Harbour general	Water Facility	Riverton Harbour	106	62	-	168
	Taramea Bay/Rocks development	Open Spaces	Taramea Bay foreshore	28	1	-	29
	Taramea Howells Point	Open Spaces	Taramea Howells Point	35	8	-	43
	War memorial	Open Spaces	Riverton war memorial	17	0	-	17
Ryal Bush	Community centre	Community Facilities	Ryal Bush community centre	4	2	-	6

Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
SIESA	Operations	SIESA	SIESA operations	494	0	(0)	494
Stewart Island	General	Open Spaces	Stewart Island general purpose	146	13	(13)	146
	Jetties	Water Facility	Stewart Island jetties	47	1	(23)	24
	Waste management	Waste Services	Stewart Island general purpose	45	1	-	45
	Wharf Ulva Island	Water Facility	Replacement of Ulva Island Bay wharf	151	62	-	213
Te Anau	General	Open Spaces	Te Anau general purpose	1,230	24	(116)	1,138
	Luxmore	Community Facilities	Luxmore subdivision	399	1,701	(739)	1,361
	Manapouri airport	Roading	Te Anau Manapouri airports	40	37	-	77
	Te Anau carpark res	Open Spaces	Te Anau general purpose	27	1	-	28
Thornbury	Community centre	Community Facilities	Thornbury community centre	11	0	(3)	9
	General	Roading	Thornbury general purpose	16	0	(7)	9
Tokanui	Community centre	Community Facilities	Tokanui community centre	7	0	-	7
	General	Open Spaces	Tokanui general purpose	56	1	(11)	46
Tuatapere	Community centre	Community Facilities	Tuatapere community centre	31	3	-	34
	General	Open Spaces	Tuatapere general purpose	185	4	(18)	170
	General - OPR	Open Spaces	Tuatapere general purpose	26	1	-	26
	Property	Open Spaces	Tuatapere general purpose	3	0	-	3
	Waiau River collection	Open Spaces	Tuatapere Waiau River	1	0	-	1
Tuatapere	Water Meridian Contract	Water Supply	Tuatapere general purpose	8	0	-	8
Tuatapere Te Waewae	General	Community Leadership	Tuatapere Te Waewae general purpose	74	21	(1)	94
Tussock Creek	Community centre	Community Facilities	Tussock Creek hall	20	3	(4)	19
Waiau/Aparima Ward	Arboretum reserve	Open Spaces	Arboretum reserve	21	0	(11)	11
	Calcium cemetery	Community Services	Calcium cemetery	10	0	-	10
	Cosy Nook	Community Facilities	Cosy Nook general purpose	36	4	-	40

Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
	Hirstfield reserve	Open Spaces	Hirstfield reserve general purpose	32	3	(5)	29
	Takitimu pool reserve	Community Leadership	Takitimu pool	20	4	-	23
	Tuatapere ward pool	Community Leadership	Tuatapere ward pools	30	6	-	36
	Waiau/Aparima Ward	Community Leadership	Waiau/Aparima Ward	221	4	-	226
	Wairio cemetery	Community Services	Wairio cemetery	39	1	-	39
	Wairio reserve	Open Spaces	Wairio reserve	1	1	-	2
	Wairio Town general	Open Spaces	Wairio general purpose	5	0	-	5
Waihopai Toetoe Pool	Baths	Open Spaces	Waihopai Toetoe pool	4	2	-	7
Waihopai/Toetoes Ward	Waihopai/Toetoes Ward	Open Spaces	Waihopai/Toetoes Ward	70	1	-	72
Waihopai-Toetoes CB	General	Community Leadership	Waihopai-Toetoes general purpose	96	30	(40)	86
Waikaia	Dickson Park	Open Spaces	Waikaia general purpose	18	0	(8)	10
	General	Open Spaces	Waikaia general purpose	185	2	(163)	25
	Museum donations	Open Spaces	Waikaia Museum	3	2	-	5
	Refuse removal	Roading	Waikaia general purpose	11	0	-	11
Waikawa/Niagara	Community centre	Community Facilities	Waikawa/Niagara community centres	2	0	(1)	1
Waitane Glencoe	Res Reserve Committee	Open Spaces	Waitane Glencoe reserves	2	0	-	2
Wallace Takatimu CB	General	Community Leadership	Wallace Takatimu CB general purpose	76	42	(10)	108
Wallacetown	General	Open Spaces	Wallacetown general purpose	223	4	-	227
Winton	Community centre	Community Facilities	Winton community centres	73	7	(2)	78
	General	Open Spaces	Winton general purpose	153	3	(29)	127
	Medical centre general	Community Facilities	Winton Medical Centre	156	17	(10)	164
	Property sales	Community Facilities	Winton general purpose	163	5	(16)	152

Community	Business unit	Activity to which it relates	Purpose	Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
	Res capital development	Open Spaces	Winton general purpose	110	2	-	112
Winton/Wallacetown Ward	Winton/Wallacetown Ward	Community Leadership	Winton/Wallacetown Ward	356	7	(32)	331
Woodlands	General	Open Spaces	Woodlands general purpose	53	1	(2)	51
	Septic tank rates	Sewerage	Woodlands septic tank cleaning	1	-	(4)	(3)
Special local Total				8,823	2,855	(1,953)	9,726
Total Reserve Funds				42,745	10,666	(9,733)	43,679

Reserves Summary				Opening balance 1/7/2023 (\$000)	Deposits in (\$000)	Withdrawals out (\$000)	Closing balance 30/6/2024 (\$000)
Total Council created - special reserves				28,043	6,369	(7,004)	27,408
Total Council created - general reserves				11,430	3,329	(2,077)	12,682
Total restricted reserves				3,272	969	(652)	3,589
Total reserve funds				42,745	10,666	(9,733)	43,679

Analysis of Actual Results to Forecast for the year ended 30 June 2024

Record No: R/24/10/63653

Author: Jo Hooper, Project accountant

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☐ Recommendation

☒ Information

Purpose

1. To compare the actual financial results for the 2023/2024 financial year against the final forecast budget approved by Council on the 1 May 2024.

Background

2. The actual results outlined in this report closely aligns with the draft Annual Report 2023/2024 which is also presented at this meeting. However, this report compares **actual** results with **forecast budget** for 2023/2024 while the annual report will compare the **actual** results to the **Annual Plan budget** for 2023/2024.
 - **2023/2024 actual** is the **actual** result for financial year ended 30 June 2024.
 - **2023/2024 forecast** is the Annual Plan budget for 2023/2024 adjusted for the 2022/2023 carried forward items (approved by Council on 20 September 2023) and any budget adjustments as a result of the April 2024 forecasting period (approved in May 2024) which includes unbudgeted expenditure requests during that period.
3. In summary the results are as follows:

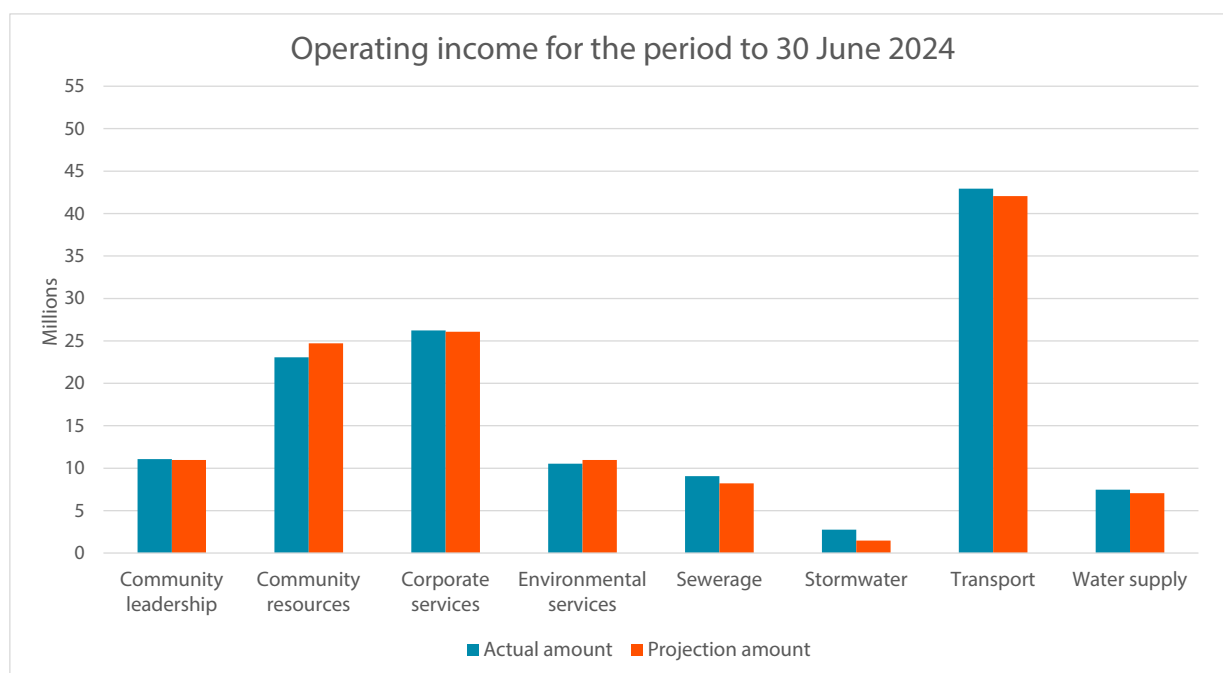
	2023/2024 ACTUALS (\$000)	2023/2024 FORECAST (\$000)	VARIANCE (\$000)	VARIANCE %
Income	109,678	106,560	3,118	2.9%
Operating expenditure	116,597	114,143	2,454	2.1%
Net surplus/(deficit)	(6,919)	(7,583)	664	(8.8%)
Capital expenditure	39,916	53,049	(13,131)	(24.8%)

4. Explanations for the variances are outlined in the background section below.
5. Please note that there is a difference in the numbers contained in the summary financial table above and the Profit and Loss report in paragraph 33 compared to the rest of the information discussed in the report. Both of these financial tables align with Council's annual report which is based on accounting standards which eliminates internal transactions. Whilst internal transactions are excluded from the tables, they are included in the information provided in paragraphs 6 to 32.

Detailed analysis

Income

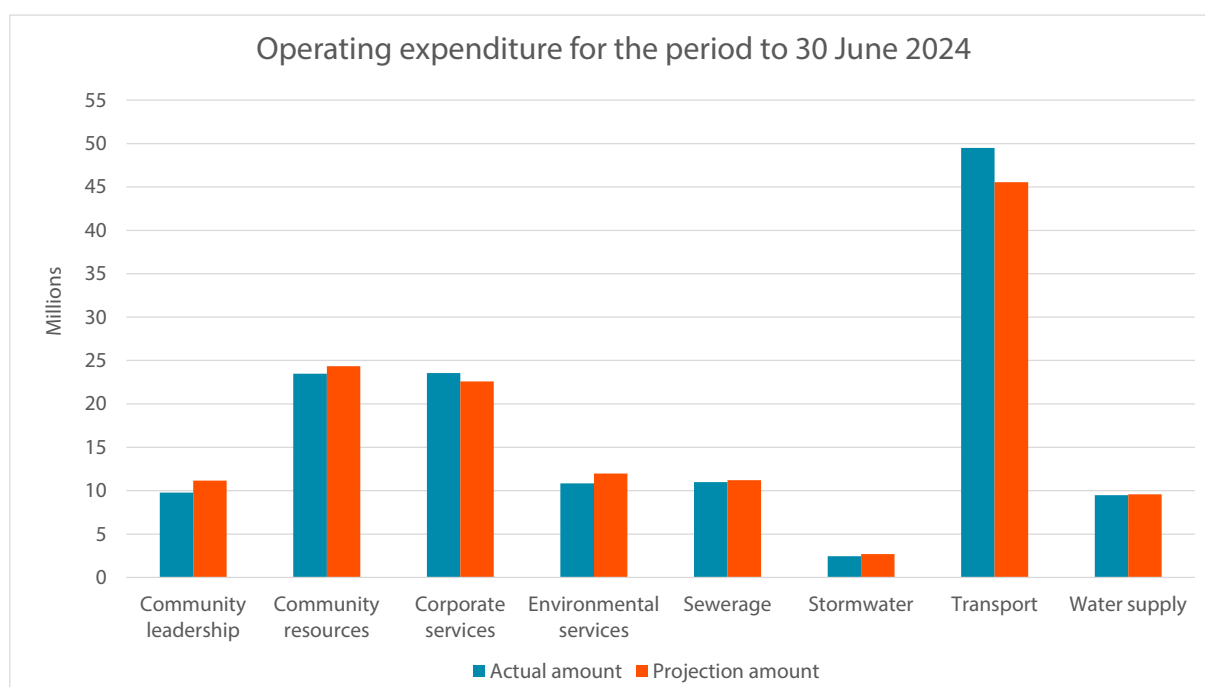
6. Overall operating income is \$1.6 million (1%) more than forecast (\$133.1 million actual vs \$131.5 million). The key reasons for the variances are detailed for each activity below.



7. Community resources income is \$1.6 million (-7%) below forecast mainly due to reversing the vested assets that were incorrectly added in the prior year of \$2.8 million, offset by the government grant for Bluecliffs recovery of \$920 thousand and SIESA income of \$130 thousand due to higher interest rates and an increase in sales.
8. Environmental services income is under projection by \$444 thousand predominantly due to a decrease in building consent applications and a decrease in compliance monitoring income in environmental health as discussed during the year in Councils financial report.
9. Stormwater income is \$1.3 million over forecast due to accounting for vested assets of \$1.2 million.
10. Water supply is \$434 thousand over forecast due to the insurance claim for the Riverton water damage.
11. Transport income is \$896 thousand above forecast due to accounting for vested asst of \$1 million.

Operating expenditure

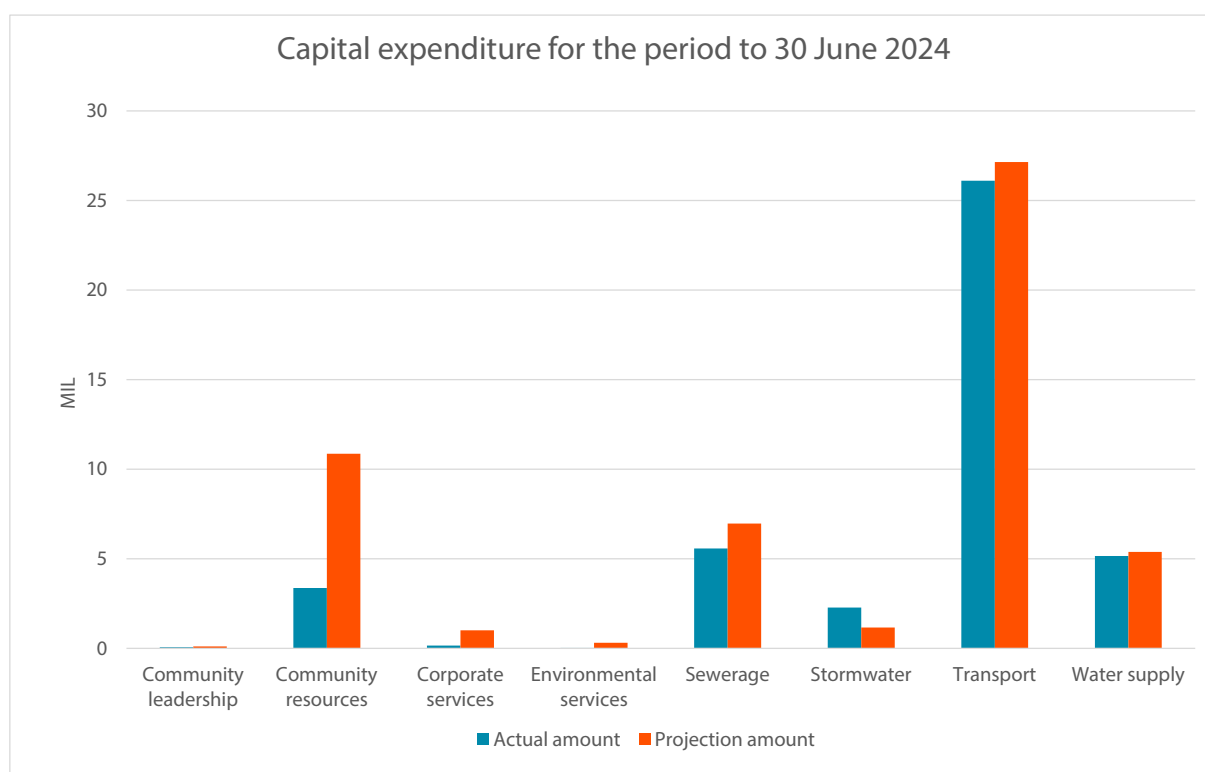
12. Operating expenditure is \$1 million (1%) more than forecast (\$140 million actual vs \$139 million forecast).



13. Community leadership expenditure is \$1.4 million under forecast due to the better off funding projects still being underway (\$510 thousand), community and futures are \$390thousand under forecast due to less expenditure on general projects, staff vacancies and lower legal fees.
14. Community resources expenditure is \$851thousand lower than forecasted. Parks and reserves are under budget by \$606 thousand mainly due to maintenance not being required in parks and reserves to the level budgeted and a delay in starting on the Curio Bay master plan. Streetscapes is under due to lower maintenance costs than expected in Te Anau and Colac Bay. Library costs are also under budget due to lower staff costs than forecasted.
15. Environmental services expenditure is \$1.1 million under forecast. The main variance is due to staff vacancies across the teams within this area.
16. Sewerage expenditure is \$223 thousand under forecast mainly due to interest costs being lower than previously forecasted due to the timing of capital projects.
17. Stormwater expenditure is \$245 thousand under forecast mainly due lower interest costs, and an underspend on the condition assessment budget. At the start of the year, reactive maintenance was higher than expected. It was decided to ensure that we stayed within budget that we reduce the condition assessments. By year end this was not fully required.
18. Transport expenditure is \$4 million over forecast mainly due to the increased depreciation as a result of the increased revaluation of roading assets at year end.

Capital expenditure

19. Capital expenditure is \$13.1 million (25%) less than forecast (\$39.9 million v \$53.0 million forecast).



20. Community resources capital expenditure is \$10.3 million lower than forecast, including \$2.8 million for a vested asset adjustment (not shown in the graph above). The main variances include:
- office and buildings are lower than budget by \$5.4 million. This is related to the renewal of the Invercargill office. This has been carried forward to the new financial year
 - streetscapes had a \$2.8 million decrease due to reversing the 2022/23 vested assets as they were added in the prior year in error.
 - toilet capital expenditure is \$889 thousand under forecast due to two of the toilet projects being completed under projection. The remainder of the projects which are still in progress are now expected to be completed in 2024/2025, with a related carry forward approved by Council
 - parks and reserves are \$706 thousand under forecast with the majority of this being due to the delay in the Riverton playground renewal that will be carried forward into the next year, as well as other projects that were delivered under budget through the year
 - the bookbus fit out is under budget by \$56 thousand. The timing of the completion of this has been pushed into the new financial year due to supplier delays, with these funds carried forward.
21. Corporate services capital spend is \$847 thousand under forecast, the main variances are:
- information technology spend was \$490 thousand lower than budget due to a review required of the information technology server platform procurement strategy and the four yearly refresh for laptops and computer devices. Due to timing, some costs have been carried forward.

- community facilities are under budget by \$100 thousand due to two work scheme vehicles not being replaced in the current year. These have been carried forward.
22. Sewerage capital spend is under forecast by \$1.39 million mainly due to work that is underway with the infiltration upgrade package at Winton and Balfour, along with the Stewart Island rising main which required carry forwards.
23. Stormwater capital spend is \$1.1 million over forecast mainly due to vested assets received by Council.
24. Transport capital costs are \$1.0 million below forecast.
- Bridge renewals are under forecast by \$500 thousand due to the construction on one bridge still in progress. The budget couldn't be used elsewhere due to funding constraints
 - Minor improvements and pedestrian facilities are under budget with the school sign project that was delivered during June came under budget. All projects included in these activities are specific programme funded by NZTA any savings in these projects cannot be used to fund other activities.
25. Water supply capital expenditure is \$221 thousand under forecast as the multi-year projects are expected to have carry forwards.

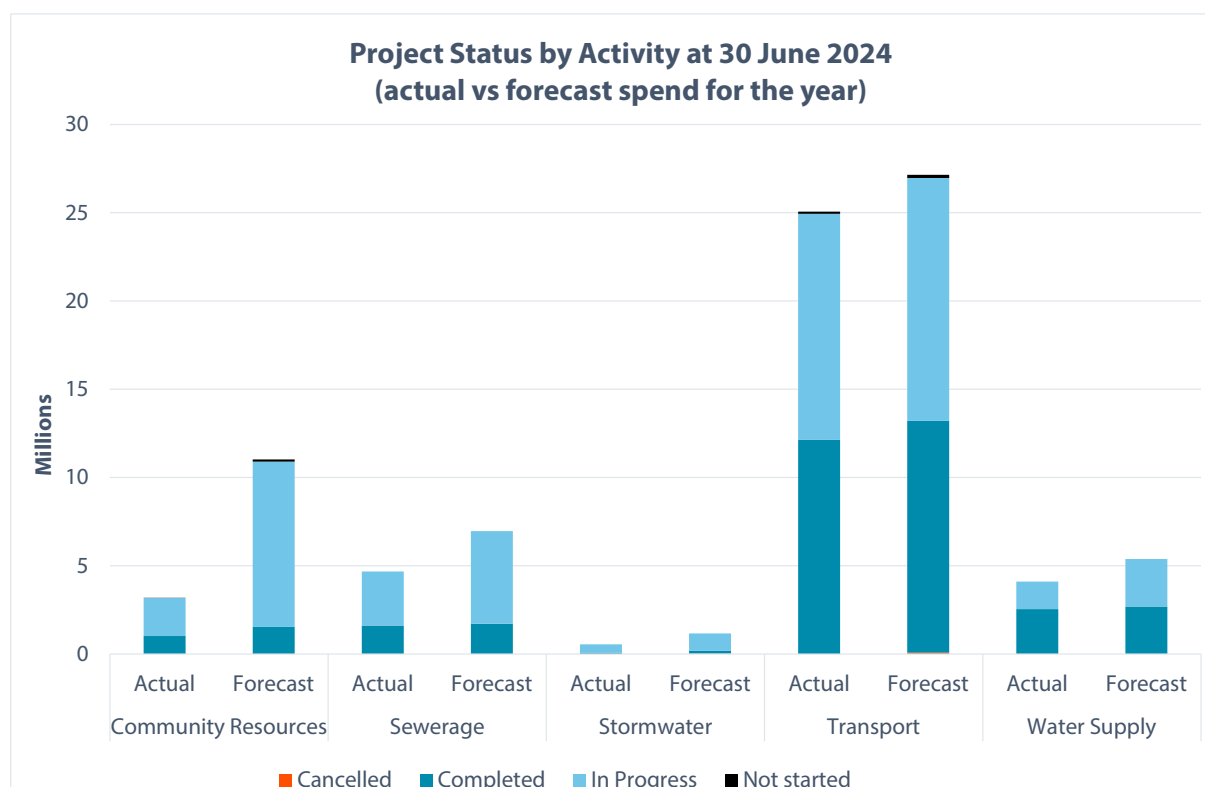
Projects

26. The following table and graph relate to operational and capital expenditure identified as projects in Councils planning processes and their status as at 30 June 2024. The projects include those identified in the Annual Plan and additional projects identified for delivery during the 2023/2024 year as a result of unbudgeted expenditure requests, carry forwards and the forecasting process.
27. The below table shows the individual project statuses as reported in the annual report and does not include the entire roading capital programme. Project expenditure is a mix of operating and capital expenditure.

INDIVIDUAL PROJECT (OPERATING AND CAPITAL) STATUS AT 30 JUNE 2024						
STATUS	NUMBER OF PROJECTS		ACTUAL EXPENDITURE		FORECAST EXPENDITURE	
			\$000		\$000	
Completed	68	42.3%	17,400	46.1%	19,200	37%
In Progress	63	39.1%	20,100	53.4%	32,200	62%
Not Started	26	16.1%	142	0.4%	299	1%
Deleted	4	2.5%	207	0.1%	108	0%
Total	161	100%	37,700	100%	51,800	100%

28. Specific details of the projects in progress, not started and deferred are included in the "Budget carry forward requests from 2023/2024 financial year into the 2024/2025 financial year" report presented to Council on 19 September 2024.

29. The graph below shows graphically, the actual project compared to the forecast spend by activity. A number of projects were split to occur over multiple years as part of the April forecasting round and many of these are shown as “in progress”.



30. Community Resources projects are \$7.8 million under, largely due to the Invercargill main office replacement (\$5.2 million) which has been carried forward to the new financial year. Toilets at Mossburn (\$300 thousand) Te Anau Lions Park (\$200 thousand) and Athol (\$163 thousand) in progress and carried forward. Riverton Taramea Bay Playground (\$377 thousand) is in progress with physical works starting after winter. A further 40 parks and reserves are under budget for a total of \$713 thousand. Of these the majority has been being carried to forward to complete the work and \$100 thousand has completed under budget.
31. Sewerage was \$2.3 million lower than budgeted largely due to the timing of works associated with three projects. Stewart Island/Rakiura sewer main renewal (\$370 thousand), Edendale/Wyndham treatment plant (\$300 thousand), and Balfour treatment plant upgrade (\$900 thousand) have all been delayed due to consultation processes

Statement of comprehensive income

32. The actual versus forecast comparative statement of comprehensive income for the year-ending 30 June 2024 is detailed below and the explanations above are the key reasons for the differences:

	Actual 2023/2024 (\$000)	Forecast 2023/2024 (\$000)	Variance
Revenue			
Rates revenue	63,282	63,693	(\$411)
Other revenue	17,552	15,205	2,347
Interest and dividends	717	810	(\$93)
Waka Kotahi NZ Transport Agency	21,266	21,707	(\$441)
Grants and subsidies	3,752	3,383	369
Other gains/(losses)	2,022	1,759	263
Vested assets	1,050	-	1,050
Development and financial contributions	37	3	34
Total Revenue	109,678	106,560	3,118
Expenditure			
Employee benefit expenses	18,656	20,102	(\$1,446)
Depreciation and amortisation	40,600	37,856	2,744
Finance costs	1,019	785	234
Other council expenditure	56,323	55,400	922
Total expenditure	116,597	114,143	2,454
Surplus/(Deficit) before tax	(\$6,919)	(\$7,583)	664
Share of associate's surplus/(deficit)	102	-	102
Income tax benefit	-	-	-
Surplus/(Deficit) after tax	(\$6,817)	(\$7,583)	766
Gain/(Loss) on assets revaluations	1,219	-	1,219
Gain/(Loss) on property, plant and equipment revaluations	100,585	49,081	51,504
Total Comprehensive revenue and expense	94,987	41,498	53,489

Recommendation

That the Finance and Assurance Committee:

- Receives the report titled "Analysis of Actual Results to Forecast for the year ended 30 June 2024" dated 11 October 2024.

Attachments

There are no attachments for this report.

Annual Plan 2025/2026 - Project timetable key dates

Record No: R/24/10/62013

Author: Robyn Laidlaw, Corporate performance lead

Approved by: Anne Robson, Group manager finance and assurance

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to seek the approval of the Finance and Assurance Committee (the committee) for the Annual Plan 2025/2026 project timetable.

Executive Summary

- 2 The purpose of an Annual Plan is to consider and approve any variations to year two of the Long Term Plan 2024/2034 (LTP34).
- 3 The project timetable outlines the key milestones to ensure that the Annual Plan is ready for approval by 30 June 2025.
- 4 Staff are seeking the Committees approval for the proposed project plan, as detailed in the body of this report, noting a proposed change to a Committee and Council meeting dates in February 2025.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled “Annual Plan 2025/2026 - Project timetable key dates” dated 11 October 2024.
- b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) approves the key dates for the Annual Plan 2025/2026 as follows:

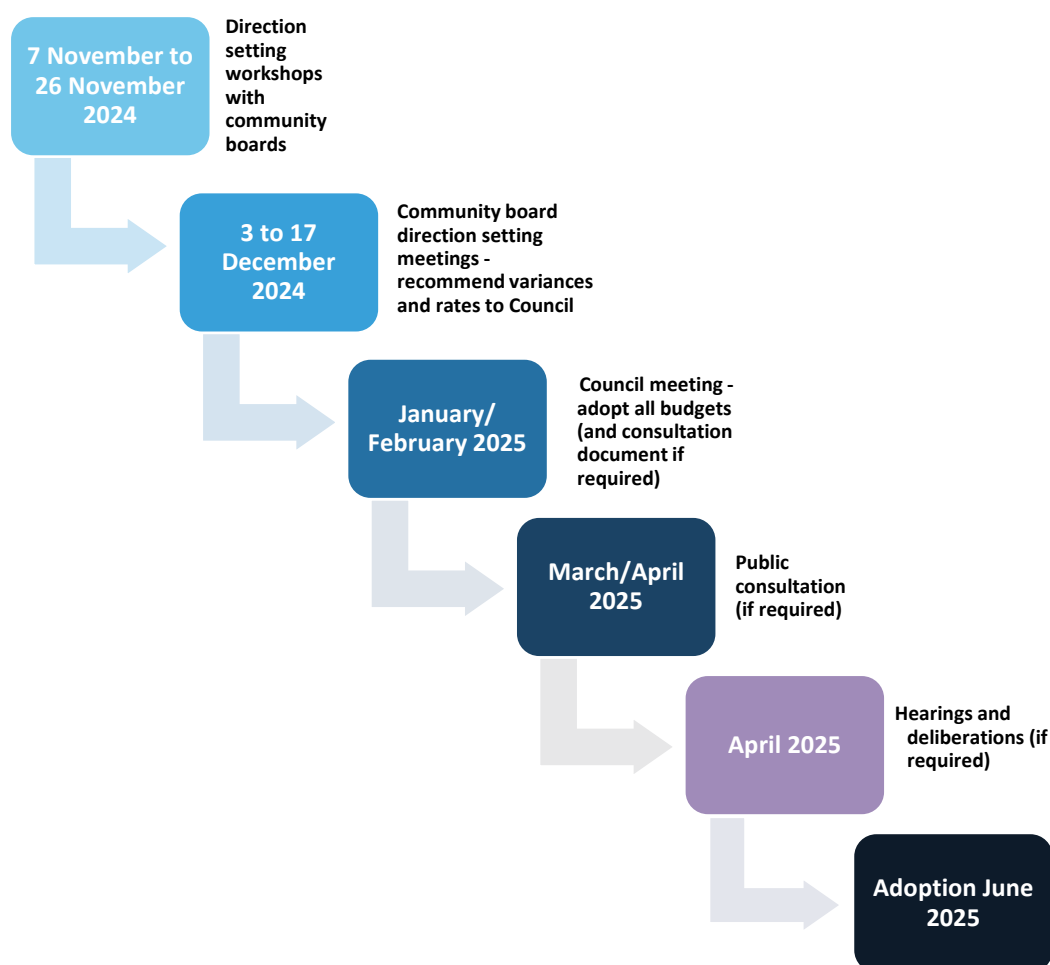
KEY MILESTONE	DATE	NOTES
Community Board workshops	7 Nov to 25 Nov 2024	
Council workshop to discuss draft Annual Plan	Nov 2024	Date to be confirmed
Community board meetings - recommend variances and rates to Council	3 to 17 Dec 2024	
Council meeting to receive the draft local and district budgets for Annual Plan 2025/2026	29 Jan 2025	
Finance and Assurance Committee to recommend adoption of consultation document (if required)	12 Feb 2025	Change of meeting date
Council meeting to consider and adopt budgets (and consultation document if required)	19 Feb 2025	Change of meeting date
Public consultation (if required)	06 March to 07 April 2025	
Council to hear annual plan submissions and deliberations (if required)	15 and 16 April	Two days if required
Council workshop or Finance and Assurance Committee meeting – Draft plan for review	14 May 2025	
Finance and Assurance meeting to recommend adoption of Annual Plan	11 June 2025	
Council meeting - Adoption Annual Plan	25 June 2025	

- e) requests staff make date changes for Finance and Assurance Committee and Council meetings as follows,
 - reschedule the Council meeting at 9.30am on Wednesday 12 February 2025 to 9.30am on Wednesday 19 February 2025.

- **reschedule the Finance and Assurance meeting at 9.30am on Wednesday 19 February 2025 to 9.30am on Wednesday 12 February 2025.**

Background

- 5 Every three years, Council develops and adopts a Long Term Plan. In the second and third year of the LTP, Annual Plans are developed to address any variations that occur.
- 6 The purpose of an Annual Plan is to:
 - contain the proposed annual budget and funding impact statement
 - identify any variation from the financial statements and funding impact statement included in the 10 Year Plan 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.
- 7 Each Annual Plan adopted must contain appropriate references to the Long Term Plan and set out the (financial) information required by Part 2 of Schedule 10 of the Local Government Act (“LGA”) which includes:
 - forecast financial statements
 - financial statements for the previous financial year
 - funding impact statement (rating)
 - rating base information
 - reserve funds.
- 8 There is no requirement to consult if the Annual Plan does not include significant or material differences from the content of the 10 Year Plan.
- 9 The community boards play an important role in reviewing and recommending the local budgets to Council as part of the Annual Plan process. We are engaging with community boards prior to any consultation (if necessary) that may be needed on the Annual Plan.
- 10 Staff will be attending Community Board Annual Plan workshops during November 2024 and direction-setting meetings throughout December 2024 to confirm any variances from year two of LTP 34, to be included for consideration by Council in the Annual Plan 2025/2026.
- 11 Below is a pictorial overview of the Annual Plan process.



12 A detailed timeline is outlined below.

KEY MILESTONE	DATE	NOTES
Community Board workshops	7 Nov to 25 Nov 2024	
Council workshop to discuss draft Annual Plan	Nov 2024	Date to be confirmed
Community board meetings - recommend variances and rates to Council	3 to 17 Dec 2024	
Council meeting to receive the draft local and district budgets for Annual Plan 2025/2026	29 Jan 2025	
Finance and Assurance Committee to recommend adoption of consultation document (if required)	12 Feb 2025	Change of meeting date
Council meeting to consider and adopt budgets (and consultation document if required)	19 Feb 2025	Change of meeting date
Public consultation (if required)	06 March to 07 April 2025	
Council to hear annual plan submissions and deliberations (if required)	15 and 16 April	Two days if required

Finance and Assurance Committee

16 October 2024

KEY MILESTONE	DATE	NOTES
Council workshop or Finance and Assurance Committee meeting – Draft plan for review	14 May 2025	
Finance and Assurance meeting to recommend adoption of Annual Plan	11 June 2025	
Council meeting - Adoption Annual Plan	25 June 2025	

Issues

Consultation

- 13 The Local Government Authority (LGA) requires the community to be formally consulted if there are significant or material differences from the content of the Long Term Plan. It has still not been determined whether this threshold will be met by the proposed variations and therefore time for formal consultation has been included in the attached project plan.
- 14 Should there be no significant or material differences from year two of LTP 34, following LGA guidance Council can provide information on the Annual Plan to the public rather than running a consultation process.

Factors to consider

Legal and statutory requirements

- 15 Pursuant to section 95 of the LGA, Council is required to prepare and adopt an Annual Plan for each financial year. Each Annual Plan must be adopted before the commencement of the financial year to which it relates.

Community views

- 16 Council is required in the course of its decision-making process to give consideration to the views and preferences of persons likely to be affected by this matter. Council should therefore consider the views of their community boards areas around the proposed budgeting processes.

Costs and funding

- 17 All costs associated with the Annual Plan 2025/2026 are factored into existing budgets.

Policy Implications

- 18 At this stage it is not anticipated that any policies will be amended as part of the Annual Plan planning process.

Analysis

Options considered

- 19 There are two options to consider in relation to the report.

Analysis of options

Option 1 – Council approve the Annual Plan timetable as noted above

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• staff can proceed with the work required for the document as planned• provides a streamlined annual plan process• complies with statutory requirements for Council to complete an Annual Plan.	<ul style="list-style-type: none">• there are no disadvantages.

Option 2 – Council approve the Annual Plan timetable with amendments

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• councillors are able to recommend necessary changes to the key dates timetable to ensure delivery of the Annual Plan.	<ul style="list-style-type: none">• there are no disadvantages.

Assessment of significance

- 20 The matter before the committee is not considered significant in regards to Councils Significance and Engagement Policy.

Recommended option

- 21 The recommended option is Option 1, Council approve the Annual Plan timetable as noted above.

Next steps

- 22 If the project timetable key dates are approved, staff will continue with the delivery of the Annual Plan 2025/2026 as per the timetable.

Attachments

There are no attachments for this report.

Draft Accounting Policies for the 2025/2026 Annual Plan

Record No: R/24/10/63659

Author: Teresa Morgan, Financial accountant

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☒ Recommendation

☐ Information

Purpose

- 1 To discuss and endorse the draft accounting policies to be used to compile the 2025/2026 Annual plan, which will be adopted in June 2025.

Executive Summary

- 2 The accounting policies (Attachment A) set the basis on which the financial information for the 2025/2026 Annual plan will be compiled.
- 3 In drafting these, staff reviewed the accounting policies for the 2023/2024 Annual report and the 2024-2034 Long Term Plan (LTP) and are recommending the LTP accounting policies updated with changes from the annual report be used as the basis for the 2025/2026 Annual plan.
- 4 The accounting policies will be adopted by Council as part of the 2025/2026 Annual plan process.

Recommendation

That the Finance and Assurance Committee:

- a) **receives the report titled “Draft Accounting Policies for the 2025/2026 Annual Plan” dated 11 October 2024.**
- 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 accounting policies detailed in Attachment A (of the officer’s report) for use in the 2025/2026 Annual plan.**

Background

- 5 All councils are required by legislation to adopt an Annual plan. The Annual plan sets out Council’s activities, plans, budgets and policies and must be adopted before the beginning of the year to which it relates.

- 6 In considering the appropriate accounting policies to be used for the Annual plan it is deemed appropriate to use as a starting point those adopted by Council as part of the LTP given that these financial statements include prospective financial information. Staff have also reviewed the 2023/2024 Annual report accounting policies, and have updated the 2025/2026 annual plan policies for any relevant changes to accounting standards.

(i) Issues

- 7 The attached recommended policies are consistent with the LTP, updated for changes in the 2023/2024 annual report and there are no further expected changes to accounting policies identified at the time of this report.

Factors to Consider

Legal and Statutory Requirements

- 8 Section 93 of the Local Government Act 2002 requires the Council to prepare and adopt an Annual plan for each financial year. Each Annual plan should also be prepared in accordance with the principles and procedures that apply to the preparation of the financial statements and funding impact statements included in the LTP.
- 9 Section 111 of the Local Government Act states that any information to be prepared must be in accordance with generally accepted accounting practice where the information is of a form or nature for which generally accepted accounting practice has developed standards, however this do not apply to the preparation of a funding impact statement.
- 10 The accounting polices form the basis on which the prospective financial information is prepared, and thus it is considered appropriate that these be included in the Annual plan.

Community Views

- 11 No specific community views have been sought. The community would expect Council to comply with its legal and statutory regulations including accounting standards.

Costs and Funding

- 12 There are no direct cost implications of Council adopting the accounting policies for the 2025/2026 Annual plan.

Policy Implications

- 13 Council has, by way of the terms of reference for the Finance and Assurance Committee (refer section 8.4.1 of the Delegations Manual), delegated responsibility to the committee to consider and make recommendations to Council in regards to accounting treatments, changes in generally accepted accounting practice, and new accounting and reporting requirements.

Analysis

Options Considered

Analysis of Options

Option 1 – Endorse the accounting policies with any amendments from this meeting for use in preparation of the 2025/2026 Annual plan.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• policies are consistent with the 2024-2034 LTP and the 2023/2024 Annual report• simplified more efficient approach• The annual plan can continue to be prepared in line with the planned timetable.	<ul style="list-style-type: none">• None identified.

Option 2 – Do not recommend the accounting policies as presented

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• changes can be made to the accounting policies post the meeting to incorporate the committee's views.	<ul style="list-style-type: none">• The Annual plan process may be delayed depending on the time needed to provide the necessary information. Don't expect this too be a high risk.

Assessment of Significance

- 14 In terms of Council's Significance and Engagement Policy, the accounting policies which form part of the Annual plan are not considered significant.

Recommended Option

- 15 Option one - endorse the accounting policies with any amendments from this meeting for use in preparation of the 2025/2026 Annual plan.

Next Steps

- 16 The accounting policies (incorporating any changes agreed at this meeting) will be used in preparation of the 2025/2026 Annual plan.

Attachments

- A Draft accounting policies

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.

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 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 principle activities

The Council is a territorial local authority, as defined in the Local Government Act 2020. The Council’s principle activities are outlined within the Long Term 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 that span 10 years and include them within the Long Term Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the 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 the Council expects to take place. The 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 Long Term Plan.

Responsibility for the prospective financial statements

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

Basis of consolidation

Council prospective financial statements represent the results of Council's seven significant activity groups (detailed on pages XX), including the Stewart Island Electrical Supply Authority (SIESA), as well as Council's share of its joint ventures and associates (including, 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).

Changes in accounting policies

All accounting policies have been applied consistently to all periods presented in these prospective financial statements.

Specific accounting policies

a) Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are:

Rates:

- 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 overdue
- 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 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 typically when conditions pertaining to eligible expenditure have been fulfilled.

Other monetary 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 forecast surplus or deficit as a reduction of rental expense over the lease term.

f) Equity

Equity is the community's interest in SDC as measured by total assets less total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that Council makes of its accumulated surpluses. The components of equity are:

- accumulated funds
- Council-created reserves (general reserve, separate account balances and rates appropriation balance)
- special reserves (managed by allocation committees)
- asset revaluation reserves
- fair value through forecast other comprehensive revenue and expense reserve.

Reserves represent a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Council created reserves may be altered without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

Special reserves are subject to specific conditions accepted as binding by Council, which may not be revised by Council without reference to the courts or third party. Transfers from these reserves may be made only for specified purposes or when certain conditions are met.

g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

h) 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
- 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 surplus or deficit in the period of the write-down.

j) 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 forecast other comprehensive revenue and expense (FVTOCRE)
- fair value through forecast 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 forecast 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 are classified and subsequently measured at FVTSD if they are within a management model whose objective is to sell the financial assets. 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 forecast 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 forecast other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in forecast surplus or deficit. When sold, the cumulative gain or loss previously recognised in forecast other comprehensive revenue and expense is reclassified to forecast 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 forecast 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 forecast 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 forecast 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 borrowers 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.

Impairment of financial assets

At each balance sheet date SDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised through the surplus or deficit.

k) Goods and services tax (GST)

The prospective financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated inclusive of GST. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

l) Property, Plant and Equipment

Property, plant and equipment consist of:

Infrastructure assets

Infrastructure assets are the fixed utility systems owned by SDC. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Operational assets

These include land, buildings, improvements, library books, plant and equipment and motor vehicles.

Restricted assets

Restricted assets are parks and reserves owned by the Council, which cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

Recognition

Property, plant and equipment is shown at cost for all asset categories other than infrastructure and heritage assets, which are at valuation; less accumulated depreciation and impairment losses.

Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the forecast surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to SDC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the forecast 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
Operational assets			
Improvements	4-25	4.00% - 21.00%	SL or DV
Buildings	10-100	1.00% - 10.00%	SL or DV
Light vehicles	4- 8	14.40% - 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	8.50% - 30.00%	SL
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
Infrastructural Assets			
Electrical generation plant	1-100	4.00% - 60.00%	SL or DV
Sealed roads	5-80	1.25% - 20.00%	SL
Unsealed roads	4-5	20.00% - 25.00%	SL
Bridges	70-100	1.00% - 1.43%	SL
Footpaths	30-60	1.67% - 3.33%	SL
Streetlighting	20-40	2.50% - 5.00%	SL
Cycle trail	10-99	1.01% - 10.00%	SL
Sewerage schemes	5-100	1.00% - 20.00%	SL
Stormwater schemes	80-100	1.00% - 1.25%	SL
Water supply schemes	5-100	1.00% - 20.00%	SL
Marine assets	5-50	2.00% - 20.00%	SL
Transfer stations	10	10.00%	SL
Landfill sites	10-40	10.00%	SL
Resource Consent - Sewerage	25	4.00%	SL
Resource Consent - Water	10-15	6.66-10%	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.

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. Due to the nature of the item, art works are revalued on a three to five-yearly cycle and not depreciated.

Other assets, which would normally be classified under heritage assets, for example war memorials, have been included under "other assets".

Other assets

Other assets (ie plant and vehicles) 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 forecast 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 forecast other comprehensive revenue and expense but is recognised in the forecast surplus or deficit.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the forecast surplus or deficit will be recognised first in the forecast surplus or deficit up to the amount previously expensed, and then recognised in forecast other comprehensive revenue and expense.

m) Work in progress

Assets under construction are not depreciated. Work in progress is recognised at cost less impairment. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

n) Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs directly associated with the development of software for internal use by Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the forecast surplus or deficit 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 forecast 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% - 40.00%	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 forecast other comprehensive income.

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 amortisation 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 forecast surplus or deficit.

The reversal of an impairment loss is recognised in the forecast surplus or deficit.

- value in use for non-cash generating assets.

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, or a service unit approach. The most appropriate approach used to measure the value in use depends on the nature and impairment and availability of information.

- value in use for cash generating assets.

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cashflows.

q) **Employee benefits***Short term benefits*

Employee benefits that SDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

Long term benefits

- long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated by Council staff. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- 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 surplus or deficit when incurred.

Presentation of employee entitlements.

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

r) **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 only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however, if SDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill post-closure costs

SDC, as an operator, has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at their landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises and can be reliably measured.

The provision is measured based on the present value of future cashflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

t) **Internal borrowings**

Internal borrowings are eliminated on consolidation of activities in the Council's prospective financial statements.

u) **External borrowings**

Borrowings on normal commercial terms are initially recognised at the amount borrowed.

Borrowings are classified as current and non-current liabilities.

v) **Borrower notes**

Borrower notes are subordinated convertible debt instruments that the Council subscribes for an amount equal to 5.0% of the total borrowing from LGFA.

LGFA will redeem borrower notes plus interest, when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cash flow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield.

w) Investments in joint arrangements

Under PBE IPSAS 37 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Council has both joint operations and joint ventures.

Council determined that the investment in the following entity meets the definition of "joint operation" and should be accounted for using the proportionate consolidation method (refer note 25):

- WasteNet (31% share).

Joint operations

Council recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the prospective financial statements under the appropriate headings. Details of the joint operation are set out in [note 25](#).

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (x) below), after initially being recognised at cost in the consolidated balance sheet.

x) Investments in associates and joint ventures

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

- Southland Regional Heritage Committee
- Emergency Management Southland
- Southland Regional Development Agency (trading as Great South).

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 and have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

SDC's investment in its associates and joint ventures is accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, an investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise post-acquisition changes in Council's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

SDC's share of an associate's or joint venture's forecast surplus or deficit is recognised in the statement of financial performance. Any change in the associate or joint venture's forecast other comprehensive revenue and expense is presented as part of Council's forecast 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 forecast 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 forecast 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 forecast surplus or deficit.

y) Critical accounting estimates and assumptions

In preparing these prospective financial statements SDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions

are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset. For example, Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground
- estimating any obsolescence or surplus capacity of an asset
- estimating the replacement cost of the asset. The replace cost is derived from recent construction contracts
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then SDC could be over or under estimating the annual depreciation charge recognised as an expense in the forecast statement of comprehensive revenue and expense.

To minimise this risk SDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Asset inspections, deterioration and condition modelling are also carried out regularly as part of SDC's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

z) **Critical judgements in applying SDC's accounting policies**

Management has exercised the following critical judgements in applying SDC's accounting policies for the period ended 30 June 2023:

Classification of property

SDC owns a number of properties that are maintained primarily to provide housing to pensioners. The receipt of rental income from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of SDC's social housing policy and are accounted for as property, plant and equipment rather than as investment property.

aa) **Statement of cashflows**

Operating activities include cash and cash equivalents (as defined in (g)) received from all SDC's income sources and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of SDC.

bb) **Rounding**

Some rounding variances may occur in the prospective financial statements due to the use of decimal places in the underlying financial data.

Changes to Significant Forecasting Assumptions for the Annual Plan 2025-2026

Record No: R/24/10/62547

Author: Robyn Laidlaw, Corporate performance lead

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☒ Recommendation

☐ Information

Purpose

- 1 To review and recommend to Council the changes to the significant forecasting assumptions from the 2024-34 Long Term Plan to be used to support the Annual Plan 2025/2026, which will be adopted in June 2025.

Executive Summary

- 2 In developing the Annual plan 2025/2026 a number of assumptions need to be made in regard to the future in order to develop the financial forecasts.
- 3 The Assumptions adopted as part of LTP 34 are the base for the annual plan and have been reviewed to consider any significant differences.
- 4 No changes are proposed to the financial assumptions adopted as part of the LTP 34 apart from those noted below.
 - The current interest rates on borrowings is 5.67%. The Councils current effective interest rate based on \$77.5m stock of LGFA debt as at 10 October is 4.91%.
 - The return on investments, currently has a return on a 50/50 split between income and growth assets. To reflect the current portfolio, this needs to change to 60/40 split between income and growth assets. Council has previously been conservative in its return from its balanced funds at 4.4% after fees. It is not proposed to make any change to this.
 - Forestry assets, will be based on the latest forest management and harvest plan.
 - The emissions trading scheme will be held at the quantity and value as at the 30 June 2024 being 113,231 units at a unit price of \$50.50.
- 5 The non-financial assumptions have been reviewed. Relevant wording changes will be made to the LTP 34 assumptions where legislative references have since been updated or to make it relevant to the one year of this Annual Plan rather than the 10 years of the LTP. Examples include updates to the waters reform assumption noting changes like the Local waters done well framework.
- 6 The changes adopted at this meeting will be made to the 2024-34 Long Term Plan assumptions to form the 2025-26 Annual Plan significant forecasting assumptions table, for recommendation to Council to adopt as part of the Annual Plan 2025/2026.

- 7 The significant assumptions can still be amended and/or updated up until the Annual Plan is adopted in June 2025.

Recommendation

That the Finance and Assurance Committee:

- a) **receives the report titled “Changes to Significant Forecasting Assumptions for the Annual Plan 2025-2026” dated 06 September 2023.**
- 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 following changes to the 2024-34 Long Term Plan assumptions**
 - **interest on borrowings at 4.91%**
 - **forestry assets, will be based on the latest forest management and harvest plan.**
 - **the emissions trading scheme will be held at the quantity and value as at the 30 June 2024**
- e) **endorses other relevant wording changes to the 2024-34 Long Term Plan assumptions to enable relevance to this 2025-26 Annual Plan**
- f) **notes that any new information arising between now and the adoption of the Annual Plan 2025-2026 that may impact the significant forecasting assumptions noted in Attachment A will be presented to the Committee and Council for consideration and endorsement**

Background

- 8 All councils are required by legislation to adopt an Annual Plan. The annual plan sets out Council’s activities, projects and budgets for the year from 1 July 2025 to 30 June 2026 and updates the information in year two of LTP 34.
- 9 As such, it is appropriate that the significant forecasting assumptions for the Annual Plan are based on the assumptions adopted as part of the LTP, updated as necessary for any relevant changes deemed appropriate.
- 10 To assist the Council, staff prepare this report and outline for their consideration and review any recommendations for change and make comment on any areas they believe the Council needs to be aware of.

Issues

Significant forecasting assumptions

- 11 Significant forecasting assumptions are the building blocks of LTP strategies, policies and activity management plans and provide a baseline to develop plans for long term planning.
- 12 In preparing forecasts, both financial and non-financial, assumptions can address uncertainties of the future. This provides an understanding of the basis from which financial information has been prepared, a way to explain differences that will likely occur between actual results and what was forecast and ensuring that risks and challenges faced by Council in the future have been appropriately identified and assessed.
- 13 Using the wellbeing scan as the basis of the significant forecasting assumptions, staff used the same formatted headings of legislation, social, cultural, environment, emerging technologies, economic and financial headings with related subheadings.
- 14 Council adopted the significant forecasting assumptions for LTP 34, at its 6 September 2023 meeting.
- 15 No changes are proposed to the financial assumptions adopted as part of the LTP 34 apart from those noted below.
 - The current interest rates on borrowings is 5.67%. The Councils current effective interest rate based on \$77.5m stock of LGFA debt as at 10 October is 4.91%.
 - The return on investments, currently has a return on a 50/50 split between income and growth assets. To reflect the current portfolio, this needs to change to 60/40 split between income and growth assets.
 - Forestry assets, will be based on the latest forest management and harvest plan.
 - The emissions trading scheme will be held at the quantity and value as at the 30 June 2024 being 113,231 units at a unit price of \$50.50.
- 16 Council has previously been conservative in its return from its balanced funds at 4.4% after fees. It is not proposed to make any change to this however Council could consider making a change.
- 17 At this stage no changes have been made to the BERL inflation rates that are used to calculate the increase to Councils infrastructure assets and to derive a number of base costs.
- 18 The non-financial assumptions have been reviewed. Relevant wording changes will be made to the LTP 34 assumptions where legislative references have since been updated or to make it relevant to the one year of this Annual Plan rather than the 10 years of the LTP. Examples include updates to the waters reform assumption noting changes like the Local waters done well framework.
- 19 The 2023 Census data that has been released has been reviewed. The population indicated in this is in line with that indicated in the LTP 34 assumptions. So no changes are proposed.

Factors to consider

Legal and statutory requirements

- 20 Section 95 of the Local Government Act 2002 requires the Council to prepare and adopt an Annual Plan for each financial year. Each annual plan should also be prepared in accordance with the principles and procedures that apply to the preparation of the financial statements and funding impact statement included in the LTP.
- 21 Section 111 of the Local Government Act states that any information to be prepared must be in accordance with generally accounting practice where the information is of a form or nature for which generally accepted accounting practice has developed standards.

Community views

Costs and funding

- 22 There is no cost associated with deriving the Annual Plan assumptions.
- 23 The change to the interest rate on borrowing assumption will have financial implications on the 2025-26 Annual Plan. The impact on rating will vary across the activities depending on funding sources.

Policy implications

- 24 The significant forecasting assumptions create the building blocks that are used in the preparation of the Annual Plan.
- 25 Significant forecasting assumptions are also incorporated into the development of the activity management plans so that consistency is applied across Council in consideration to the future delivery of Council activities and how they will be managed.

Analysis

Options considered

Analysis of options

Option 1 – Recommends to Council the changes to the 2024-34 Long Term Plan assumptions, including any amendments from this meeting, for use in the preparation of the Annual Plan 2025/2026.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Staff can proceed with certainty as to the assumptions on which to base the Annual Plan 2025/2026• the Annual Plan 2025/2026 can continue to be prepared in line with the planned timetable.	<ul style="list-style-type: none">• risk of change in assumptions and flow on impact to financial forecasts and rates.

Option 2 – Do not recommend the assumptions as presented

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• changes can be made to the assumptions to incorporate the Council’s views.	<ul style="list-style-type: none">• more complex approach for potentially minimal benefit• the Annual Plan process may be delayed depending on the time needed to provide the necessary information.

Assessment of significance

- 26 In terms of Council’s Significance and Engagement Policy, the assumptions which form part of the Annual Plan are not considered significant.

Recommended option

- 27 Option 1 – Recommends to Council the changes to the 2024-34 Long Term Plan assumptions, including any amendments from this meeting, for use in the preparation of the Annual Plan 2025/2026.

Next steps

- 28 The assumptions (incorporating any changes agreed at this meeting) will be used in preparation of the Annual Plan 2025/2026.

Attachments

There are no attachments for this report.