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

Date:	**Wednesday, 25 June 2025**
Time:	**2pm**
Meeting room:	**Council Chamber**
Venue:	**Level 2 20 Don Street Invercargill**

Council Agenda
OPEN

MEMBERSHIP

Mayor	Rob Scott
Deputy mayor	Christine Menzies
Councillors	Jaspreet Boparai
	Don Byars
	Derek Chamberlain
	Paul Duffy
	Darren Frazer
	Sarah Greaney
	Julie Keast
	Tom O'Brien
	Margie Ruddenklau
	Jon Spraggon
	Matt Wilson

IN ATTENDANCE

Committee advisor	Fiona Dunlop
Chief executive	Cameron McIntosh

Contact telephone: 0800 732 732
Postal address: PO Box 903, Invercargill 9840
Email: emailsdc@southlanddc.govt.nz
Website: www.southlanddc.govt.nz
Online: Southland District Council YouTube

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.

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.

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.

Phones – Please turn your mobile devices to silent mode.

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

TABLE OF CONTENTS

ITEM | **PAGE**

PROCEDURAL

Karakia Timatanga

Mā te whakarongo	Through listening
Mā te kōrero	Through talking
Mā te ngakau	From the heart
Mā te wairua	From the spirit
Mā te manaaki mai	Through giving
Mā te manaaki atu	And receiving respect
Ka puawai te maramatanga	Understanding will bloom
Tihei mauri ora	This is the essence of life

ITEM		PAGE
1	**Apologies**	5
2	**Leave of absence**	5
3	**Conflict of Interest**	5
4	**Extraordinary/Urgent Items**	5
5	**Confirmation of Council Minutes**	5
6	**Public Participation**	5

REPORTS

7.1	**Annual Plan 2025/2026 adoption**	15
7.2	**Rates Resolution - Setting of Rates for the Financial Year 1 July 2025 to 30 June 2026**	181
7.3	**Transport section 17a review findings report**	193

Karakia Whakamutunga

Kia hora te marino	May peace be widespread
Kia whakapapa pounamu te moana	May the sea be like greenstone
Hei huarahi mā tātou i te rangi nei	A pathway for us all this day
Aroha atu, aroha mai	Let us show respect for each other
Tātou i a tātou katoa	For one another
Hui e! Tāiki e!	Bind us all together!

1 Apologies

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

2 Leave of absence

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

3 Conflict of Interest

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

4 Extraordinary/Urgent Items

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

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

(i) The reason why the item was not on the Agenda, and

(ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

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

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

(a) that item may be discussed at that meeting if-

 (i) that item is a minor matter relating to the general business of the local authority; and

 (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."

5 Confirmation of Council Minutes

5.1 Meeting minutes of Council, 11 June 2025

6 Public Participation

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

Council

OPEN MINUTES

(UNCONFIRMED)

Minutes of a meeting of Council held in the Tuatapere RSA Hall, 61 Main Street, Tuatapere on Wednesday, 11 June 2025 at 10am. (10.05am – 11.45am)

PRESENT

Mayor	Rob Scott
Deputy mayor	Christine Menzies
Councillors	Jaspreet Boparai
	Derek Chamberlain
	Paul Duffy
	Darren Frazer
	Sarah Greaney
	Julie Keast
	Tom O'Brien
	Margie Ruddenklau
	Jon Spraggon
	Matt Wilson

APOLOGIES

Councillor Don Byars

IN ATTENDANCE

Committee advisor	Rachael Poole
Chief executive	Cameron McIntosh

Mayor Scott opened the meeting with a karakia timatanga as follows:

Mā te whakarongo	Through listening
Mā te kōrero	Through talking
Mā te ngakau	From the heart
Mā te wairua	From the spirit
Mā te manaaki mai	Through giving
Mā te manaaki atu	And receiving respect
Ka puawai te maramatanga	Understanding will bloom
Tihei mauri ora	This is the essence of life

1 Apologies

There was an apology from Councillor Byars.

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

That Council accept the apology.

2 Leave of absence

There were requests for leave of absence as follows:

- Councillor Chamberlain – 28 June 2025 to 10 July 2025
- Councillor Ruddenklau – 7 July 2025 to 25 July 2025.

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

That Council agrees the leave of absence requests.

3 Conflict of Interest

Councillor Ruddenklau declared an interest in relation to item 7.2 Management update, specifically the Monthly activity summary report update April 2025 – community facilities around 6.3 collaborating with community groups, around her involvement with Kowhai Reach and stated that she would speak to this during the report.

4 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

5 Confirmation of Council Minutes

Resolution

Moved Cr Boparai, seconded Cr Keast **and resolved:**

That the Council confirms the minutes of the meeting held on 28 May 2025 as a true and correct record of that meeting.

6 Public Participation

Johan Groters addressed the meeting about the role Great South and that for his tourism business (Wairaurahiri Jet) he is not feeling as though smaller tourism operators are getting much value for money or benefit from the money being invested in Great South by Council.

Reports

7.1 Local water done well (LWDW) consultation

Record No: R/25/5/24314

Group Manager Infrastructure and Capital Delivery – Fran Mikulicic was in attendance for this item.

The purpose of the report was to seek Council's decision on the preferred water services delivery model to be adopted as part of Southland District Council's Water Services Delivery Plan (WSDP), as required under the local government (Water Services Preliminary Arrangements) Act 2024.

The decision will enabled Council to:

- meet its statutory obligation to identify and implement a financially sustainable model for the delivery of drinking water, wastewater, and stormwater services
- formally confirm the service delivery approach that will be submitted to the Department of Internal Affairs (DIA) by the required deadline of 3 September 2025
- provide certainty for staff, stakeholders, and the community on how water services will be delivered and governed under the new legislative framework
- give effect to the outcomes of the public consultation process undertaken in April and May 2025, ensuring the community's voice is reflected in Council's decision-making.

The Water Services Delivery Plan must demonstrate how Council will ensure regulatory compliance, maintain or improve levels of service and achieve financial sustainability for water services by 30 June 2028. Selecting the preferred model is a critical step in finalising the plan and progressing the implementation pathway.

After considering operational, financial, governance, and compliance factors — alongside strong community feedback it was staff recommend that Council adopt the Adjusted Status Quo model (an in-house business unit) as the basis for developing its Water Services Delivery Plan. This model retains Council responsibility for water services while meeting new legal and regulatory requirements.

There were 193 submissions received plus seven late submissions, of which 97% of respondents supported the Adjusted Status Quo model. Submitters highlighted the importance of local control, cost efficiency, simplicity, and confidence in Council's current performance. There was widespread concern about the costs and complexity associated with establishing a new standalone Council Controlled Organisation, including the projected $750,000 in setup costs and $625,000 in annual operating expenses.

Council's decision to proceed with the Adjusted Status Quo provided a clear mandate to begin preparing the Water Services Delivery Plan for submission to the Department of Internal Affairs by the statutory deadline of 3 September 2025. This plan must show how Council will:

- deliver drinking water, wastewater, and stormwater services in compliance with new national standards by 30 June 2028
- ensure financial sustainability, including the ability to fund operating, compliance, and capital costs
- maintain or improve levels of service, governance oversight, and infrastructure resilience
- implement financial ringfencing and reporting arrangements that meet regulatory expectations.

The next phase involves drafting the Water Services Delivery Plan, incorporating community views, financial modelling, an implementation plan, and engagement with key stakeholders including mana whenua, operational staff, and central government agencies. Council will continue working closely with the Department of Internal Affairs — including through a national case study — to ensure the plan reflects Southland's unique rural context and positions the district for long-term success under the new framework.

Mayor Scott acknowledged and thanked the staff who attended the community meeting with him, and also thanked those who took the time to attend the meetings and engage with him on this topic.

Resolution

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

That Council:

a) **Receives the report titled "Local Water Done Well – Decision on Preferred Water Services Delivery Model".**

b) **Notes that this decision is required to enable finalisation of the Water Services Delivery Plan (WSDP) for submission to the Department of Internal Affairs by 3 September 2025, in accordance with the Local Government (Water Services Preliminary Arrangements) Act 2024.**

c) **Determines that this matter is significant under Council's Significance and Engagement Policy and Section 76 of the Local Government Act 2002, due to the long-term implications for infrastructure, governance, and community wellbeing. Notes that Council is making this decision in accordance with the Local Government (Water Services Preliminary Arrangements) Act 2024 and confirms that it has sufficient information to do so.**

d) **Confirms that the consultation and decision-making requirements set out in sections 61–64 of the Local Government (Water Services Preliminary Arrangements) Act 2024 (being the alternative requirements to those in the Local Government Act 2002), and other relevant provisions of the Local Government Act 2002 (except where modified by those alternative**

requirements), have been complied with to the extent necessary, and that sufficient information is available to make a decision without further analysis of options or impacts.

e) **Notes the extensive public consultation process occurred under the alternative consultation and decision-making process and was undertaken during April–May 2025, including public meetings, digital engagement, and written submissions, and the overwhelming community support for the Adjusted Status Quo option.**

f) **Adopts the Adjusted Status Quo (in-house business unit) as Southland District Council's preferred water services delivery model to be included in the Water Services Delivery Plan.**

g) **Notes that this decision does not preclude future consideration of other delivery models, should legislative changes or regional opportunities arise.**

h) **Authorises the chief executive to finalise the draft Water Services Delivery Plan for formal adoption by Council no later than 30 August 2025, and to submit the plan to the secretary for local government by 3 September 2025.**

7.2 Management report June 2025

Record No: R/25/3/13459

Chief Executive – Cameron McIntosh was in attendance for this report and he shared with Council some of the new legislation that had just been publicly released and discussed the activity summary reports.

Resolution

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

That the Council:

a) **receives the report titled "Management report June 2025".**

7.3 Mayor's report

Record No: R/25/3/10768

Mayor Scott took the Councillors through his report which highlighted meetings and events that he had attended. Mayor Scott, Cr O'Brien and Cr Wilson spoke about the onsite meeting they attended with the Mid Dome Trust, Cr Keast spoke about the Citizen Advice Bureau's launch of their community directory and Cr Greaney gave an update on Connected Murihiku.

Resolution

Moved Mayor Scott, seconded Cr O'Brien **and resolved:**

That the Council:

a) **receives the report titled "Mayor's report".**

7.4 Nightcaps hall, installation of new diesel tank - retrospective unbudgeted expenditure request

Record No: R/25/5/24716

Community Facilities Manager – Mark Day and GM Community and Customer Wellbeing – Sam Marshall were in attendance for this time.

The purpose of the report was for Council to the recommendation made by the Wallace Takitimu Community Board at its meeting on 5 June 2025, that retrospective unbudgeted expenditure be approved to cover the cost of installing a new diesel tank at the Nightcaps hall.

In April 2024, staff were advised that the diesel tank at the Nightcaps hall would not pass anymore compliance inspections and needed urgent replacement. A second-hand tank was purchased in May 2024 and the installation took place at the beginning of the 2024/2025 financial year.

There was no budget allowance for this work a retrospective unbudgeted expenditure of $3,316.56 was recommended by the Board to Council.

Resolution

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

That the Council:

a) receives the report titled "Nightcaps hall, installation of new diesel tank - retrospective unbudgeted expenditure request".

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 these costs are capital expenditure and that the board does not have delegation to approve this expenditure.

e) approves retrospective unbudgeted expenditure of $3,316.56 plus GST for the transport and installation of the replacement diesel tank at the Nightcaps hall.

f) notes that the project be funded as follows
- **any operational underspends in 2024/2025;**
- **with the remainder to be funded via the Nightcaps Community Centre Reserve.**

7.5 Unbudgeted expenditure report - Ohai Railway Fund - March 2025 funding round

Record No: R/25/5/24510

Community Liaison Officer – Kathryn Cowie (via video link) and GM Community and Customer Wellbeing – Sam Marshall were was in attendance for the item.

The purpose of the report was to seek approval from Council to allow unbudgeted grant expenditure by the Ohai Railway Fund Committee for the March 2025 round of funding allocations.

In the March 2025 funding round of the Ohai Railway Fund, the committee received seven individual or tertiary applications, and three applications from organisations in the local community.

For the 2024/2025 financial year $55,000 has been budgeted to be allocated via grants. $39,947 was allocated in the September 2024 funding round, leaving $15,053 remaining, budgeted to allocate in the March round.

The total amount of requests received were $55,100 from organisations, plus $6,700 for individual grants if the committee allocated all, as per the criteria.

The Ohai Railway Fund Committee decided to allocate the $6,700 for the seven individual grants, and $20,100 for the organisations. The total amount allocated was $26,800, for the March 2025 funding round, and $66,747 for the 2024/2025 financial year.

The Finance department at the Ohai Railway Fund meeting on Friday 9 May 2025, it advised that any grants allocated above the estimated interest income level of $81,089 would need to be funded from the reserve.

The allocated amount of $66,747 exceeded the budgeted amount left to spend by $11,747, which is the amount of unbudgeted expenditure required to be approved by Council.

Resolution

Moved Cr Chamberlain, seconded Cr Boparai

That the Council:

a) receives the report titled “Unbudgeted expenditure report - Ohai Railway Fund - March 2025 funding round ”.

b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.

c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.

d) approves the unbudgeted expenditure of $11,747 in Ohai Railway Fund grant allocations from the Ohai Railway Fund interest income.

The meeting closed with a karakia whakamutunga as follows:

Kia hora te marino	May peace be widespread
Kia whakapapa pounamu te moana	May the sea be like greenstone
Hei huarahi mā tātou i te rangi nei	A pathway for us all this day
Aroha atu, aroha mai	Let us show respect for each other
Tātou i a tātou katoa	For one another
Hui e! Tāiki e!	Bind us all together!

The meeting concluded at 11.45am.

Confirmed as a true and correct record of a meeting of the Council held on Wednesday 11 June 2025.

DATE:

CHAIRPERSON:

.

Annual Plan 2025/2026 adoption

Record No: R/25/6/29293
Author: Nicole Taylor, Finance development co-ordinator
Approved by: Anne Robson, Group manager finance and assurance

☒ Decision ☐ Recommendation ☐ Information

Purpose

1 This report presents the draft Annual Plan 2025/2026 (Attachment A) for adoption. This follows on from the Finance and Assurance Committee meeting where the committee has been asked to recommend its adoption to Council.

2 The report also requests that the Council approve unbudgeted expenditure for new levies to fund water services regulation activities by the Water Services Authority – Taumata Arowai.

Executive summary

3 Council is required to adopt an annual plan by 30 June for each financial year that a Long Term Plan (LTP) is not prepared. The Annual Plan 2025/2026 sets the budget and rates needed. Once adopted, the rates can be set (refer separate report) and the plan becomes the delivery and financial plan for the year.

4 The annual plan identifies the variations from the financial statements and funding impact statement included in year two of Council's LTP (2025/2026). Council must consult on the annual plan if there are *"significant or material differences from the content of the long-term plan for the financial year to which the proposed annual plan relates"* (s92(2)(a)).

5 Reports on the draft annual plan were presented to the Finance and Assurance Committee on 19 February 2025 and Council on 5 March 2025. These reports noted that the proposed Annual Plan 2025/2026 was generally consistent with the strategic and policy direction of the LTP. Discussion at the meeting noted that Council has focused on making efficiencies and finding cost savings meaning that inflationary pressures have largely been absorbed and as a result the total rates increase was forecast to be 7.23% ($5.2 million), lower than the 7.9% ($5.7 million) forecast in the LTP.

6 Subsequently, Council passed a resolution on 5 March 2025 agreeing that no formal consultation on the annual plan be undertaken due to no significant or material differences from year two of the LTP. Instead of formal consultation, Council sought to update and inform the community about the plan by providing information via a number of communication channels and via the online rates prediction search to show what changes in rates would be for individual properties.

7 Since then, Council approved changes to a number 2024/2025 projects including deferral and deletions of projects which were loan funded as part of forecasting on 2 April 2025. These changes have lowered budgeted loan repayment costs ($0.1 million) for 2025/2026 which has further reduced the total rate increase to 7.02% ($5.1 million). This is below the 11% limit set in the LTP.

	AP 24/25 ($000)	**LTP 25/26 ($000)**	**AP 25/26 ($000)**
Rates revenue	72,089	77,786	77,151
Rates increase %	13.18%	7.90%	7.02%
Rates increase limit	*14.00%*	*11.00%*	*11.00%*

8 **The key changes making up the $5.1 million increase in rates from 2024/2025 include:**

- **roading ($2.7 million)** as a result of Council's decision to continue to collect the level of roading rates indicted in the LTP, in anticipation of being able to secure additional funding from NZ Transport Agency (NZTA) for an increased programme. If additional funding is not able to be obtained, the additional rates funding will be used to repay roading debt
- **stormwater, wastewater and water ($1.7 million)** due to increased costs for depreciation funding, loan interest and principal repayments, maintenance, insurance and electricity
- **waste services ($0.1 million)** due to higher waste disposal and contract costs
- **community facilities ($0.2 million)** due to higher operating and maintenance costs for halls and open spaces
- **general rate ($0.4 million)** due principally to inflationary adjustments for employee costs.

9 The plan forecasts an operating deficit of $7.9 million, $6.0 million more than projected in the LTP due to lower revenue and higher operating expenditure.

	LTP 25/26 ($000)	**AP 25/26 ($000)**	**Variance ($000)**
Income	$125,951	$121,600	($4,351)
Operating expenditure	$127,817	$129,488	$1,671
Surplus/(deficit) before tax	($1,866)	($7,888)	($6,022)

10 **Overall revenue has reduced by $4.4 million from a planned $126 million to $121.6 million.** This is mainly due to a change in the way investment revenue is shown ($1.65 million). In addition, forestry income is down with harvesting at Ohai being completed early in 2024/2025 ($1.0 million). Council is also receiving less net grant and subsidy funding ($0.85 million) and lower environmental services income ($1.4 million).

11 **Operating expenditure has increased by $1.7 million from a planned $127.8 million to $129.5 million.** This is primarily due to increased depreciation costs ($2.6 million), mainly for roading as well as additional employee expenses ($0.76 million). These increases are partially offset by a $0.5 million reduction in other expenses and $1.2 million reduction in finance costs due to lower interest rates and fewer loans being required in 2024/2025.

12 **Capital expenditure** is $69.3 million which is a $1.5 million lower than what was forecast in the LTP ($70.8 million), predominately due to changes in the timing of water, wastewater and roading projects.

13 The plan also includes the full list of fees and charges for 2025/2026 which Council confirmed on 28 May 2025 following a period of public consultation.

14 A full copy of the Annual Plan 2025/2026 is included as attachment A. While this document is largely complete, staff are still completing a final review of wording which may result in minor amendments.

15 Council has recently been advised that the Water Services Authority – Taumata Arowai – will be funded through a combination of Crown funding and levies payable by councils or council-controlled organisations (CCOs). These new levies, which will support water services regulation, will take effect from 1 July 2025. Council's annual levy cost will be $131,699 (excluding GST) for a period of three years, with the amount to be recovered through water, wastewater, and stormwater rates.

16 As the levy was still under consultation and the calculation methodology had not been finalised during the preparation of the Annual Plan 2025/2026, no allowance was included at that time. Staff now propose to fund the levy for 2025/2026 using interest earnt on water and wastewater

development contribution reserves. Accordingly, this report seeks the Council's approval of unbudgeted expenditure to fund the levy in the 2025/2026 financial year.

17 The levy funding for future years will be dealt with as part of the annual plan processes.

18 The Finance and Assurance Committee have been asked to recommend to Council the adoption of the plan and the unbudgeted expenditure for the new water regulation levies prior to this meeting. Any discussion/changes at the committee meeting made will be summarised to Council at this meeting.

Recommendation

That the Council:

a) receives the report titled “Annual Plan 2025/2026 adoption”.

b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.

c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.

d) notes that Council confirmed the fees and charges for inclusion in the Annual Plan 2025/2026 at its meeting on 28 May 2025.

e) notes that Council received the financial information for the Annual Plan 2025/2026 at its 5 March 2025 meeting, and resolved not to consult, as the plan does not contain significant or material changes from year two of the Long Term Plan2024–2034.

f) notes that the Annual Plan 2025/2026 (Attachment A) remains materially unchanged from the version considered on 5 March 2025.

g) notes after considering the matters outlined in Section 100 of the Local Government Act 2002, that the Annual Plan 2025/2026 projects operating revenues that are insufficient to fully meet operating expenses to achieve a balanced operating budget and acknowledges that this in in line with Council’s Long Term Plan 2024–2034 and previous policy decisions regarding the partial funding of depreciation recognising that Council remains committed to returning to a balanced budget by 2031/2032.

h) agrees to adopt the Annual Plan 2025/2026 (Attachment A).

i) Delegates to the Chief Executive the authority to make minor editorial changes that arise as part of the publication process for Annual Plan 2025/2026.

j) approves unbudgeted expenditure for the Water Services Authority – Taumata Arowai, levies of $131,699 (excl GST) to be funded by the interest earnt on the water and wastewater development contributions.

Background

19 The annual plan sets out Council’s budget and work programme for the year. It builds on year two of the LTP 2024–2034, with adjustments made to reflect changes in projects and budgets due to evolving economic conditions, legislative requirements, financial factors, and updates to assumptions, priorities, workplan costs, and funding.

20 Section 95 of the Local Government Act 2002 (LGA) requires Council to adopt an annual plan by 30 June for each financial year that a Long Term Plan (LTP) is not prepared. As 2025/2026 is not an LTP

year, Council must adopt the Annual Plan 2025/2026 by 30 June 2025. Following adoption of the annual plan, Council can set the rates for 2025/2026.

21 The purpose of the annual plan is to:

- contain the proposed annual budget and funding impact statements for the year to which the annual plan relates; and
- identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year; and
- provide integrated decision making and co-ordination of the resources of the local authority; and
- contribute to the accountability of the local authority to the community.

22 Once adopted, it becomes the delivery and financial plan for the year and is used to calculate the rates required.

23 The review and development of the plan has been carried out collaboratively by community boards, councillors, and staff between October 2024 and March 2025. This process has included efforts to identify savings and managing rising cost pressures within existing funding allocations. Without these adjustments, the proposed rates increase would have been significantly higher.

24 The key financial aspects of the plan were discussed with the Finance and Assurance Committee on 19 February 2025 and Council on 5 March 2025 with the proposed Annual Plan 2025/2026 attached being generally consistent with the strategic and policy direction of the LTP. Discussion at the meetings noted that Council has focused on making efficiencies and finding cost savings meaning that inflationary pressures have largely been absorbed and as a result the total rates increase was forecast to be 7.23% ($5.2 million), lower than the 7.9% ($5.7 million) forecast in the LTP.

25 Subsequently, Council passed a resolution on 5 March 2025 agreeing that no formal consultation on the annual plan be undertaken due to no significant or material differences from year two of the LTP.

26 Since then, Council approved changes to a number of 2024/2025 projects including deferral and deletion of projects which were loan funded as part of forecasting on 2 April 2025. These changes have lowered budgeted loan repayment costs ($0.1 million) for 2025/2026 which has further reduced the total rate increase to 7.02% ($5.1 million). This is below the 11% rate increase limit set in the LTP.

27 The annual plan document (attachment A) has been prepared using this information.

28 The final draft of the plan is attached for Council's consideration and adoption. The Finance and Assurance Committee has been requested to recommend the plan to Council. As the committee meeting is scheduled immediately prior to the Council meeting, any amendments proposed by the committee will be verbally summarised during the Council meeting.

Issues

29 The key changes to the annual plan were outlined in the reports that were presented to the Finance and Assurance Committee on 19 February 2025 and Council on 5 March 2025. Additional and updated items to note are summarised below.

Roading

30 Reduced funding from NZTA for roading compared to the LTP means that the annual plan programme has been scaled back from $48.9 million to $46.4 million ($1.5 million in capital; $1 million in operating). However, the annual plan continues to maintain the rating requirement from year two of the LTP in case additional NZTA funding becomes available. In the interim, the $2.5

million road rating surplus in this plan will be used to repay roading debt. Please note that the programme of $46.4 million is $4 million higher than what was previously reported to the Council in March 2025 due to the movement of the bridge renewal projects from 2024/2025 to 2025/2026.

29 Change to investment returns and finance cost disclosures

31 Changes have been made to how investment returns from balanced funds are recorded. These returns are no longer shown as income in the financial statements until the investment units are sold. Until then, any gains are recorded as unrealised gains/losses in the statement of equity which is below the net surplus/deficit.

32 Additionally, with the move to bulk borrowing through the Local Government Funding Agency (LGFA), interest costs are now spread across activities using internal charges. This means finance costs may appear lower in the activity funding impact statements, but interest is now included in internal charges and overheads instead. External interest from LGFA borrowings is still shown under finance costs in the consolidated funding impact statement. To help explain this change, extra tables have been added to the financial sections of the activity statements in section four of the plan.

Projects

33 The table below outlines the quantum of projects planned for 2025/2026 compared to year two of the LTP with these, $1.4 million lower than forecast in the LTP.

34 It also shows the projects programmed for 2024/2025 in the LTP (24/25 LTP budget) and the revised approved budget for 24/25 reflecting changes approved through Councils forecasting approved in March 2025, including those requested by community boards, carry forwards and unbudgeted expenditure.

35 Overall, $5.8 million of projects have been moved out of 2024/2025. In addition, the A3 summary report presented to Council earlier this month also estimates around $9.9 million in additional likely carry-forwards to 2025/2026, mainly from three waters ($6.7 million) and community resources ($1.6 million). If moved to 2025/2026, the total capital programme for that year would exceed $80 million (the annual limit set in the LTP financial strategy), however this will only be due to timing of projects already planned. Staff are currently assessing the feasibility of delivering this programme and will report back to Council with options in the future.

Changes to budgeted projects by activity	24/25 LTP Budget ($000)	24/25 Approved* Budget ($000)	25/26 LTP (Y2) Forecast ($000)	25/26 AP Budget ($000)	Variance LTP Y2 to AP 25/26
Community Resources:	**8,117**	**12,307**	**10,544**	**12,283**	**1,740**
Offices & Buildings	20	3,671	5,250	6,779	1,529
Toilets	1,481	1,973	1,363	1,769	406
Parks & Reserves	3,791	3,309	2,012	2,636	624
Others^	2,826	3,353	1,919	1,100	(820)
Corporate Services	**983**	**1,437**	**755**	**755**	**-**
Three Waters and Waste	**26,956**	**25,591**	**26,062**	**23,575**	**(2,487)**
Transport:	**34,309**	**25,259**	**34,570**	**33,896**	**(673)**
Airport	1,297	920	-		-
Footpath	1,416	515	1,166	1,384	218
Roading	29,336	22,288	32,312	30,753	(1,559)
Others+	2,260	1,536	1,091	1,759	668
Total	**70,365**	**64,593**	**71,930**	**70,509**	**(1,420)**

** Approved budget includes LTP, carry forwards, unbudgeted expenditure and forecasted changes*
^ "Others" under Community resources includes Cemeteries, Community Housing, Halls, Library Services, Other Property, SIESA
+"Others" under Transport includes Boat Ramps, Cycle Trails, Harbour, and Stewart Island Jetties

36 A detailed listing of the 2025/2026 projects is included in section four of the annual plan (attachment A), with a summary of the major projects in the relevant activity statements. These statements also include an explanation of the financial variances for each activity group.

37 Please note that the 2024/2025 approved budget shown in the table above is $3.2 million lower than indicated in the 5 March 2025 Council report as a result of the additional resolutions passed at the meeting to move projects from 2024/2025 to 2025/2026.

Risks

38 The Annual Plan 2025/2026 reflects a further deterioration in the operating deficit. This decline is primarily attributed to the decision not fully fund depreciation for three waters assets until the 2031/2032. The situation is further exacerbated by a change in the accounting treatment of investment returns. Under the new approach, earnings from the balanced fund are only recognised upon the sale of investment units, meaning they no longer contribute to the Council's reported investment income

39 There remains ongoing risk associated with government reforms, particularly in the areas of three waters, resource management and building consents.

40 Following the Local Water Done Well consultation, Council opted to retain in-house delivery of water services under the adjusted status quo model. While this approach assumes costs can be managed within existing structures, it does not account for potential future compliance requirements. Council is now required to develop a Water Services Delivery Plan by September 2025, demonstrating how services will meet new standards, remain financially sustainable, and deliver the expected levels of service. This work may have implications for the annual plan and future budgets.

41 Once such implication, is the recent advice from the government that the Water Services Authority – Taumata Arowai will be funded by a mix of crown funding and levies payable by councils or council-controlled organisations (CCOs). The new levies will come into effect on 1 July 2025 and will be used to fund water services regulation.

42 Council was advised of the final decision from Taumata Arowai on the 23 May 2025 following the final decision by cabinet on 19 May 2025.

43 The draft annual plan 2025/2026 does not include an allowance for the new levy because at the time of preparation this was the subject of consultation, and the government had not confirmed how the levy would be calculated for each council.

44 After considering feedback from the sector, cabinet made no changes to the levies' proposed design features. Accordingly, the levies will:

- apply to councils or, where applicable, their water organisations
- be set for three years with a funding review after the first two years
- not apply to private or community drinking water supplies or Crown supplies during the first (three-year) levy period
- comprise separate components for drinking water, wastewater and stormwater
- be apportioned on a population basis for each relevant council or CCO; this is because some suppliers currently do not have an accurate view of how many connections they have.

45 The levy cost to Council will be $131,699 excl GST per annum as shown below.

	Annual share of levy costs 2025/2026 to 2027/2028			
Population	**Drinking Water**	**Wastewater**	**Stormwater**	**Total Levy**
31,833	$98,774	$27,657	$5,268	**$131,699**

46 Staff are proposing to use interest earnt from water and wastewater development contribution reserves to fund the levy in 2025/2026. The reserve currently holds $332,885 in interest. After the levy is paid, $206,712 will remain, which will be used to fund water and wastewater projects in 2024/2025. In previous years, development contributions themselves have been used to fund water and wastewater projects which means only the interest earnt on these contributions remains available for use.

47 The levy funding for future years will be dealt with as part of the annual plan process for 2026/2027. If this cost was treated in the same manner as other costs for the delivery of water services then the additional levy cost would be funded from the targeted rate for each of the water services. Based on the draft annual plan 2025/2026 this would result in an increase as follows:

Targeted rate – full charge	Drinking Water	Wastewater	Stormwater
2025/2026 targeted rate (incl GST)	$901.36	$928.89	$125.61
Additional cost for levy	**$13.12**	**$3.01**	**$0.54**
Targeted rate including the levy	$914.48	$931.90	$126.15
Percentage increase	1.46%	0.32%	0.43%

Key financial information

48 The table below summarises the key financial changes from the LTP. This information is summarised from Council's full financial statements in section of four of the annual plan (attachment A).

	LTP Year 2 (25/26)	Movement	AP 25/26	Variance
Total rates required	$77.8m	↓	$77.2m	($0.6m)
Rates increase	7.9%	↓	7.02%	(0.07%)
Surplus/(deficit)	($1.9m)	↓	($7.9m)	($6m)
Total revenue	$126.0m	↓	$121.6m	($4.4m)
Grants and subsidies	$29.3m	↓	$28.5m	($0.8m)
Operating expenditure	$127.8m	↑	$129.5m	$1.7m
Capital expenditure	$70.8m	↓	$69.3m	($1.5m)
External borrowings @ 30 June	$138.5m	↓	$124.2m	($14.3m)
Internal loans @ 30 June	$124m	↓	$118m	($6m)
Finance costs	$6.1m	↓	$4.8m	($1.3m)
Net debt	$97.5m	↓	$85.3	($12.2m)
Depreciation	$43.3m	↑	$45.9m	$2.6m
Equity	$2,350m	↓	$2,335m	($15.3m)

Financial results – Annual Plan 2025/2026 compared to LTP Year 2 (2025/2026)

49 The plan forecasts an operating deficit of $7.9 million, $6.0 million more than projected in the LTP due to lower revenue and higher operating expenditure.

	31 32	LTP 25/26 ($000)	34 35	AP 25/26 ($000)	37 38	Variance ($000)
Income	40	$125,951	42	$121,600	44	$4,351
Operating expenditure	46	$127,817	48	$129,488	50	$1,671
Surplus/(deficit) before tax	52	($1,866)	54	($7,888)	56	($6,022)

50 **Overall revenue has reduced by $4.4 million from a planned $126 million to $121.6 million.** This is mainly due to a change in the way investment revenue is shown ($1.65 million) as noted above. In addition, forestry income is down with harvesting at Ohai being completed early in 2024/2025 ($1.0 million). Council is also receiving less net grant and subsidy funding ($0.85 million) and lower environmental services income ($1.4 million).

51 **Operating expenditure has increased by $1.7 million from a planned $127.8 million to $129.5 million.** This is primarily due to increased depreciation costs ($2.6 million), mainly for roading as well as additional employee expenses ($0.76 million). These increases are partially offset by a $0.5 million reduction in other expenses and $1.2 million reduction in finance costs due to lower interest rates and fewer loans being required in 2024/2025.

52 **Capital expenditure has reduced by $1.5 million from a planned $70.8 million to $69.3 million.** This is largely due to changes in the timing of projects as explained in paragraph 33.

53 **Internal loans** are forecast to decrease due to changes in project timing and the decision to use funds from the district operations reserve to repay 42 internal loans. Total internal loans are now budgeted at $118 million, $6 million less than the LTP forecast.

54 **External borrowings** are also projected to be lower, with total borrowing expected to be $124.2 million at 30 June 2026, $14.3 million less than the $138.5 million forecast in the LTP.

55 **Overall rate revenue has reduced by $0.6 million from a planned $77.8 million in the LTP to $77.2 million.** The decrease is largely due to reduced loan repayment costs due to lower interest rates and a reduction in loan drawdowns for projects in 2024/2025 that have been moved to 2025/2026.

Rate increase from 2024/2025 to 2025/2026

56 The information below relates to the proposed rates for 2025/2026 compared to the prior year (2024/2025). This varies from the financial information shown above which compares the proposed rates for 2025/2026 against what was forecast for year two 2025/2026 in the LTP.

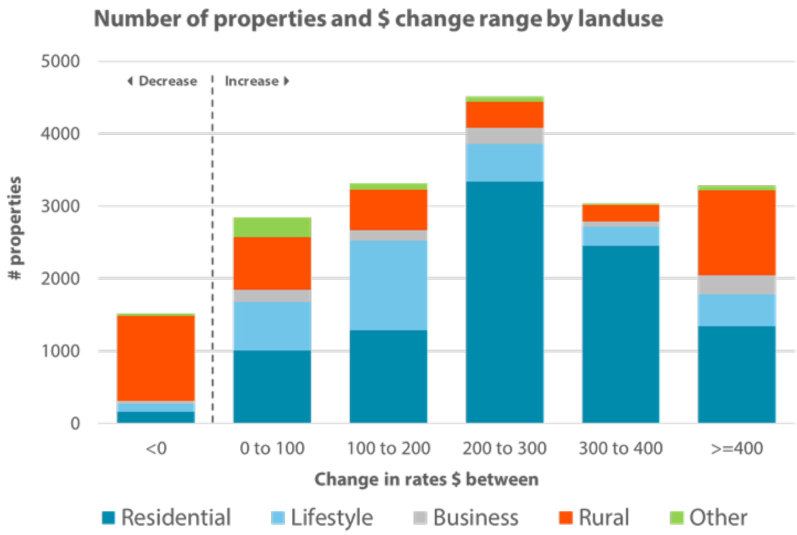
57 **Total rate revenue is budgeted to rise by 7.02% ($5.1 million) from 2024/2025**. The key reasons for the increases are related to the following:

- **roading ($2.7 million)** as a result of Council's decision in the LTP to increase rates for roading in anticipation of being able secure additional funding from NZ Transport Agency (NZTA) for an increased programme. If additional funding is not able to be obtained, the additional rates funding will be used to repay roading debt
- **stormwater, wastewater and water ($1.7 million)** due to increased costs for depreciation funding, loan interest and principal repayments, maintenance, insurance and electricity
- **waste services ($0.1 million)** due to higher waste disposal and contract costs
- **community facilities ($0.2 million)** due to higher operating and maintenance costs for halls and open spaces
- **general rate ($0.4 million)** due principally to inflationary adjustments for employee costs.

58 While the overall rate increase is 7.02%, the impact on individual properties will vary depending on factors such as property type, location, the services it receives, capital value, and how its recent revaluation compares to the district average.

59 The average increase for a residential property across the district will be around $330 (8%), or $6 per week. By township the proposed average rate increase varies from $90, or 4%, in Thornbury, to around $460 or 11%, in Te Anau. By land use sector the proposed average rate increase varies. The average increase for a farm is around $180 (3%), $945 (6%) for a dairy farm, $350 (4%) for a forestry property, $240 (10%) for lifestyle, $680 (8%) for commercial, $485 (9%) for industrial, $150 (1%) for mining and $780 (16%) for other properties. These rates figures reflect the proposed rates at 9 June 2025 and exclude increases due to outliers like new houses being built or one-off changes to the way a property is rated due changes to the property.

60 A summary of the proposed increase in bands by land use and the number of properties to which it will apply is presented in the graph below.



61 The sample properties information in section four of the plan provides additional examples of specific property rate changes.

Benchmarks

62 Under the Local Government (Financial Reporting and Prudence) Regulations 2014 and section 100 of the LGA 2002 Council is required to report against a set of benchmarks around three key elements of financial prudence – affordability, sustainability and predictability. As shown in the table below, Council is meeting all benchmarks except the balanced budget benchmark.

Benchmark	Quantified Limit	Planned as per LTP 25/26	Met for LTP 25/26	Planned as per the AP 25/26	Met for AP 25/26
Rates Affordability Benchmark					
- Income	70.0%	61.8%	Yes	63.4%	Yes
- Increases	8.0%	7.90%	Yes	7.02%	Yes
Debt Affordability Benchmark - Net Debt	175%	77.4%	Yes	70.2%	Yes
Balanced Budget Benchmark	100%	98.5%	No	93.9%	No
Essential Services Benchmark	100%	152.7%	Yes	135.6%	Yes
Debt Servicing Benchmark	10%	4.81%	Yes	3.95%	Yes

63 The balanced budget benchmark requires Council to ensure that projected operating revenues are set at a level that is sufficient to meet projected operating expenditure. Council forecast in the LTP that it would not meet the balanced budget benchmark in 2025/2026 and this has not changed.

64 Council does not meet the balanced budget benchmark as a result of the phasing in of depreciation funding on the majority of key district assets. Council is expecting to be fully funding depreciation on these assets by 2031/2032 which will also result in Council moving to an operational surplus.

65 The deterioration in the balanced budget benchmark between the LTP and the annual plan is primarily due to higher than expected depreciation costs for roading. Additionally, investment returns are no longer included in Council's reported investment income, as earnings from the balanced fund are only recognised when the investment units are sold.

Factors to consider

Legal and statutory requirements

66 Section 95 of the Local Government Act 2002 requires local authorities to adopt an annual plan for each financial year (other than an LTP year). Section 95 also sets out that Council must consult the community on the annual plan unless there are no significant or material variations from the LTP to the annual plan. Council has already resolved that there are no significant or material variations and that consultation was not required.

67 Council is required under section 100 of the Local Government Act 2002 to ensure that projected operating revenues are set at a level that is sufficient to meet projected operating expenditure. As noted above, projected annual income is less than operating expenditure and this means Council is not meeting this benchmark in the Annual Plan 2025/2026. This is consistent with the LTP forecast for year two (2025/2026).

Community views

68 There has been no specific community engagement or consultation on the annual plan. There was consultation on the LTP, and the annual plan remains largely consistent with the strategic, policy direction of the LTP and the forecast budgets for year two of the plan.

69 Instead of formal consultation, Council sought to update and inform the community about the plan by providing information via a number of communication channels and via the online rates prediction search to show what changes in rates would be for individual properties.

70 Information about the plan and proposed rates increase were highlighted in a media release with information shared on Council's website and distributed via social media. An overview of the plan and rates increases were included in the First Edition publication distributed to households in April 2025. Although inflation rates and interest rates are slowly coming down, the community is still experiencing challenging times financially. This was evident in the feedback received on social media expressed with people expressing concerns about proposed rate increases as well as the impact of recent property valuations. Over the period just over 400 visitors accessed the Council's predicted rate search with 300 viewing the webpage about the annual plan.

Costs and funding

71 The specific financial implications of the annual plan are noted in the issues section above. More information about the financial statements and the reasons for any variances are included in the annual plan.

Policy implications

72 Given there are no significant or material differences for the Annual Plan 2025/2026 from year two of the LTP, it is considered to be consistent with Councils current financial and infrastructure strategies and Revenue and Financing Policy.

73 The annual plan includes capital and operating budgets to support and implement a number of policies and plans.

Analysis

Options considered

74 Option 1: recommend that Council adopt the Annual Plan 2025/2026, with any minor amendments as agreed at this meeting.

75 Option 2: do not recommend that Council adopt the Annual Plan 2025/2026.

Analysis of Options

Option 1 – recommend that Council adopt the Annual Plan 2025/2026, with any minor amendments as agreed at this meeting.

Advantages	*Disadvantages*
• meets statutory requirements and timeframes • will enable rates for the 2025/2026 year to be set and collected in a timely manner • is consistent with the overall direction set through the LTP • enables staff to commence implementing the work programme in the annual plan.	• no further changes can be made

Option 2 – do not recommend that Council adopt the Annual Plan 2025/2026.

Advantages	*Disadvantages*
• allows for further changes to be incorporated into the document before it is adopted.	• Council would be at risk of not meeting statutory requirements and timeframes • creates a risk that the first instalment of rates would not be collected in a timely manner • creates uncertainty in terms of setting budgets and implementing the work programme for the 2025/2026 year • creates uncertainly for ratepayers

Assessment of significance

76 Adoption of the Annual Plan 2025/2026 is considered to be of some significance/importance in relation to Council’s Significance and Engagement Policy. Given that the plan is generally consistent with year two of the LTP with no significant or material changes, Council decided in March 2025 that formal consultation was not required.

77 There have been very few material changes to the budgets or programmes since this assessment was made in March, with the main change resulting in the movement of projects from 2024/2025 to 2025/2026. As such none of these changes have been assessed as being material to the wider community.

78 While the rate increase is likely to be of community interest, the changes to the annual plan have reduced rates from what was proposed and consulted on as part of the LTP. As such staff consider that recommendation that Council adopt the Annual Plan 2025/2026 for not require further consultation.

Recommended option

79 The recommended option is option 1 - recommend that Council adopt the Annual Plan 2025/2026, with any minor amendments as agreed at this meeting.

Next steps

80 Once adopted, staff will finalise the document, publish it on Council's website and make copies available at Council's offices and libraries.

Attachments

A Annual Plan 2025/2026 for adoption

ANNUAL PLAN

SOUTHLAND DISTRICT COUNCIL

2025/2026

Contents

1. Overview **4**

Message from the mayor and chief executive 8

Executive summary 10

Financial overview 18

Annual Plan disclosure statement 26

2. Our activities **26**

Community leadership 27

Community resources 32

Environmental services 36

Transport 42

Stormwater 46

Wastewater (sewerage) 49

Water supply 52

3. Other information **55**

Council-controlled organisations (CCOS) 56

About Council 57

4. Financial and rating information **59**
Key assumptions changes 60
Accounting policies 61
Financial statements 74
Funding impact statement (rates section) 80
Rating base information 102
Balancing the budget 104
Fees and charges 105
Schedule of financial reserves 135
Schedule of projects 145

Welcome

to Southland District Council's Annual Plan 2025/2026

Council's major planning document is the Long Term Plan 2024-2034, titled These are challenging times, Southland Murihiku.

The plan sets out Council's planned priorities and spending for 10 years from 2024, with more detail for the first three years.

A long term plan (LTP) is produced every three years and in between an annual plan provides an update to the LTP.

This annual plan highlights changes to the work programme for year two of the Long Term Plan 2024/2034 (LTP34), the reasons for the changes and the impact on rates.

The Local Government Act (2002) requires Council to prepare an annual plan every year to clearly show its budget and how much it will cost ratepayers, and to highlight any major differences from what had been planned for that year in the LTP and why the changes are necessary.

To fully understand this annual plan, you may find it helpful to read it alongside the Long Term Plan 2024-2034, which contains a detailed explanation of Council's work programme.

All other activities, policies and levels of service detailed in the LTP are proposed to be delivered as stated in that plan.

Copies of the LTP can be viewed at Council's office at 15 Forth Street, Invercargill, at any of our public libraries, our area offices or on our website:
www.southlanddc.govt.nz

Southland District Council's vision

Together, with our people, for our future. It's our Southland.

This drives us to work together with our communities for the future of Southland. That's our goal.

We work towards this through our plans, strategies and policies and through the activities outlined in our LTP.

The purpose of Council is:

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

Council consists of a mayor, 12 councillors and members of nine community boards who are elected by Southland District residents/ratepayers every three years.

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

For further details of Council's role, governance systems and committee structure, please go to our website:
www.southlanddc.govt.nz

Kia ora

This plan is about continuing to get the important work done that we'd signalled in our Long Term Plan 2024-2034 (LTP).

2025/2026 is year two of the LTP, and as there were no significant variations from what we'd planned we did not consult on this annual plan. Rather, we made information about the draft document available through a range of platforms.

A message from Mayor Rob Scott and chief executive Cameron McIntosh

This decision reflects that we are largely on track with the course of action that we outlined in the Long Term Plan (LTP).

Overall rates for 2025/2026 are budgeted to increase by an average of 7.02%, which is less than the 7.9% projected in our LTP. We have worked hard to find as many savings as we can while continuing our strong focus on delivering our core services to you well.

Frustratingly, the NZ Transport Agency has not come to the party with our requested roading programme, and we are continuing to advocate strongly for our fair share so that we aren't putting our ratepayers or our important roading network under stress. We have had a number of meetings with ministers highlighting key facts, such as that a Wellingtonian is responsible for only 1.6 metres of road whereas a Southlander is responsible for 151 metres, and that Wellington receives twice the amount of funding their road user charges generate while Southland receives only half.

Keeping on top of our $2.3 billion worth of infrastructure and balancing the costs of today with the needs of tomorrow, while being conscious of not burdening our future generations with heavy debt, is forefront in our minds as we continue to make important decisions on your behalf.

We have continued to take our Council meetings out into the community and we really value the input from our nine community boards in driving localised decision-making for all of our wonderful communities. We are continuing to develop the community board model and looking for ways for community boards to have more decision-making powers.

You can read more about our roading challenges on pages 10 and 11 of this Annual Plan.

The rising costs of the waters services we provide to our residential ratepayers are an ongoing concern. New government legislation requires us to submit a final water services delivery plan, including the model for service delivery, to the Department of Internal Affairs by 3 September 2025.

Following extensive community consultation, Council decided on 11 June to adopt an in-house business unit model for three waters delivery. Public feedback was overwhelmingly in favour of this option, which means Council will continue to deliver water services, with some changes to meet legislative requirements.

We are pleased that our building team continue to make huge strides in managing consent processing. Early in 2025 the team passed their IANZ audit with flying colours, receiving two best practice notes, a very rare accolade. This is just reward for the huge amount of work that has been carried out in recent years to lift our performance as a building consent authority (BCA).

We now consistently meet our statutory timeframe of 20 working days to process building consent applications at a very high rate, achieving results around the high 90% mark, month on month. Our rigorous in-house training programme is also building capacity and competency within the team.

Rob Scott
MAYOR

Cameron McIntosh
CHIEF EXECUTIVE

Our ratepayers have a dedicated team of 69 elected members governing an equally dedicated team of staff who are all committed to ensuring that Southland District Council leads us well into the future and delivers on the services that are required to ensure that our wonderful district of many communities continues to thrive.

Together with our people, for our future, it's our Southland!

Key ISSUES

In the LTP we talked about the need to invest in our roads and bridges to ensure our levels of service are meeting safety and performance standards that Southlanders expect and deserve.

We are working hard to continue on that path of investing in our critical infrastructure despite the challenges of increasing costs and supply demands. There are some minor changes to our LTP workplan this year and these are listed on the following pages.

Our roading CHALLENGES

Roads make up the biggest share of Southland District Council's spending every year.

With 5,000km of roads, nearly 2,000km of them sealed, Council is responsible for the second largest roading network in the country, behind Auckland, with a ratepayer base of just over 21,000 to help pay for it.

In 2023/2024, 29% of all Council rates collected – nearly $19 million – was spent on our roads.

Despite as a region contributing 13% to national pastoral exports with only 2% of the population, it is Council's position that we are not receiving a fair return of government investment in our roads. In 10 years, Southland road users have paid $1 billion in road user charges and fuel excise duty but received only $551 million back by way of government roading investment.

Led by Mayor Rob Scott, Southland District Council has made a number of representations to government ministers and the prime minister himself, asking them to return higher level of funding investment to Southland. More of these discussions are planned.

The NZ Transport Agency (NZTA) contributes 55% by way of a funding assistance rate (FAR) to Southland District Council's three-yearly roading programme, with Council having to fund the other 45%. It is Council's stance that we do not carry out unsubsidised roading work, as it would be unaffordable long term.

As the Long Term Plan 2024-2034 (LTP) was being developed we applied for a three-year co-funded programme of around $147 million. However, NZTA agreed only to fund around $125 million, a shortfall of $22 million. Specifically, this means we have had our funding reduced and we've had to adjust our levels of service for low-cost, low-risk improvements such as cleaning signs and repainting road edge markings, as well as road safety promotions.

To meet our share of any additional funding opportunities we are maintaining our roading rates at the level budgeted for year two of the LTP, which will create a surplus of $7 million over the three years. We continue to actively seek other government funding opportunities to undertake the work currently not funded by NZTA. Should these opportunities arise, Council will use the $7 million to contribute towards our 45% share of the funding. Should, the $7 million not be fully utilised, Council has decided to use any surplus to pay off roading debt and hold the remainder in reserves ringfenced for roading.

As a result of this, for the 2025/2026 year our projected roading programme has been decreased from $48.9 million to $42.4 million, meaning we have been forced to reduce levels of service even further in some areas. This includes taking some sections of low-use sealed roads back to gravel.

Most of our sealed roads were built after the war. With a lifespan of 60 to 70 years they are all coming due for renewal, which we call rehabilitation, over the next 10 to 20 years. They can take only so many reseals and repairs before the surface becomes shiny, offering less grip texture for vehicle tyres and increasing the risk of crashes.

We should be rehabilitating 28km of sealed roads every year. At current funding levels, on a good year we can afford to renew only 10km.

A change in the NZTA funding rate for Lower Hollyford Road last year has put additional pressure on our roading budget.

It is in a Department of Conservation national park and 80km away from the nearest Southland District road. Although technically a Southland District Council road, it is used primarily by people accessing the Hollyford Track and other Fiordland walking tracks. No Southland residents live on the road, but residents of Martins Bay use it to access their properties.

On 1 July 2024 NZTA ceased fully funding the road's maintenance, reverting to the standard funding assistance rate (FAR) of 55% from NZTA and 45% funding from Council. The road is notoriously prone to flooding. After flooding in 2020 caused major damage the repairs cost more than $2 million, fully funded by the government. If the same thing happened again tomorrow we would have to pay either 25%, 45% or the full amount depending on the event and its size, and how much of our roading programme was already fully committed.

Although enhanced funding assistance is available from NZTA for road repairs in the event of an emergency, there is a high cost threshold before Council can access it, of around $4 million.

Local Water
DONE WELL

Responsibility for the three waters services currently sits with 67 councils throughout New Zealand. In the district, properties in the specific water service areas pay for these through their rates.

These services include:

1. Drinking water: water that flows from our taps, from water sources and council supply networks
2. Wastewater: water that has been used for cooking, bathing, washing or flushing our toilets
3. Stormwater: rainwater that is collected in pipes, drains, green infrastructure or overland flow paths to manage flooding and pollution of streams, rivers and coastal waters.

In early September 2024, the Local Government (Water Services Preliminary Arrangements) Act 2024 established the Local Water Done Well (LWDW) framework that sets out the broad arrangements for the new water services system.

The Local Government (Water Services) Bill establishes the settings for the new water services system. Councils are required to submit their final water services delivery plan, including the model for service delivery, to the Department of Internal Affairs by 3 September 2025.

This delivery plan needs to include details on how the services will be operated, their physical structures, how much money the services make and spend, along with how Council plans to finance and deliver our preferred delivery model in a financially sustainable manner.

A large part of the costs of maintaining and managing water services depend on the regulations set at a national level by the Water Services Authority Taumata Arowai. We are waiting on legislation to be confirmed on the proposed national water standards. These are expected to be finalised later in 2025. They will significantly impact compliance obligations and associated costs for us and our communities.

Following extensive community consultation in April and May, Southland District Council decided to deliver its future water services through an in-house business unit.

- During the district-wide consultation period 200 submissions were received, with 97.5% of submitters favouring the adjusted status quo (in-house business unit) model, with changes to meet legislative requirements.

Project DELIVERY

We're going into the year with a projected programme of $70 million of projects on our books.

We are aiming high. While there are many external factors beyond our control we are constantly working to meet the challenges and get the best outcomes for our communities. There are many exciting projects planned for the coming year, and we're making steady progress.

- The full project list aligns with what was planned for year two of the Long Term Plan 2024-2034 (LTP), along with any additional projects identified.

After roading, delivering our water services makes up the next biggest component of project funding each year. This includes ensuring we are able to provide clean, safe drinking water that meets stringent quality criteria, as well as providing effective networks for treatment and disposal of wastewater as well as stormwater.

The main wastewater project programmed for the year is upgrading Manapouri wastewater treatment and connecting the network to the existing sub-surface irrigation scheme that currently services Te Anau.

In water we are upgrading water treatment in Riverton and beginning construction works at Eastern Bush to upgrade the supply to meet drinking water standards. We will be replacing old pipes in Te Anau, Otautau and Riverton.

We are also extending the piped stormwater reticulation network in Winton and Wyndham, and improving the collection and treatment of stormwater in parts of Te Anau.

We support many community-led projects, often in conjunction with our nine community boards, either through funding or by providing technical assistance or advice.

An example is the Tuatapere Railway and Heritage Charitable Trust, which is refurbishing and redeveloping the historic railways station building into an information centre. Once it has been restored there will be potential for a commercial lease, which will contribute to its ongoing financial viability. This exciting project has been made possible by government Better Off Funding.

Council and the Tuatapere Te Waewae Community Board are supporting the Orepuki Community Promotions Charitable Trust with funding to paint the town's historic railway water tower.

Otautau's iconic war memorial is also getting a spruce-up this year, with its leaning pillars being straightened, and a general recondition.

In Nightcaps, McGregor Park is in line for a new toilet and pump track.

Preparing master plans and developing the district's open spaces, parks and reserves is a massive ongoing body of work for our community facilities team. One of the bigger projects currently is implementing the master plan for development of the Te Anau basin.

District-wide projects include the refurbishment or renewal of public toilet facilities. Since 2024/2025 our project delivery team have been packaging these into a two-yearly parcel of work. In the first year, preparations are made, including consultation with the community and iwi, and filing consents, and in the second year the toilets are constructed or refurbished.

In 2025 we have worked closely with our community boards to identify local contractors and make sure they are aware of local projects to submit tenders for.

A challenge for us is that builders and painters are often committed to work 12 months in advance, so there can be limited capacity in the market by the time we go to tender.

The ongoing challenge for us is to be in a position to get to market sooner when we are procuring services and works.

Local government REORGANISATION

In 2024 Southland District Council decided to progress a suggestion made by Mayor Rob Scott about potential changes to the way local government is structured in the region.

He proposed reducing the four current Southland councils – Southland District Council, Gore District Council, Invercargill City Council, and Southland Regional Council (Environment Southland) – into two unitary authorities.

One unitary authority would be district-based, made up of the Southland and Gore districts, along with the regional council functions for that area, while the other would be urban-based, including Invercargill City Council and regional council functions for the city. This could see 20 fewer councillors, two fewer chief executives, two fewer mayors/chair, and two fewer long-term plans.

A formal reorganisation investigation proposal was lodged with the Local Government Commission, which agreed that it was a valid initiative. The commission consulted with affected local authorities on the factors it must consider when deciding whether to investigate the initiative, and engaged with Te Ao Mārama Incorporated, representing the four rūnanga o Ngāi Tahu ki Murihiku, being Te Rūnaka o Awarua, Hokonui Rūnanga, Ōraka Aparima Rūnaka, and Waihōpai Rūnaka.

From there, the commission will decide whether to investigate the reorganisation initiative.

Spatial PLANNING

With central government funding secured to develop 11 township spatial plans over the next two to three years, Council agreed the order and timing of these plans at its meeting on 5 March. In doing so, Council acknowledged the importance of strong community engagement to ensure well-informed, quality plans.

Essentially, a spatial plan is a visual blueprint that will help determine what our district looks like in 30-plus years. It outlines how a town wants to develop and grow geographically. It considers where growth should occur, how and when infrastructure will be provided to support growth, where natural environment protection or enhancement is needed, and provide for economic activity.

The timing for the development of each of our spatial plans will be heavily influenced by the availability of data considered to be significant when creating a plan 30 or more years into the future. Coastal hazards are an example.

Given Southland has the longest coastline of any region in New Zealand, spanning approximately 3,400km, we know that coastal hazards will impact the future development of our coastal townships and we believe that existing mapping data together with local knowledge will give us sufficient initial guidance.

However, we do have some significant data gaps including:

- hydrological mapping, planned to be completed over the next few years, which will more accurately define flood boundaries, and
- a review of the National Policy Statement for Highly Productuve land, which protects high-value food-producing land from urban encroachment.

We plan to start with Oban township on Stewart Island/Rakiura later in 2025. The reason for this choice is that the coastal hazards there are largely known and there are currently no known flood or highly productive land constraints.

Oban will be followed by Riverton-Colac Bay and Te Anau-Manapouri.

Spatial plans sit across all other plans and provide the overall direction guiding us where we want to go and how we are going to get there, and through them we'll know what we need to do to ensure Southland continues to be a great place to live, work, and play.

Fees and CHARGES

Council offers many services and functions to the community, each with associated costs. To help fund these services we charge fees. Some examples are building and resource consent fees, food licence fees, and fees for using community facilities such as halls and jetties, as well as other assets like road reserves.

A number of fees are being increased to cover higher operating costs and ensure services are not subsidised further by rates. This is due to inflation and increases in contracts costs, processing/staff costs, and new legal requirements. Around half of the fees will remain at the 2024/2025 levels where we are already meeting cost recovery targets. Most of the increases are between 1% and 6%.

Council consulted on the proposed fee changes in April. The majority of the submissions received supported Council's approach to increase fees as proposed, rather than funding the extra costs from rates. Council made two changes as a result of the feedback with the addition of a new hire fee for the Winton Memorial Hall supper room and a correction to the fee for resource management pre-application meetings.

A copy of the full list of fees has been included in section four of the plan.

Financial OVERVIEW

The purpose of the financial overview is to provide a summary of Council finances. It informs readers where Council receives funding from and how it is used.

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

Overall, this plan forecasts an increase in the operating deficit to $7.9 million which is $6.0 million more than indicated in year two of the LTP. The higher deficit is due to a combination of lower income and higher operating expenditure as follows:

- income is $4.4 million lower than forecast in the LTP ($121.6 million versus $126.0 million). The main reason for this is a change to the way Council's investment revenue is shown in the financial statements which has been moved to revaluation of investments rather than interest income ($1.7 million).

  In addition, government grant funding has reduced slightly ($0.5 million) and forestry sales is expected to be lower ($1 million) with trees at Council's Ohai forestry block being harvested early in 2024/2025.

- operating expenditure is up by $1.7 million from the planned $127.8 million to $129.5 million largely due to higher depreciation costs ($2.6 million) which have resulted from increases in the value of infrastructure assets offset by lower loan finance/interest costs ($1.2 million) due to a drop in interest rates.

19

WHAT'S HAPPENING TO RATES

Overall total rates are budgeted to increase by $5.1 million, or 7.02% over the previous year.

The increase is less than the 7.90% projected increase for year two in our LTP.

- Further details on the specific rate types are included in the funding impact statement (rates section) on page 80-101 and sample properties on page 102.

What you get for your rates

Every $1 of your rates goes towards:

Transport - 0.33c

Community resources - 0.20c

Community leadership - 0.13c

Environmental services - 0.08c

Sewerage - 0.12c

Water supply - 0.12c

Stormwater - 0.02c

These figures are indicative only.

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

Several factors have contributed to the $5.1 million rate increase from the previous year.

The biggest portion is $2.7 million of additional rates for roading. This follows Council's decision as part of the LTP to increase rates for roading in anticipation that we may be able to secure additional funding from NZ Transport Agency (NZTA) in order to maintain our current roading levels of service.

A further $1.7 million is due to increased costs for stormwater, wastewater and drinking water depreciation, loan interest and principal repayments, maintenance, insurance and electricity.

There are small increases in wheelie bin collection costs ($0.13 million) due to higher waste disposal and recycling costs.

Local rates have also increased slightly ($0.16 million) due to higher operating and maintenance costs for a range of community facilities like halls and open spaces and an increase in loan interest costs.

Because sewerage, water and rubbish are mainly provided in townships, these cost increases will affect residential households the most.

The average change for a residential property across the district will be around $330 (8%), or $6 per week.

The proposed rate change for individual properties will vary depending on the type of property, its location and the services it pays for, as well as its capital value and changes to the value of your property resulting from the recent revaluations. By township the proposed average rate increase varies from $90, or 4%, in Thornbury, to around $460 or 11%, in Te Anau.

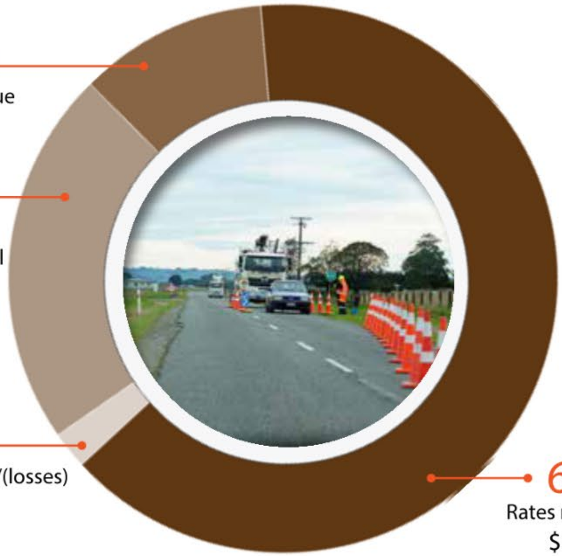
By land use sector the proposed average rate increase varies. The average increase for a farm is around $180 (3%), $945 (6%) for a dairy farm, $350 (4%) for a forestry property, $240 (10%) for lifestyle, $680 (8%) for commercial, $485 (9%) for industrial, $150 (1%) for mining and $780 (16%) for other properties.

Income and EXPENSES

Where we get our funding and how we plan to spend it.

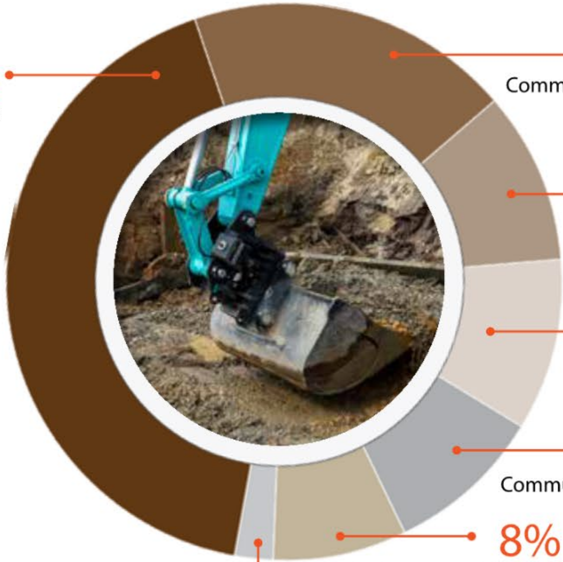
The graphs show that the majority of Council's expenditure and rates fund key infrastructure such as roads, footpaths, water supply, wastewater and stormwater. These activities make up 62% of our operating expenses, 84% of capital expenses and 59% of our rates.

Income sources ($000)

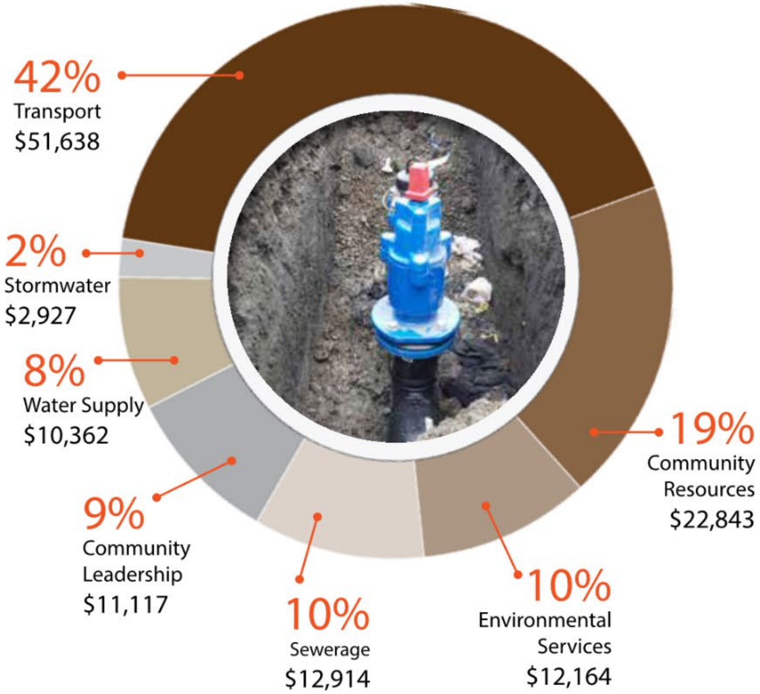


22

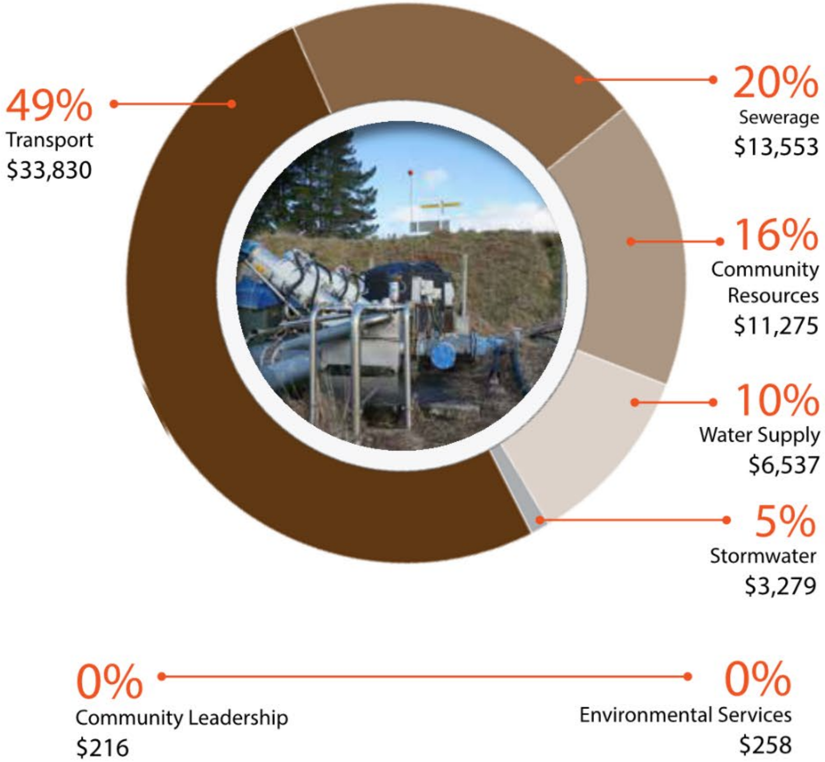
Rates by activity ($000)



Operating expenditure by activity ($000)



Capital expenditure by activity ($000)



Council also has various corporate services, which have operating spend of $5.5 million (total $129.5 million) and capital spend of $0.3 million (total $69.2 million). These corporate services are funded through internal charges which are spread over the seven activities.

Annual Plan DISCLOSURE STATEMENT

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

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

Further commentary on the balanced budget can be found on page 104.

Benchmark	Quantified Limit	Planned as per LTP 2025/2026	Met for LTP 2025/2026	Planned as Annual Plan 2025/2026	Met for Annual Plan 2025/2026
Rates affordability benchmark					
- Income	70%	61.8%	**Yes**	63.4%	**Yes**
- Increases	8.00%	7.90%	**Yes**	7.02%	**Yes**
Debt affordability benchmark - net debt	175%	77.4%	**Yes**	70.2%	**Yes**
Balanced budget benchmark	100%	98.5%	**No**	93.9%	**No**
Essential services benchmark	100%	152.7%	**Yes**	135.6%	**Yes**
Debt servicing benchmark	10%	4.81%	**Yes**	3.95%	**Yes**

Council forecast in the LTP that it would not meet the balanced budget benchmark in 2025/2026 and this has not changed.

Council does not meet the balanced budget benchmark as a result of the phasing in of depreciation funding on the majority of key district assets. Council is expecting to be fully funding depreciation on these assets by 2031/2032 which will also result in Council moving to an operational surplus.

The deterioration in the balanced budget benchmark between the LTP and the annual plan is primarily due to higher than expected depreciation costs for roading. Additionally, investment returns are no longer included in Council's reported investment income, as earnings from the balanced fund are only recognised when the investment units are sold.

Rates affordability benchmark

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

Rates increases are limited to 8%.

Council meets the rates affordability benchmark if:

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

Debt affordability benchmark

For this benchmark, Council's planned borrowings are compared with 175% of total revenue on borrowing contained in the financial strategy included in Council's Long Term Plan.

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

Essential services benchmark

For this benchmark, Council's capital expenditure on network services is presented as a proportion of depreciation on the network services.

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

Balanced budget benchmark

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

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

Debt servicing benchmark

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

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

OUR ACTIVITIES

Community leadership

What's included in the activity?

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

What do we do and how do we contribute to community outcomes?

This activity encourages collaboration, partnerships and strong relationships so communities can achieve more, but also strengthens community connections, local leadership, understanding and self-reliance. This in turn helps embed intergenerational wellbeing and local democracy. The community leadership activity is a critical factor in connecting communities with Council, community boards and Council activities, in order to develop the social, cultural, economic and environmental wellbeing of the communities across the District.

Community leadership fosters strong partnerships with local organisations and supports community-driven development. It also connects with key national and regional stakeholders to support the district's communities, enhance residents' quality of life and provide a welcoming environment for visitors.

Council invests in regional development initiatives through Great South whose role it is to focus on the economic development of the district, attracting business, and providing and promoting quality visitor experiences. In addition, Council provides support, community connection, voices and insights, and feedback into the development of, the regional long-term plan - Beyond 2025.

Through its community assistance activity, Council supports local groups through funding that enhances community wellbeing and local connections. This includes community board partnership funding for local initiatives, district initiatives funding for projects benefiting multiple communities, district heritage funding for museums and heritage projects and Stewart Island Rakiura visitor levy funding for initiatives that manage visitor impact and improve island visitor facilities.

Representation and advocacy supports decision-making at both district and local levels through Council, community boards, and committees. It also encourages input from young people and works with groups like the Milford Community Trust, Whakamana Te Waituna Charitable Trust, and Predator Free Rakiura. Council also actively advocates for Southland's interests by making submissions, lobbying government, and ensuring southern and rural voices are heard in national discussions.

Key aspects of the activity include providing meeting support, delivering three-yearly local government elections and six-yearly representation reviews to determine the representation structure.

What's planned for the year?

Representation and advocacy activities for the year include:

- delivering the 2025 local government elections and inaugural governance requirements. This will include putting in place appropriate provisions for the election period, delivering inaugural meeting requirements, and implementing essential governance documents, Council's governance structure and elected member positions
- continuing to advocate for the district on a range of issues, including receiving appropriate funding for roads, the appropriate delivery of water services, and supporting the Stewart Island Rakiura energy project
- providing support in relation to the Mayor's proposal to merge Southland's four existing councils into two new unitary authorities which is awaiting a response from the Local Government Commission who are in the early stages of gathering feedback about the proposal.

Community leadership activities for the year include:

- reviewing and updating community board plans, including community engagement to ensure plans reflect local priorities
- implementing actions from community board plans, ensuring projects align with each board's desired outcomes
- building community leadership and capability through workshops and engagement with local stakeholders
- supporting the delivery of 'Better Off' funding projects across all nine community board areas
- adopting and implementing the Southland District Newcomers Welcome Plan to support community inclusion and belonging
- supporting the Mayor's Taskforce for Jobs Programme, in partnership with Great South
- partnering with the Southland Business Chamber to deliver the Southland District Leadership Academy, fostering future local leaders.

Community assistance activities for the year include:

- providing guidance to communities on available Council and external funding opportunities, and manage the application and selection process for Council-administered grants
- implementing and managing the full-year cycle of SmartyGrants, Council's online grants management system
- facilitating the delivery of the SDC Holiday Programme, in partnership with Active Southland
- supporting the delivery of a water treatment training course for operators of community pools across the district
- coordinating the community service awards which enable community boards to recognise individuals and groups who have made outstanding contributions through leadership, volunteering, or service.

Regional development activities

Guided by the Beyond 2025 Southland long-term strategy, Great South is advancing key opportunities that will shape Murihiku Southland's future, with a continued focus on regional development leadership, regional promotion, business support and diversification and Net Zero Southland that supports the region and local businesses with their decarbonisation journeys.

Great South will remain focused on providing updated data through DISH (Data and Insights Southland Hub), progressing housing implementation, delivering agreed actions through the aquaculture strategy while advocating for the region. Ongoing work to support infrastructure development and renewable energy strengthens our economic and environmental foundations.

The transformative potential of tourism will remain to be a key area of focus for the foreseeable future, ensuring Murihiku Southland is promoted nationally and internationally. Great South will also support events and endeavour to bring business events to the region while also progressing key initiatives from the Murihiku Southland Destination Strategy.

Furthermore, Great South will continue to support local businesses with capability development including through decarbonisation workshops and outreach programmes. There will be an added focus to develop an Agriculture Plan and Changing Land Use and Impacts of Carbon Forestry that will shape how we approach our primary industries.

Other innovative initiatives, including Space Operations New Zealand Ltd (Space Ops NZ) and the Data and Insights Southland Hub (DISH), continue to position the region as a leader in technology and connectivity. These projects are creating high-value jobs, attracting investment, and showcasing Southland as a hub for cutting-edge innovation.

Community leadership – funding impact statement	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,335	8,596	8,477
Targeted rates	1,269	1,290	1,340
Subsidies and grants for operating purposes	302	116	138
Fees and charges	-	-	-
Internal charges and overheads applied[1]	479	476	480
Local authorities fuel tax, fines, infringement fees, and other receipts	401	540	554
Total operating funding	**10,786**	**11,017**	**10,990**
Applications of operating funding			
Payments to staff and suppliers	4,037	4,159	4,123
Finance costs[3]	2	1	-
Internal charges and overheads applied[2]	3,542	3,426	3,656
Other operating funding applications	3,673	3,702	3,764
Total applications of operating funding	**11,253**	**11,288**	**11,544**
Surplus (deficit) of operating funding	**(468)**	**(271)**	**(553)**
Sources of capital funding	-	-	-
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(12)	(13)	-
Gross proceeds from sale of assets	25	87	87
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**13**	**74**	**87**
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2	2	2
- to replace existing assets	50	214	214
Increase (decrease) in reserves	(266)	(172)	(442)
Increase (decrease) in investments	(240)	(240)	(240)
Total applications of capital funding	**(455)**	**(197)**	**(467)**
Surplus (deficit) of capital funding	**468**	**271**	**553**
Funding balance	**-**	**-**	**-**

Internal charges and overheads breakdown showing interest/finance costs	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding - Internal charges and overheads applied[1], made up of:	**479**	**476**	**480**
Internal interest earned on reserves	150	150	150
Other internal income	329	326	330
Applications of operating funding - Internal charges and overheads applied and Finance costs, made up of:	**3,544**	**3,427**	**3,656**
Interest costs on loans (note - costs for 2024/2025 and LTP 2025/2026 are shown separately under finance costs[3])	2	1	-
Other internal charges[2]	3,542	3,426	3,656

30

Key differences from what was forecast in the LTP for 2025/2026 to the Annual Plan budget for 2025/2026

Additional funding is being used to support community groups through grants this year, increasing other operating expenses. Additionally, internal charges and overheads expenditure has risen primarily as a result of the movement of funding contributions for the Edendale/Wyndham multi-use track project which has been deferred from 2024/2025 to 2025/2026 along with the related reserve funding leading to a larger draw on reserves.

Community resources

What's included in the activity?

- community services (including cemeteries, community housing, library services and heritage and culture)
- community facilities (including toilets, halls, Council library/office buildings)
- open spaces (including parks, reserves, sportsfields)
- waste services (including wheelie bin collections, transfer stations, recycling centres, greenwaste sites, waste minimisation/education via WasteNet Southland)
- electricity services for Stewart Island Rakiura through the Stewart Island Electrical Supply Authority (SIESA)

What we do and why we do it

Community resources encompasses a wide range of services and facilities that enable people to participate in recreational, educational, sporting, commercial, social and cultural activities throughout the district. These include community services such as cemeteries, community housing and library facilities, a variety of community facilities including halls, public toilets, council offices and buildings, open spaces as well as essential waste management and electricity supply for Stewart Island/Stewart. Together, these activities foster social connection and active lifestyles and form the foundation of a healthy, inclusive, and liveable community.

What is planned for the year?

The majority of expenditure on physical structures will be directed toward ongoing maintenance and upgrades. A number of Council-owned halls, community housing and other buildings across the district will undergo improvements, including the installation of LED lighting, window replacements, toilet upgrades, and repainting. The public toilet refurbishment and replacement programme will also continue, with new facilities planned for Garston and Tokanui and preparing for the future upgrade of at Howells Point (Riverton) toilet, Ivon Wilson Park (Te Anau), Golden Bay (Stewart Island Rakiura), Wallacetown, Thornbury, and Otautau. Planning and community engagement will also continue to advance the shelter area development at Monkey Island.

A key priority for the year will be preparing to consolidate the Council's Invercargill-based operations into a single location at Henderson House. The move, targeted for December 2026, follows nearly five years of operating from three separate buildings after part of the original Forth Street premises were deemed earthquake-prone.

A major focus over the coming months will be preparing new contracts for mowing, gardening, and public toilet cleaning which will determine who will deliver these services. These contracts are set to begin on 1 July 2026 and will be in place for at least four years. As part of this process, the Council will be working to determine how services can best meet the needs of each community. To help shape these decisions, we have sought input from community boards about the appropriate levels of service in their areas.

In the meantime a variety of projects are planned for the district's open spaces including the installation of active recreation equipment at Te Aka reserve in Manapouri, Winton Centennial Park, Tokanui, Wyndham and Otautau. Efforts will also focus on updating reserve management plans for all Council reserves. These plans will guide the future use, development, and maintenance of these spaces and will help to ensure that reserves are managed in a way that reflects community needs, protects natural values, and supports recreational and cultural uses. A masterplan has also been developed for Golden Bay on Stewart Island Rakiura, aiming to upgrade and better integrate infrastructure to support both residents and visitors. The plan outlines a long-term vision to guide development over the next 5 to 10 years, as funding becomes available. As part of this, the annual plan includes funding in 2025/2026 for preparatory work on a new walking link from Oban and improvements to car parking facilities. Work will continue on initiatives that support the Te Anau basin masterplan development, looking at improvements along the lakefront, installing cycle stands and upgrading the rubbish bins.

For waste services, the focus for the year is on continuing to implement the Southland Waste Management and Minimisation Plan 2020–2026, while awaiting further direction from the government following its 2025 consultation on proposed changes to the Waste Minimisation Act 2008 and related regulations. These reforms aim to modernise New Zealand's waste system and improve environmental outcomes. Key proposals include establishing a framework for extended producer responsibility—making producers accountable for the full lifecycle of products such as packaging, electronics, and tyres—revising how the waste levy is distributed to councils and what it can be used for, clarifying the roles of central and local government and the private sector, and strengthening compliance, enforcement, and litter control tools. Council will also begin reviewing contracts for waste and recycling services to determine future providers with a new contract required to be in place by 1 July 2027. As part of this process, we will assess whether any changes to the services are needed and consider upcoming government requirements—such as potential changes to glass collection.

In addition, transfer station fees and charges have increased slightly to reflect higher contract costs and a $5 per tonne rise in the government's waste disposal levy. A new $40 fee has been introduced to cover the cost of certified technicians degassing whiteware, while the charge for disposing of car tyres has been removed as Council prepares to join the Tyrewise product stewardship scheme to support tyre recycling.

Council has identified that there are multiple community housing units that need to be refurbished, however the current rental income is not sufficient to support the maintenance work needed to keep the units up to appropriate standards. Council has increased the rents this year to address a portion of the shortfall, however the current level of fee income will not be enough to cover all the operational and refurbishment costs. Further work on this activity will be undertaken with Council over the year.

Key projects: Community Resources	Budget ($000)
Community Services	
Parks & Reserves	
Te Anau masterplan implementation	455
Stewart Island Rakiura - car park and walking link development	102
Tuatapere - historic railway station refurbishment	117
Woodlands - reconstruction of the track to Kingswood Bush	51
Edendale and Wyndham - creation of multi-use track	600
Nightcaps - McGregor Park development (including pump track)	102
Community facilities	
Toilets	
District wide toilets - renewal preparation/construction	1,261
Monkey Island - shelter area development (stage two)	300
Offices & Buildings	
Invercargill building - replacement	6,779
SIESA	
Stewart Island Rakiura SIESA - capital renewal programme	288

Refer to section four for the full list of projects.

Community resources – funding impact statement	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,582	8,849	8,503
Targeted rates	6,827	7,172	7,054
Subsidies and grants for operating purposes	718	509	658
Fees and charges	2,329	2,377	2,459
Internal charges and overheads applied[1]	3,279	3,263	3,619
Local authorities fuel tax, fines, infringement fees, and other receipts	1,044	1,082	1,030
Total operating funding	**22,779**	**23,252**	**23,324**
Applications of operating funding			
Payments to staff and suppliers	16,908	15,775	16,045
Finance costs[3]	626	1,117	-
Internal charges and overheads applied[2]	6,058	5,970	7,071
Other operating funding applications	151	153	146
Total applications of operating funding	**23,743**	**23,016**	**23,262**
Surplus (deficit) of operating funding	**(964)**	**237**	**62**
Sources of capital funding			
Subsidies and grants for capital purposes	909	268	605
Development and financial contributions	35	-	-
Increase (decrease) in debt	3,416	7,436	8,871
Gross proceeds from sale of assets	908	931	901
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**5,267**	**8,635**	**10,377**
Applications of capital funding			
Capital expenditure			
- to meet additional demand	226	-	-
- to improve the level of service	2,551	1,369	1,647
- to replace existing assets	3,194	8,207	9,629
Increase (decrease) in reserves	(1,422)	(485)	(597)
Increase (decrease) in investments	(247)	(217)	(240)
Total applications of capital funding	**4,303**	**8,874**	**10,439**
Surplus (deficit) of capital funding	**964**	**(238)**	**(62)**
Funding balance	**-**	**(2)**	**-**

Internal charges and overheads breakdown showing interest/finance costs	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding - Internal charges and overheads applied[1], made up of:	**3,279**	**3,263**	**3,619**
Internal interest earned on reserves	150	150	150
Other internal income	3,129	3,113	3,469
Applications of operating funding - Internal charges and overheads applied and Finance costs, made up of:	**6,684**	**7,087**	**7,071**
Interest costs on loans (note - costs for 2024/2025 and LTP 2025/2026 are shown separately under finance costs[3])	626	1,117	742
Other internal charges[2]	6,058	5,970	6,329

34

Key differences from what was forecast in the LTP for 2025/2026 to the Annual Plan budget for 2025/2026

Payments to staff and suppliers are higher than projected in the LTP, primarily due to increased costs for waste disposal as well as toilet maintenance and electricity. Additionally, the rescheduling of the Edendale–Wyndham Hall interior repaint project to 2025/2026 has contributed to the higher expenditure this year. As a result, fees and charges income is slightly higher due to an increase in waste disposal fees and electricity charges for SIESA to reflect the higher operational costs.

While finance costs appear reduced, this reflects a change in accounting treatment. Council now uses internal interest charges to allocate borrowing costs across activities, following the shift to bulk borrowing through the Local Government Funding Agency (LGFA). External interest related to Council's borrowing is now reported under finance costs in the consolidated funding impact statement. Overall, interest costs (included as part of internal charges and overheads) are around $376,000 lower than projected in the LTP, due to both a drop in interest rates (from 5.67% to 4.91%) as well as a lower level of borrowing for capital projects in 2024/2025. This reduction is offset by an increase in other internal charges, driven by higher rates and a shift in how maintenance work on various buildings and community facilities is delivered. Previously contracted services, recorded under payments to staff and suppliers, are now being carried out by an internal staff team moving the costs to internal charges and overheads applied. This change means that the related revenue is also included in internal income.

Subsidies and grants for capital purposes have also increased due to the movement of government better off funding projects from 2024/2025 to 2025/2026. These include improvements at Ellerslie Square in Wallacetown to enhance recreational opportunities, the Tuatapere Historic Railway Station project to restore and revitalise the historic railway precinct in Tuatapere and the Garston Village Green project to install a community barbeque.

Capital expenditure to improve levels of service is also higher than anticipated due to the partial deferral of several projects from 2024/2025 to 2025/2026. These include the Monkey Island shelter area development, implementation of the Te Anau Masterplan and the Edendale–Wyndham multi-use track project. Similarly, capital expenditure for asset renewals has increased, primarily due to the deferral of better off funding projects noted above as well as the project to consolidate Council's offices in Invercargill – which is also related to the increase in debt. Additionally, the Otautau Centennial Park playground equipment renewal has been brought forward from 2026/2027 to 2025/2026, further contributing to the increase.

The larger reduction in reserves is mainly attributed to the rescheduling of the Te Anau Master Plan implementation and the Edendale–Wyndham multi-use track projects.

Environmental Services

What's included in the activity?

- building solutions
- resource management
- environmental health (including for health, alcohol, food and monitoring/compliance)
- animal services
- emergency management

What we do and why we do it

Environmental Services is responsible for delivering Council's key regulatory functions under legislation such as the Resource Management Act 1991, Building Act 2004, Health Act 1956, Dog Control Act 1996, Sale and Supply of Alcohol Act 2012, Freedom Camping Act 2011, Food Act 2014, and other related laws. The team works closely with Te Ao Mārama, the agency representing Ngāi Tahu ki Murihiku, to ensure iwi input into Council processes under the Resource Management Act and Local Government Act. Environmental Services also includes Council's relationship with Emergency Management Southland (EMS), the regional body responsible for preparing for, responding to, and recovering from emergencies. This includes developing community and agency response plans, building communication networks, providing public education and training and supporting EMS with trained Council staff during emergencies.

The core focus of these activities is to protect public health, maintain a safe and pleasant environment, and safeguard the district's natural and built environments for future generations. They play a key kaitiakitanga (guardianship) role in meeting both legal obligations and community expectations in relation to the natural and built environment. Emergency management activities aim to keep people safe and connected during emergencies, reduce potential damage through planning and awareness, and support fast, effective recovery.

What is planned for the year?

Overall legislative reform remains a key focus, with the government undertaking significant changes to both the Resource Management Act (RMA) and the Building Act. These reforms aim to streamline development, support infrastructure delivery and address housing and environmental challenges. By 2026, the government plans to fully replace the RMA with two new laws focused on strengthening property rights, accelerating infrastructure development, and simplifying planning processes. Insufficient detail is available to determine the impact of the proposed changes on resource management planning and consenting for Council.

Phase 2 of these reforms, proposes new National Policy Statements (NPS)—one for infrastructure and another for natural hazards. Additionally, a new National Environmental Standard (NES) and amendments to the Building Act will make it easier to construct small standalone buildings up to $70m^2$, such as granny flats and papakāinga housing. These structures will be exempt from building consent (subject to specific conditions), and one granny flat per property will be permitted without the need for resource consent.

These changes are expected to impact Council in several ways, including reduced workloads for building and resource consents and a corresponding loss of associated revenue. However, Council will still be responsible for monitoring compliance with the National Environmental Standards (NES) and the Building Code, which may require new systems and/or staff training to manage notifications and post-construction checks. The reforms also have the potential to increase demand on core services such as water supply, wastewater, roading, and waste management.

Significant changes are proposed to several national planning documents, including the National Policy Statements (NPS) on Electricity Transmission, Renewable Electricity Generation, and Highly Productive Land, as well as the NES for Electricity Transmission, Natural Hazards, Indigenous Biodiversity, and Commercial Forestry. Updates are also planned for the New Zealand Coastal Policy Statement and national freshwater regulations.

These changes will increase the workload for both resource management planning and consent processing, as the new requirements must be reflected in the District Plan and considered in consent assessments. The proposed changes to the NPS on Highly Productive Land may support progress on the district spatial plan. However, the changes to the NES on Commercial Forestry are unlikely to address Council's concerns about the rapid growth of forestry in Southland and its impact on local communities.

Building solutions

In addition to responding to the government reforms, a number of initiatives are planned for the year including focussing on training junior staff to ensure they reach the required competency to work independently and ensure Council has the right capability in place to manage the workload effectively. There will also be a focus on identifying and implementing more efficient ways of working to improve both budget performance and staff productivity. Engagement and communication efforts with the building community will continue, with a review of past activities and a renewed focus on expanding our impact in this area. Council is also closely monitoring updates from the Ministry for Business, Innovation and Employment (MBIE) regarding changes to the building sector, particularly those related to the Building Consent Authority (BCA) Reform. We remain actively involved in the feedback process, providing submissions on proposed changes. The Southland Building Cluster Group also continues to collaborate regularly, with BCA reform updates as a standing agenda item to ensure a coordinated regional response.

Key initiatives for the year include:

- changeover of the consenting operating system with the phasing out of the existing system
- increased use of remote inspections
- investigation of AI building compliance products
- pay as you go invoicing for the consenting process

Resource management/planning

In addition to responding to the government reforms, a key focus for strategy/planning related to resource management will be on the preparation of spatial plans for 23 townships across the district. A spatial plan is a long-term, strategic document that visually maps out how an area should grow and develop over time. They are used to guide land use, support infrastructure planning, identify areas that should be preserved or enhanced, manage risks of natural hazards like flooding or coastal erosion, and support economic growth by providing areas for business and industry. These plans will help communities make informed decisions about the future, ensuring growth is sustainable, resilient, and aligned with local values. It also helps Council coordinate with central government, developers, and residents. The Stewart Island/Rakiura Spatial Plan is underway followed by Riverton–Colac Bay and Te Anau–Manapouri.

Council is also committed to ensuring that resource consents are processed within the required statutory timeframes. Significant improvements have been made to internal processes, systems, and staffing to boost compliance rates and reduce reliance on external contractors. Key initiatives include the development of an updated set of standard subdivision conditions and advice notes, designed to promote consistency and clarity in decision-making. The focus moving forward will be on consolidating these improvements while continuing to identify opportunities for further enhancement, particularly in refining invoicing procedures to improve efficiency and transparency.

Key initiatives for the year include:

- the resource management planning team will be focused on finishing existing District Plan changes. An additional plan change is also under consideration to meet the requirements of the National Planning Standard and consequential changes. While considerable preliminary work has been completed during 2023/2024 for the landscapes plan change project, this work has been paused whilst resource management reform is occurring
- the focus of our climate change work for 2025/2026 is developing a better understanding of potential impacts of climate change on Council's assets and operations. We will assess organisational climate change risks to support our ordinary risk management and identify opportunities to build climate resilience
- we will continue to participate in the Regional Climate Change Working Group. A key activity in the short term is regional modelling of climate impacts and hazards
- the resource management planning team continues to provide expert support to Council in the preparation of submissions and advice on resource management issues including commercial forestry
- the resource consents team will continue to implement plan changes and incorporate additional natural hazard information as this becomes available from Environment Southland and other sources as required by the recent changes to LGOIMA regulation.

Environmental health (including for health, alcohol, food) and Monitoring/compliance

As part of the rollout of the Trading in Public Places Bylaw, Southland District Council's Environmental Health team has been working closely with local community boards to identify suitable locations for public trading. Following this collaborative process, a number of sites have been approved and will be featured on an official map showing where trading is permitted across the district. This initiative aims to provide greater clarity and consistency for both traders and the wider community, ensuring everyone knows where trading activities can take place. The Council will continue to work with community boards to monitor these sites and update the map as community needs and preferences evolve.

In addition, Council has introduced online services for alcohol, food, and health licensing. Customers are encouraged to register as online users, enabling them to submit and manage applications, track real-time progress, make payments, and check account balances—all while reducing the need for paper-based processes.

In terms of alcohol licensing, work is underway to enhance the information available on Council's website, including clearer guidance on the Local Alcohol Compliance Certificate (LACC) process. In addition, the Local Alcohol Policy (LAP) will be reviewed which will set standard guidelines and rules for the operation of licensed premises.

Other environmental health initiatives include:

- facilitating the smooth introduction of Ministry for Primary Industry's (MPI) new food business levy into the processes for registering new and existing food businesses. As the registration authority, Council must collect this levy on behalf of MPI from 1 July 2025
- working towards strengthening relations with customers with improved communication to keep them informed of about legislative updates and other changes as these are received.
- in terms of monitoring and compliance, the focus for the year is to continue work to complete overdue consent monitoring. Many of these consents have not been reviewed for several years. This work aims to ensure a consistent approach to compliance and to reinforce the importance of consent holders adhering to the District Plan and the conditions of their consents.

Animal services

The review of the Dog Control Bylaw is currently being consulted on with the submission period closing mid July 2025. Amongst the changes are adjustments to dog access rules to decrease restrictions in Te Anau, increase restrictions in Curio Bay and decrease the size of the dog exercise area in Wyndham. As a flow on from this, work has also started on developing an improved online mapping system to clearly show where dogs are permitted and prohibited across the district. Discounts for dog owners have also been reviewed and updated to ensure that responsible owners are not subsidising those who do not meet all legal obligations under the Dog Control Act 1996. While the number of available discounts remains unchanged, the eligibility criteria have been revised to reflect the Act.

Other animal services initiatives include:

- working towards having all known dogs registered
- visiting all owners of menacing and dangerous dogs to ensure compliance with the classification conditions
- collaboration between the compliance and resource management teams to standardise consent conditions so that they are manageable/measurable and enforceable if required
- automating documents within Council's software system (Infor Pathway) to enhance efficiency and reliability.
- continue to charge consent holders for monitoring activities to ensure they are held accountable for meeting their obligations

Emergency management

Emergency Management Southland remains committed to enhancing the safety and preparedness of Southland's communities. Our ongoing efforts focus on increasing hazard awareness, strengthening response capabilities, and fostering community resilience across the region.

In parallel, the Civil Defence Emergency Management Act (CDEM Act) is undergoing a comprehensive review aimed at reinforcing New Zealand's emergency management framework. This legislative reform is expected to culminate in the introduction of a new Emergency Management Bill in 2026.

Council's building team also continue to support Emergency Management Southland (EMS) by training Council's building staff as Rapid Building Assessors, ensuring Council has sufficient qualified personnel available to carry out emergency building assessments when needed.

Key emergency management initiatives for the year include:

- strengthening Community-Led Responses – Empowering local communities with training, resources, and development of response plans
- enhancing Training & Capability – Developing response staff skills and ensuring operational readiness
- improving Iwi & Māori Coordination – Collaborating with Ngāi Tahu and local Rūnaka to integrate cultural perspectives in emergency management
- strengthening Welfare Support – Expanding welfare services, provider capacity, household goods & services, and emergency shelter & accommodation planning
- ensuring Lifeline & Infrastructure Resilience – Assessing critical infrastructure vulnerabilities and enhancing business continuity planning
- enhancing Information Sharing & Coordination – Improving warning systems, intelligence sharing, response coordination, and Public Information Management.

Environmental services – funding impact statement	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	6,117	6,427	6,320
Targeted rates	-	-	-
Subsidies and grants for operating purposes	610	214	610
Fees and charges	4,864	5,064	4,739
Internal charges and overheads applied[1]	610	621	622
Local authorities fuel tax, fines, infringement fees, and other receipts	302	315	323
Total operating funding	**12,503**	**12,641**	**12,614**
Applications of operating funding			
Payments to staff and suppliers	8,090	7,304	7,456
Finance costs[3]	14	20	-
Internal charges and overheads applied[2]	4,422	4,657	4,679
Other operating funding applications	473	496	496
Total applications of operating funding	**12,999**	**12,477**	**12,632**
Surplus (deficit) of operating funding	**(496)**	**164**	**(17)**
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	99	(122)	(95)
Gross proceeds from sale of assets	25	128	128
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**124**	**5**	**33**
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	53	258	258
Increase (decrease) in reserves	(185)	152	(2)
Increase (decrease) in investments	(240)	(240)	(240)
Total applications of capital funding	**(372)**	**169**	**15**
Surplus (deficit) of capital funding	**496**	**(164)**	**17**
Funding balance	**-**	**-**	**-**

Internal charges and overheads breakdown showing interest/finance costs	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding - Internal charges and overheads applied[1], made up of:	**610**	**621**	**622**
Internal interest earned on reserves	150	150	150
Other internal income	460	471	472
Applications of operating funding - Internal charges and overheads applied and Finance costs, made up of:	**4,436**	**4,677**	**4,679**
Interest costs on loans (note - costs for 2024/2025 and LTP 2025/2026 are shown separately under finance costs[3])	14	20	12
Other internal charges[2]	4,422	4,657	4,667

40

Key differences from what was forecast in the LTP for 2025/2026 to the Annual Plan budget for 2025/2026

Fees and charges revenue has reduced following an expected decline in building consent volumes as well as a general lowering of the value of building work being undertaken caused by a combination of factors including a slowing economy, high construction costs, and challenging financing conditions.

Subsidies and grant income is higher due to the change in timing for the Township Futures Plan project (funded from government better off grant funds) which has been deferred from 2024/2025 to 2025/2026 to enable the project scope to be finalised and resources to be secured to complete the work. This change in project timing is also the main reason that operating costs related to payments to staff and suppliers have increased which have been partially offset by a reduction in building activity costs for staff and suppliers with the expected lower volumes of consents to be processed.

As a result of these factors, there has been a corresponding reduction in the level of general rates needed to fund the balance of the activity under operating income.

With the reduction in building consent volumes and values reducing fee income, Council is also no longer expecting to re-pay reserves and instead will make a small transfer from reserves to help fund the activity in 2025/2026.

Transport

What's included in the activity?

- roads and footpaths (including signs, bridges, streetlights) and road safety
- cycle trails
- Te Anau Airport Manapōuri
- water facilities

What we do and why we do it

Transport delivers services and manages assets to enable safe and efficient transportation of people and vehicles across the district, excluding State Highways. Services range from routine maintenance, such as clearing debris and grading gravel roads, to major capital projects like bridge replacements and road renewals. In addition to roads, streets, streetlights, bridges, and culverts, the activity also oversees the Around the Mountains Cycle Trail, Te Anau Airport Manapōuri, and various water facilities such as boat ramps, wharfs/jetties and navigation aids enabling both recreational and commercial access to waterways.

This activity supports people's ability to live, work and travel safely throughout Southland and contributes to environmental protection and public safety through the use of stopbanks and marine walls, which help prevent flooding and support safe navigation.

What is planned for the year?

The main focus for the year is on maintaining transport infrastructure to ensure it remains safe, reliable, and sustainable for the future. In terms of roading, Council is aiming to replace around 25 bridges over the next 24 months. With the lower level of co-investment from NZTA Waka Kotahi than requested, sealed road pavement rehabilitations and resurfacing will remain similar to previous years. If funding continues to be limited, difficult decisions will need to be made about how to prioritise the funding and what sealed roads to invest in and what roads to return to gravel.

A major focus this year is the procurement of new road maintenance contracts, which will determine who will carry out the regular maintenance work on Southland's roads for the contract period. These contracts are a significant investment, with a combined valued of around $100 million. As part of this process, we are reviewing whether there are better ways to deliver these services and whether our current approach to road maintenance and renewals is still fit for purpose.

At the Te Anau Manapōuri airport, the project to resurface the airport runway is expected to be completed in 2025. Stage two of the airport business case, being progressed by Great South, will also come back to Council for consideration. This work is expected to guide future decisions on infrastructure upgrades, governance and operational models and potential commercial and tourism partnerships with the aim of addressing funding shortfalls and ensuring the airport can operate sustainably into the future.

With the Around the Mountains Cycle Trail, Council is waiting for the outcomes of a feasibility study to investigate creating a dedicated offroad cycle path on farmland to replace the existing gravel road section of the cycle trail between Mavora Lakes and Centre Hill. If this is found to be a viable option, planning and obtaining funding for construction of the new route will become the key focus for the year along with normal maintenance work on the trail required to retain the Great Ride status.

Three major projects are scheduled for the year for water facilities, with the primary focus on the anticipated replacement of the Ulva Island wharf. This project has been under consideration for several years, with the Council and the Stewart Island/Rakiura Community Board working collaboratively to determine the most suitable design and location for the new wharf. Consultation has occurred and will continue with key stakeholders, including landowners, the Department of Conservation, Environment Southland, and local commercial boat operators. With a preferred option now nearing final agreement, the project is expected to progress into the consenting and construction phases subject to Council approval.

In addition, a masterplan has been developed for Golden Bay, Stewart Island/Rakiura, with the goal of upgrading and better integrating infrastructure to serve both residents and visitors. The plan sets out a long-term vision for the area, guiding development over the next 5 to 10 years as funding becomes available. A central feature of the masterplan is the redevelopment of the Golden Bay Wharf, with funding allocated in the Annual Plan 2025/2026 for the project scope, design and construction which is dependent on obtaining grant funding for the projects.

The plan also includes funding to allow for the demolition and construction of a new structure at Riverton Harbour to support commercial operators with cargo loading and unloading. The exact details of what will be done is still to be finalised with the local harbour committee with a programme for the construction work to follow.

Key projects: Transport	Budget ($000)
Roading, Footpaths and Airport	
Roading	
District Wide - Bridge programme	9,000
District Wide - Unsealed road renewal programme	2,767
District Wide - Resurfacing programme	8,135
District Wide - Drainage renewal programme	2,000
District Wide - Pavement rehabilitation programme	6,000
District Wide - Structure component renewal programme	643
District Wide - Traffic services programme	1,287
District Wide Roading - Resilience programme	922
Footpaths	
Winton - Footpath renewal programme	106
Tuatapere - Footpath renewal programme	101
Edendale - Wyndham - Footpath renewal programme	376
Otautau - Footpath renewal programme	264
Water Facility	
Stewart Island Jetties	
Stewart Island Rakiura Ulva Island Wharf - Replacement	290
Stewart Island Rakiura Golden Bay Wharf - Renewal preparation/construction	505
Harbour	
Riverton T Wharf Replacement - Demolition and construction	814

Refer to section four for the full list of projects.

Transport – funding impact statement	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,355	1,391	1,389
Targeted rates	21,623	24,504	24,242
Subsidies and grants for operating purposes	9,645	9,403	8,818
Fees and charges	59	67	67
Internal charges and overheads applied[1]	421	410	424
Local authorities fuel tax, fines, infringement fees, and other receipts	1,403	1,437	1,131
Total operating funding	**34,506**	**37,213**	**36,070**
Applications of operating funding			
Payments to staff and suppliers	19,006	18,513	17,401
Finance costs[3]	614	801	-
Internal charges and overheads applied[2]	2,795	2,895	3,393
Other operating funding applications	141	144	144
Total applications of operating funding	**22,556**	**22,354**	**20,938**
Surplus (deficit) of operating funding	**11,950**	**14,859**	**15,132**
Sources of capital funding			
Subsidies and grants for capital purposes	17,838	18,563	17,601
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,303	891	(881)
Gross proceeds from sale of assets	25	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**21,166**	**19,454**	**16,720**
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	842	2,534	527
- to replace existing assets	33,369	32,035	33,303
Increase (decrease) in reserves	(1,018)	(179)	(1,906)
Increase (decrease) in investments	(78)	(77)	(72)
Total applications of capital funding	**33,116**	**34,313**	**31,852**
Surplus (deficit) of capital funding	**(11,950)**	**(14,860)**	**(15,132)**
Funding balance	**-**	**(1)**	**-**

Internal charges and overheads breakdown showing interest/finance costs	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding - Internal charges and overheads applied[1], made up of:	**421**	**410**	**424**
Internal interest earned on reserves	150	150	150
Other internal income	271	260	274
Applications of operating funding - Internal charges and overheads applied and Finance costs, made up of:	**3,409**	**3,697**	**3,393**
Interest costs on loans (note - costs for 2024/2025 and LTP 2025/2026 are shown separately under finance costs[3])	614	801	483
Other internal charges[2]	2,795	2,895	2,910

44

Key differences from what was forecast in the LTP for 2025/2026 to the Annual Plan budget for 2025/2026

The primary reason for the variances is that New Zealand Transport Agency (NZTA) confirmed a lower level of funding for Council's three-year programme than what was anticipated in the Long Term Plan (LTP), following its adoption. As a result, the annual plan has been adjusted to reflect the final approved programme, leading to reduced income and expenditure in line with the scaled-back scope of work due to the funding shortfall.

On the expenditure side, capital expenditure for service level improvements has decreased along with payments to staff and suppliers. This reduction is partially offset by increased costs associated with stage two of the Te Anau-Manapouri airport review. While renewal related capital expenditure for roading has also reduced, this has been offset by a $4 million increase in the bridge replacement programme, carried over from 2024/2025 due to delays in obtaining site specific approvals as well as deferral of expenditure for the replacement of the jetty at Ulva Island ($250,000).

Overall, operating costs are lower, primarily due to a reduction in interest costs ($318,000). This is due to both a drop in interest rates (from 5.67% to 4.91%) and a lower level of borrowing for capital projects in 2024/2025. Interest charges are now included as part of internal charges and overheads rather than separately as finance costs. This reflects a change in accounting treatment. Council is using internal interest charges to allocate borrowing costs across activities, following the shift to bulk borrowing through the Local Government Funding Agency (LGFA). External interest related to Council's borrowing is now reported under finance costs in the consolidated funding impact statement.

On the income side, subsidies and grants and other receipts reflects the reduced NZTA funding. As Council has chosen to maintain the level of rates funding for the roading programme in line with the Long Term Plan (LTP), and continues to advocate to NZTA and the Government for additional support, the reduction in targeted rates reflects a reduction in road safety promotion. Debt and reserves are also decreasing as a result of the lower capital expenditure and the use of excess rate funding being used to repay debt early.

Stormwater

What's included in the activity?

- stormwater pipes, culverts, drains, sumps, soak holes, ditches, swales

What we do and why we do it

The stormwater activity is focussed on providing reliable network infrastructure to deal with rainfall and the disposal of surface water with adequate capacity to protect people and property from flooding and to ensure that the roading network is managed in as safe and efficient manner as possible ensuring that the impact of discharges on the receiving environment is minimised. Council provides a variety of stormwater services to 26 townships throughout the district from extensive reticulated infrastructure provided in larger communities to partial services focussed on road drainage or natural water source management in smaller communities.

The activity helps to protect people's property, improves road safety, and mitigate accessibility/safety issues which 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.

What is planned for the year?

Council will continue to make gradual improvements to stormwater networks across the district with projects to extend the piped reticulation network in Winton and Wyndham as well as improve the collection and treatment of stormwater in Te Anau along the lakefront and in Puketahi Drive to improve stormwater management in Sandy Brown Road.

In addition, following Council's decision to retain delivery of water services in house following the local water done well consultation, Council must also now develop a water services delivery plan by September 2025 that shows how the services will be operated to comply with the new standards, be financially sustainable and provide the required levels of service. The plan must also detail governance oversight and reporting arrangements to meet regulations.

Key projects: Stormwater	Budget ($000)
Edendale/Wyndham stormwater - main/manhole renewal and subsoils	1,200
Nightcaps - stormwater investigations and renewals	111
Ohai stormwater - investigations and renewals	228
Te Anau stormwater - discharge improvements to surface water at lakefront	228
Winton - investigation and replacement of storm main	513
Te Anau stormwater - Sandy Brown Road stormwater upgrade	1,000

Refer to section four for the full list of projects.

Stormwater – funding impact statement	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	431	449	458
Targeted rates	1,068	1,308	1,203
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads applied[1]	41	41	42
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	**1,539**	**1,797**	**1,702**
Applications of operating funding			
Payments to staff and suppliers	533	510	472
Finance costs[3]	158	338	-
Internal charges and overheads applied[2]	847	902	1,183
Other operating funding applications	-	-	-
Total applications of operating funding	**1,538**	**1,750**	**1,655**
Surplus (deficit) of operating funding	**2**	**47**	**48**
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,164	2,183	3,183
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**3,164**	**2,183**	**3,183**
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,463	228	1,228
- to replace existing assets	1,751	2,051	2,051
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	(48)	(48)	(48)
Total applications of capital funding	**3,166**	**2,231**	**3,231**
Surplus (deficit) of capital funding	**(2)**	**(47)**	**(48)**
Funding balance	**-**	**-**	**-**

Internal charges and overheads breakdown showing interest/finance costs	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding - Internal charges and overheads applied[1], made up of:	**41**	**41**	**42**
Internal interest earned on reserves	30	30	30
Other internal income	11	11	12
Applications of operating funding - Internal charges and overheads applied and Finance costs, made up of:	**1,005**	**1,240**	**1,183**
Interest costs on loans (note - costs for 2024/2025 and LTP 2025/2026 are shown separately under finance costs[3])	158	338	256
Other internal charges[2]	847	902	927

47

Key differences from what was forecast in the LTP for 2025/2026 to the Annual Plan budget for 2025/2026

Operating costs are lower, primarily due to a reduction in interest costs ($82,000). This is due to both a drop in interest rates (from 5.67% to 4.91%) and a lower level of borrowing for capital projects in 2024/2025.

While finance costs appear reduced, this reflects a change in accounting treatment. Council now uses internal interest charges to allocate borrowing costs across activities, following the shift to bulk borrowing through the Local Government Funding Agency (LGFA). Interest charges are now included as part of internal charges and overheads rather than separately as finance costs. External interest related to Council's bulk borrowing is now reported under finance costs in the consolidated funding impact statement. This has also resulted in a reduction in the level of targeted rates needed to fund the activity under operating income.

Capital expenditure has increased due to movement of projects between years. The level of service project to upgrade stormwater in infrastructure in Te Anau (Pukatahi, Caswell Road mega pit, Sandy Brown Road industrial area) has been moved from 2024/2025 to 2024/2025 because a new approach was needed following 2023 floods and the Fiordland estate subdivision which resulted in the identification of higher priority improvements. These changes to project timing also mean that there is an increase in debt with loans for the project funding moved to 2025/2026.

Wastewater (sewerage)

What's included in the activity?

- wastewater pipes and treatment plants

What we do and why we do it

The wastewater activity is focused on providing reliable wastewater collection and treatment services that protect public health and the environment. Council provides reticulated wastewater to 20 townships throughout the district and manages this infrastructure to collect, treat and dispose of wastewater from residential properties, businesses, and public facilities. This service also includes the collection, treatment, and disposal of industrial liquid waste (commonly known as trade wastes) from industrial and commercial premises.

The activity helps to maintain public health by preventing the spread of disease and helps protect the environment by treating wastewater prior to discharge to the environment. It also supports the needs of businesses and industry that operate in the district.

What is planned for the year?

With the government's new national standard for discharge to water to be finalised later in 2025, we're taking things a bit slower on projects to upgrade wastewater treatment at Balfour and Edendale/Wyndham until we know what new treatment options might be possible. The new standards will set out what treatment, monitoring and reporting is required for public network wastewater discharged into different types of waterbodies and is expected to provide viable alternatives to costly land disposal for communities with small populations – being the majority of Southland townships including Balfour and Edendale/Wyndham.

The main project to be completed in 2025/2026 is at Manapouri which will involve upgrading wastewater treatment and connecting the network to the existing Kepler sub-surface drip irrigation scheme which currently discharges treated wastewater from Te Anau. The remainder of the year will be focused on keeping the district's network of pumps and pipes operating and monitoring discharges to ensure consent conditions are complied with.

In addition, following Council's decision to retain delivery of water services in house following the local water done well consultation, Council must also now develop a water services delivery plan by September 2025 that shows how the services will be operated to comply with the new standards, be financially sustainable and provide the required levels of service. The plan must also detail governance oversight and reporting arrangements to meet regulations.

Key projects: Wastewater	Budget ($000)
District wide wastewater treatment plant - SCADA replacement	205
Balfour wastewater treatment plant - consent renewal treatment upgrade	800
Edendale/Wyndham wastewater treatment plant - consent renewal treatment upgrade	6,500
Gorge Road wastewater treatment plant - consent renewal preparation	205
Manapouri - wastewater treatment upgrade	4,036
District wide wastewater network – renewals	1,025
Te Anau treatment plant - sludge removal	206
Stewart Island Rakiura wastewater - wetwell chamber replacement	500

Refer to section four for the full list of projects.

Wastewater – funding impact statement	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	935	966	977
Targeted rates	7,672	8,669	8,471
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads applied[1]	269	273	328
Local authorities fuel tax, fines, infringement fees, and other receipts	118	119	309
Total operating funding	**8,995**	**10,026**	**10,086**
Applications of operating funding			
Payments to staff and suppliers	3,760	3,134	3,515
Finance costs[3]	1,402	2,332	-
Internal charges and overheads applied[2]	1,638	1,739	3,705
Other operating funding applications	-	-	-
Total applications of operating funding	**6,800**	**7,204**	**7,220**
Surplus (deficit) of operating funding	**2,194**	**2,822**	**2,866**
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	16,392	14,110	10,592
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**16,392**	**14,110**	**10,592**
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	17,306	15,798	11,823
- to replace existing assets	1,376	1,230	1,730
Increase (decrease) in reserves	0	0	1
Increase (decrease) in investments	(96)	(96)	(96)
Total applications of capital funding	**18,586**	**16,932**	**13,458**
Surplus (deficit) of capital funding	**(2,194)**	**(2,822)**	**(2,866)**
Funding balance	**-**	**-**	**-**

Internal charges and overheads breakdown showing interest/finance costs	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding - Internal charges and overheads applied[1], made up of:	**269**	**273**	**328**
Internal interest earned on reserves	60	60	60
Other internal income	209	213	268
Applications of operating funding - Internal charges and overheads applied and Finance costs, made up of:	**3,040**	**4,071**	**3,705**
Interest costs on loans (note - costs for 2024/2025 and LTP 2025/2026 are shown separately under finance costs[3])	1,402	2,332	1,897
Other internal charges[2]	1,638	1,739	1,808

Key differences what was forecast in the LTP for 2025/2026 to the Annual Plan budget for 2025/2026

Operating income related to local authorities fuel tax, fines, infringements fees and other receipts have increased due to extra rental income expected following the purchase of farmland in Winton for the upcoming wastewater upgrade. This has also resulted in a reduction in the level of targeted rates needed to fund the activity.

Operating costs related to payments to staff and suppliers have increased to more closely reflect the actual costs of electricity, insurance and maintenance costs being incurred. This is offset by a reduction in interest costs as part of internal charges and overheads, which are approximately $435,000 lower than projected in the LTP. This is due to both a drop in interest rates (from 5.67% to 4.91%) and a lower level of borrowing for capital projects in 2024/2025.

While finance costs appear reduced, this reflects a change in accounting treatment. Council now uses internal interest charges to allocate borrowing costs across activities, following the shift to bulk borrowing through the Local Government Funding Agency (LGFA). Interest charges are now included as part of internal charges and overheads rather than separately as finance costs. External interest related to Council's bulk borrowing is now reported under finance costs in the consolidated funding impact statement.

Capital expenditure has decreased due to the movement of projects between years. Consent renewal projects for Balfour and Edendale-Wyndham have been delayed awaiting new consent standards to be introduced by the government and a portion of physical works for Edendale-Wyndham to meet the new consent conditions has been moved to 2026/2027. These reductions are partially offset by increased capital costs in bringing forward the replacement of the Stewart Island wetwell chamber from 2028/2029 to address the worsening condition of the chamber. These changes to project timings also mean that there is a reduction in debt with fewer loans needed to fund the reduced capital expenditure.

Water Supply

What's included in the activity?

- drinking water reticulation and treatment
- rural water reticulation and treatment

What we do and why we do it

Water is a valuable resource and we strive to provide a reliable and adequate supply. Council provides 12 drinking water supplies (servicing 10 townships and two treated rural water areas) as well as seven untreated water supplies for rural (stock) consumption. 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.

What is planned for the year

The main projects to be completed in 2025/2026 are upgrading water treatment in Riverton to improve the quantity of water able to be supplied to the township as well as the quality/aesthetics of the water for drinking. Construction will also begin on the two year project at Eastern Bush to upgrade the water supply and replace the ageing treatment plant so that it can meet drinking water standards as well as improve the quantity and quality of water being supplied.

Work will continue on fixing known issues in the district's pipe network with the replacement of ageing AC pipes in Te Anau, Otautau and Riverton. Council will also continue to focus on maintaining a reliable and safe supply of water by keeping the district's network of pumps and pipes operating and undertaking regular monitoring.

In addition, following Council's decision to retain delivery of water services in house following the local water done well consultation, Council must also now develop a water services delivery plan by September 2025 that shows how the services will be operated to comply with the new standards, be financially sustainable and provide the required levels of service. The plan must also detail governance oversight and reporting arrangements to meet regulations.

Key projects: Water Supply	Budget ($000)
Drinking Water	
Eastern Bush water supply – upgrade	513
Te Anau water supply – upgrade of contact tanks	205
District water supply – dosing and monitoring instrumentation	115
SCADA to all water schemes	51
District water supply – end of life water pumps and electrical	51
District water supply – replacement of AC pipe at end of life	1,538
District water supply – Acuflo manifolds and check valves	125
Ohai/Nightcaps water treatment plant – design, install and commission a chlorine residual booster system	103
Riverton water treatment plant – upgrade	3,175
Rural Water	
Te Anau rural water supply – scheme audit remediation	559

Refer to section four for the full list of projects.

Water supply – funding impact statement	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	812	844	860
Targeted rates	7,063	7,320	7,856
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads applied[1]	127	128	147
Local authorities fuel tax, fines, infringement fees, and other receipts	27	26	26
Total operating funding	**8,029**	**8,318**	**8,888**
Applications of operating funding			
Payments to staff and suppliers	3,387	3,300	3,664
Finance costs[3]	1,078	1,185	-
Internal charges and overheads applied[2]	1,683	1,800	2,956
Other operating funding applications	-	-	-
Total applications of operating funding	**6,148**	**6,285**	**6,619**
Surplus (deficit) of operating funding	**1,881**	**2,033**	**2,269**
Sources of capital funding			
Subsidies and grants for capital purposes	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,887	4,419	4,172
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	**1,887**	**4,419**	**4,172**
Applications of capital funding			
Capital expenditure			
- to meet additional demand	150	1,538	1,588
- to improve the level of service	1,853	2,711	2,864
- to replace existing assets	1,966	2,300	2,085
Increase (decrease) in reserves	(105)	(0)	(0)
Increase (decrease) in investments	(96)	(96)	(96)
Total applications of capital funding	**3,768**	**6,453**	**6,441**
Surplus (deficit) of capital funding	**(1,881)**	**(2,033)**	**(2,269)**
Funding balance	**-**	**-**	**-**

Internal charges and overheads breakdown showing interest/finance costs	2024/2025 Annual Plan Budget ($000)	2025/2026 Long Term Plan Forecast ($000)	2025/2026 Annual Plan Budget ($000)
Sources of operating funding - Internal charges and overheads applied[1], made up of:	**127**	**128**	**147**
Internal interest earned on reserves	60	60	60
Other internal income	67	68	87
Applications of operating funding - Internal charges and overheads applied and Finance costs, made up of:	**2,761**	**2,985**	**2,956**
Interest costs on loans (note - costs for 2024/2025 and LTP 2025/2026 are shown separately under finance costs[3])	1,078	1,185	1,101
Other internal charges[2]	1,683	1,800	1,855

53

Key differences from what was forecast in the LTP for 2025/2026 to the Annual Plan budget for 2025/2026

Operating costs related to payments to staff and suppliers have increased to more closely reflect the actual costs of electricity, insurance and maintenance costs being incurred, requiring an increase in targeted rates revenue to fund the higher costs. This is offset by a reduction in interest costs as part of internal charges and overheads, which are approximately $84,000 lower than projected in the LTP. This is due to both a drop in interest rates (from 5.67% to 4.91%) and a lower level of borrowing for capital projects in 2024/2025.

While finance costs appear reduced, this reflects a change in accounting treatment. Council now uses internal interest charges to allocate borrowing costs across activities, following the shift to bulk borrowing through the Local Government Funding Agency (LGFA). As such, interest charges are now included as part of internal charges and overheads rather than separately as finance costs. External interest related to Council's bulk borrowing is now reported under finance costs in the consolidated funding impact statement.

Capital expenditure has decreased due to the movement of projects between years. The main timing change relates to the project to replace Takitimu Rural Water switchboards and pumps which has been moved out of 2025/2026 to be done earlier in 2024/2025. This is offset by other projects that have been moved into 2025/2026 from other years including part of the Riverton water treatment plant project (from 2024/2025) and the Ohai/Nightcaps water treatment plant project (from 2026/2027). These changes to project timings also mean that there is a reduction in debt with fewer loans needed to fund the reduced capital expenditure.

OTHER INFORMATION

Council-controlled organisations

A council-controlled organisation (CCO) is a company in which a local authority (or jointly with other local authorities) controls 50% or more of the voting rights, or the rights to appoint 50% or more of the directors/trustees.

Milford Community Trust

Milford Community Trust was established 2007 to provide leadership and governance for the Milford community.The trusts vision is: " The long-term sustainability of Milford Sound Piopiotahi, with a community focus". The current trustees of the Trust are Councillor Sarah Greaney and Rosco Gaudin.The trust contributes to the two community outcomes of kaitiakitanga for future generations and the empowerment of communities with the right tools to deliver the best services

Southland Regional Development Agency Limited (Great South)

Great South is responsible for economic and development and promotion of Southland. Great South receives funding and is jointly owned by Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Mataura Licensing Trust, Southland Business Chamber, SIT Te Pūkenga, and member organisation Community Trust South. Great South receives funding from Invercargill City Council, Southland District Council, Gore District Council and Environment Southland.

The Great South board is made up of up to seven independent directors and is responsible for implementing the strategic direction of Greath South and the initiatives it is involved with. The board of directors report to the Great South Joint Shareholders Committee. The board oversees the business undertaken by Great South in accordance with the Local Government Act 2002, Companies Act 1993, the company's constitution and the Statement of Intent. The chief executive of Great South is responsible for the day to day operations, including management of staff and reporting to directors on the performance against set priorities.

Great South wholly owns Space Operations New Zealand Ltd.

The vision of Southland Regional Development Agency Ltd (Great South) is 'Even better lives through sustainable regional development' and Great South has the following four strategic goals:

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

The Statement of Intent for Great South can be found on Southland District Council's website: www.southlanddc.govt.nz

Space Operations New Zealand Ltd

Space Operations New Zealand Ltd is a 100% subsidiary of Great South and is a council- controlled trading organisation as defined in section 6 of the Local Government Act 2022.

The purpose of Space Operations New Zealand Ltd (Space Ops NZ) is to deliver sustainable innovative services to the global space market. The primary business lines are hosting customer-owned satellite ground stations, leasing its own ground stations to customers, installing and maintaining customer' ground stations and providing technical and logistics support services for these products and services.

The board of directors of Space Ops NZ report to the Great South board and the Great South Joint Shareholders Committee.

The Statement of Intent for Space Ops NZ can be found on Southland District Council's website: www.southlanddc.govt.nz.

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
- 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 controls 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 can operate in the best interests of the district. Council is responsible for:

- representing the interest 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 is turn employs all other staff on its behalf.

MAYOR - ROB SCOTT				
Ōreti Ward	**Mararoa Waimea Ward**	**Waiau Apārima Ward**	**Waihōpai Toetoe Ward**	**Stewart Island/Rakiura Ward**
Councillor Christine Menzies (deputy mayor) Councillor Darren Frazer Councillor Margie Ruddenklau	Councillor Matt Wilson Councillor Tom O Brien Councillor Sarah Greaney	Councillor Don Byars Councillor Jaspreet Boparai Councillor Derek Chamberlain	Councillor Paul Duffy Councillor Julie Keast	Councillor Jon Spraggon

Community boards and council committees

There are nine community boards as part of the representation arrangements for the District. 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.

Committees and subcommittees have been established by Council to assist with conducting the business of Council.

Community Boards	Council committees and subcommittees	Joint committees
Ardlussa Fiordland Northern Oraka Aparima Oreti Stewart Island/Rakiura Tuatapere Te Waewae Waihopai Toetoe Wallace Takitimu	Finance and Assurance Committee Executive Committee Ohai Railway Fund Committee Riverton Harbour Subcommittee Stewart Island/Rakiura Visitor Levy Subcommittee Five Rivers Water Supply Subcommittee Te Anau Basin Fiordland Water Supply Subcommittee District Licensing Committee	Great South Joint Shareholders Committee Civil Defence Emergency Management Group Southland Regional Heritage Joint Committee Regional Transport Committee WasteNet (Waste Advisory Group) Connected Murihiku Joint Committee

Council operations

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

The management of Council is structure under six groups.

CHIEF EXECUTIVE - CAMERON MCINTOSH					
Joanne Davidson **People and Culture**	Sam Marshall **Customer and community wellbeing**	Vibhuti Chopra **Strategy and partnerships**	Fran Mikuliclic **Infrastructure and capital delivery**	Anne Robson **Finance and assurance**	Adrian Humphries **Regulatory services**

FINANCIAL AND RATING INFORMATION

Key assumptions changes

The Long Term Plan 2024-2034 (LTP) included significant forecasting assumptions used to develop the 10-year forecasts. The assumptions contained in the LTP remain unchanged in this Annual Plan, apart from the variations described below. For details of the unchanged assumptions, please see Council's LTP.

Interest rates on borrowing

Since the LTP was adopted there has been a decrease in interest rates and there is a need to decrease the interest rates payable on loans from 5.67% to 4.91% to complete our capital works projects. As a result, the financial assumption from the LTP relating to interest rates on borrowing has been amended to reflect this decrease.

Price level changes/inflation

Inflation is only included where appropriate using either relevant marked indices, or projections prepared by Business and Economic Research Limited (BERL) which are based on October 2023 published values.

Cost estimates

Where a commitment is known, the budget will be based on that commitment including any allowance for the relevant market indices. In all other cases, the budget will be based on an appropriate estimate which may also include an allowance for inflation based on BERL or a relevant market indices.

Infrastructure Asset Revaluation

Council has revalued its significant assets based on the most recent revaluation, including an adjustment for the relevant BERL inflation rate (October 2023).

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 25 June 2025.

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 Councils 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 annual plan and relevant 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 27 to 54), 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 who's 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

Estimated economic life			Depreciation	
Asset category	**(Years)**		**Percent**	**Method**
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:

- 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.

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:

- 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 2025:

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.

Financial statements

Prospective statement of comprehensive revenue and expense	**2024/2025 AP ($000)**	**2025/2026 LTP ($000)**	**2025/2026 AP ($000)**
Income			
Rates revenue	72,089	77,786	77,151
Other revenue	12,910	14,723	13,530
Interest and dividends	1,803	1,669	20
Grants, subsidies and NZTA funding	30,556	29,334	28,491
Other gains/(losses)	2,433	2,439	2,408
Vested assets	-	-	-
Development and financial contributions	35	-	-
	119,826	**125,951**	**121,600**
Expenditure			
Employee benefit expenses	21,041	21,358	22,120
Depreciation and amortisation	41,654	43,281	45,894
Finance costs	4,195	6,057	4,807
Other council expenditure	59,315	57,121	56,667
	126,205	**127,817**	**129,488**
Share of associate's surplus/(deficit)	-	-	-
SURPLUS/(DEFICIT) BEFORE TAX	**(6,379)**	**(1,866)**	**(7,888)**
Income tax benefit	-	-	-
SURPLUS/(DEFICIT) AFTER TAX	**(6,379)**	**(1,866)**	**(7,888)**
Gain/(Loss) on assets revaluations	-	-	1,957
Gain/(Loss) on property, plant and equipment revaluations	64,543	46,304	46,756
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	**58,164**	**44,438**	**38,868**

Prospective statement of changes in equity	**2024/2025 AP ($000)**	**2025/2026 LTP ($000)**	**2025/2026 AP ($000)**
Balance at 1 July	2,247,879	2,306,043	2,296,280
Total comprehensive revenue and expense for the year	58,164	44,438	38,868
Balance at 30 June	**2,306,043**	**2,350,481**	**2,335,148**

Prospective statement of financial position	2024/2025 AP ($000)	2025/2026 LTP ($000)	2025/2026 AP ($000)
Equity			
Retained earnings	702,540	701,775	689,933
Asset revaluation reserves	1,560,269	1,606,573	1,602,617
Fair value reserves	4,526	4,526	8,734
Other reserves	38,708	37,607	33,864
TOTAL EQUITY	**2,306,043**	**2,350,481**	**2,335,148**
Current assets			
Cash and cash equivalents	1,000	1,000	1,000
Trade and other receivables	12,180	13,050	10,801
Inventories	117	117	130
Other financial assets	474	474	667
	13,771	**14,641**	**12,598**
Non-current assets			
Property, plant and equipment	2,361,092	2,434,893	2,409,133
Intangible assets	4,669	4,669	5,728
Forestry assets	15,590	16,850	15,780
Investment in associates	2,083	2,083	2,185
Other financial assets	42,221	42,721	40,534
	2,425,655	**2,501,216**	**2,473,360**
TOTAL ASSETS	**2,439,426**	**2,515,857**	**2,485,957**
Current liabilities			
Trade and other payables	12,203	12,246	11,754
Contract retentions and deposits	2,004	2,190	2,156
Employee benefit liabilities	2,988	3,033	3,301
Development and financial contributions	990	990	1,045
Provisions	-	-	-
Borrowings	4,994	5,535	10,000
	23,179	**23,994**	**28,256**
Non-current liabilities			
Employee benefit liabilities	11	11	11
Provisions	7,985	8,362	8,316
Borrowings	102,208	133,009	114,227
	110,204	**141,382**	**122,553**
TOTAL LIABILITIES	**133,383**	**165,376**	**150,809**
NET ASSETS	**2,306,043**	**2,350,481**	**2,335,148**

Prospective statement of cashflows	2024/2025 AP ($000)	2025/2026 LTP ($000)	2025/2026 AP ($000)
Cash flows from operating activities			
Receipts from rates revenue	72,089	77,786	77,151
Interest and dividends	1,803	1,669	20
Receipts from other revenue & NZ Transport Agency	41,522	43,373	39,074
Payment to suppliers and employees	(81,453)	(78,013)	(80,443)
Interest paid	(4,195)	(6,057)	(4,807)
Net cash inflow/(outflow) from operating activities	**29,766**	**38,758**	**30,995**
Cash flows from investing activities			
Receipts from sale of property, plant and equipment	1,073	1,179	1,148
Receipts from investments^	-	-	1,957
Purchase of property, plant and equipment	(66,667)	(70,778)	(69,251)
Purchase of intangible assets	-	-	-
Acquisition of Investments	2,656	(500)	2,980
Net cash inflow/(outflow) from investing activities	**(62,938)**	**(70,099)**	**(63,166)**
Cash flows from financing activities			
Proceeds from borrowings	33,263	34,867	31,718
Repayment of borrowings	(2,765)	(3,526)	-
Net cash inflow/(outflow) from financing activities	**30,498**	**31,341**	**31,718**
Net increase/(decrease) in cash and cash equivalents	**(2,674)**	**-**	**(453)**
Cash and cash equivalents at the beginning of the year	**3,674**	**1,000**	**1,453**
Cash and cash equivalents at the end of the year	**1,000**	**1,000**	**1,000**

Reconciliation between the operating surplus (from the statement of comprehensive revenue and expense and net cash follow from operating activities (statement of cashflows)	**2024/2025 AP ($000)**	**2025/2026 LTP ($000)**	**2025/2026 AP ($000)**
Operating surplus/(deficit)	**(6,379)**	**(1,866)**	**(7,888)**
Add/(less) non-cash Items			
Depreciation and amortization	41,654	43,281	45,894
Forestry revaluation	(1,360)	(1,260)	(1,260)
Vested assets	-	-	-
Provision for landfill	(248)	378	378
Add/(less) items classified as investing or financing activities			
(Gains)/losses on disposal of property, plant and equipment	(1,073)	(1,179)	(1,148)
Add/(less) movements in working capital items			
Trade and other receivables	(3,547)	(870)	(2,830)
Trade and other payables	719	274	(2,150)
Net cash inflow/(outflow) from operating activities	**29,766**	**38,758**	**30,995**

Reconciliation of surplus/(deficit) of operating funding to net surplus/(deficit) before tax	**2024/2025 AP ($000)**	**2025/2026 LTP ($000)**	**2025/2026 AP ($000)**
Surplus/(deficit) of operating funding from funding impact statement	**13,662**	**20,524**	**17,770**
Depreciation	(41,654)	(43,281)	(45,894)
Subsidies and grants for capital purposes	18,896	18,830	18,206
Development and financial contributions	35	-	-
Gain on sale	1,073	1,179	1,148
Vested assets	-	-	-
Forestry revaluation	1,360	1,260	1,260
Emission trading units	-	-	-
Landfill contingency	248	(378)	(378)
Net surplus/(deficit) before tax in statement of revenue and expense	**(6,379)**	**(1,866)**	**(7,888)**

Depreciation by activity	2024/2025 AP ($000)	2025/2026 LTP ($000)	2025/2026 AP ($000)
Depreciation and amortisation by group of activity			
Community Leadership	75	74	74
Community Resources	2,497	2,823	2,822
Environmental Services	153	154	154
Sewerage	5,594	6,022	6,022
Stormwater	1,259	1,314	1,314
Transport	27,897	28,554	31,175
Water Supply	3,765	3,897	3,890
Total by group of activity	**41,240**	**42,838**	**45,451**
Depreciation and amortisation by other activity			
Corporate Services	414	443	442
Total depreciation and amortisation expense	**41,654**	**43,281**	**45,894**

Funding impact statement for all activities	2024/2025 AP ($000)	2025/2026 LTP ($000)	2025/2026 AP ($000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	26,568	27,522	26,985
Targeted rates	45,521	50,264	50,166
Subsidies and grants for operating purposes	11,404	10,242	10,224
Fees and charges	7,424	7,683	7,440
Interest and dividends from investments	1,803	1,669	20
Local authorities fuel tax, fines, infringement fees, and other receipts[1]	5,891	7,454	6,303
Total operating funding	**98,610**	**104,834**	**101,138**
Applications of operating funding			
Payments to staff and suppliers	75,736	73,166	73,464
Finance costs [2]	4,195	6,057	4,807
Other operating funding applications	5,016	5,086	5,097
Total applications of operating funding	**84,948**	**84,309**	**83,368**
Surplus (deficit) of operating funding	**13,662**	**20,524**	**17,770**
Sources of capital funding			
Subsidies and grants for capital purposes	18,896	18,830	18,206
Development and financial contributions	35	-	-
Increase (decrease) in debt	30,498	31,341	31,718
Gross proceeds from sale of assets	1,073	1,179	1,148
Total sources of capital funding	**50,502**	**51,350**	**51,072**
Applications of capital funding			
Capital expenditure			
to meet additional demand	376	1,538	1,588
to improve the level of service	24,093	22,643	18,090
to replace existing assets	42,199	46,597	49,573
Increase (decrease) in reserves	(4,074)	(1,101)	(3,854)
Increase (decrease) in investments	1,572	2,198	3,445
Total applications of capital funding	**64,165**	**71,874**	**68,842**
Surplus (deficit) of capital funding	**(13,662)**	**(20,524)**	**(17,770)**
Funding balance	-	-	-

Funding impact statement (rates section)

The following sets out the rates mechanisms that Council will use, including how the different rates will be set and assessed for 2025/2026.

All figures in the funding impact statement (rates section) include GST.

Council's revenue from the uniform annual general charge and certain targeted rates set on a uniform basis is 20%. The maximum allowed until Section 21 of the Local Government (Rating) Act 2002 is 30%.

Key rating definitions

The following definitions relate to the terms used in this funding impact statement tables below.

Separately used or inhabited part (SUIP) - includes any portion inhabited or used by the owner/a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement. For the purposes of this definition, vacant land which is not used or inhabited is not a SUIP.

The following are additional examples of rating units with more than one separately used or inhabited part:

- single dwelling with flat attached
- two or more houses, flats, or apartments on one Certificate of Title (rating unit)
- business premise with flat above
- commercial building leased to multiple tenants
- farm property with more than one dwelling
- council property with more than one lease

Unit of service – the unit of service for the particular activity as set out in the description of the relevant rate. This determined by the Council given the type of service, nature and location of the rating unit etc (including trough, connection, meter, loan, half, bin). This can include part charges for eligible assessments within a water or wastewater scheme area with the ability to connect to the scheme to accommodate the potential future burden of the rating unit on the scheme.

Uniform targeted rate (UTR) – A rate that is set as a fixed-dollar amount irrespective of the value of the rating unit value.

Uniform annual general charge (UAGC) – a fixed charge rate applied to each rateable rating unit.

Utility asset – includes such uses as hydroelectric power stations, networks such as electricity, phone, postal, water and sewerage.

General rates

Background

Local authorities can set general rates either as a uniform or differential rate on property value (land, capital or annual value) and/or a Uniform Annual General Charge (UAGC) as a fixed amount per rating unit or SUIP. Council uses a mix of general rates set on capital value and UAGC. General rates are used to fund those services where there is a high public benefit to the district as a whole or, where Council considers the community as a whole should meet the costs or, where it is not efficient/possible for Council to collect the funds via a targeted rate or other user pays type funding source.

Activities funded

General rates fund the costs associated with providing a range of activities that are not funded by fees and charges, targeted rates, borrowings or any other source of income. General rates contribute towards most Council activities in some way. This includes all costs associated with representation, development and promotions and regional initiatives (which form part of the community leadership activity), library services and cemeteries (which form part of the community services activity), public toilets and Council buildings (which form part of the community facilities activity). The activity also contributes towards a portion of the costs of open spaces as part of the community resources activity (for district parks/ reserves and street litter bins), public good elements of Council's environmental services activity (which includes emergency management, resource management, animal services, environmental health and building solutions) and corporate overhead functions which support all activities (including communications, customer support strategy and policy, people and capabilities). The Revenue and Financing Policy has more details on the activities funded by general rates including the UAGC.

Land liable for rates

All rateable land within the Southland District is liable for the general rates.

How the rates are assessed

The uniform annual general charge is assessed on all rating units in the District on the following basis:

- a fixed amount per rating unit of $ 811.68 (UAGC). The charge will generate $13,875,568 in rates revenue in 2025/2026.

A general rate is assessed on all rating units in the District on the following basis:

- a rate in the dollar on capital value of $0.00064441. The general rate is not set on a differential basis.

The rate will generate $16,958,963 in rates revenue in 2025/2026.

Targeted rates

Targeted rates may be used to fund specific Council activities. Targeted rates are appropriate for services or activities where a specific group of ratepayers benefit from that service or where the revenue collected is targeted towards funding a specific type of expenditure. Lump sums will not be invited in relation to any of the targeted rates.

Targeted district rates

Council has a number or targeted rates which are used to fund services or activities across all properties in the district. These include the roading rate, regional heritage rate and stormwater rate.

Roading targeted rates

Background
Council administers and maintains the district's roading and bridging network (some 5000km of network), excluding state highways and national park roads which are maintained by NZTA (Waka Kotahi) and DOC, respectively. Council also provides footpaths, streetlights, carparks, and noxious plant control.

Activities funded
These targeted rates fund the costs associated with operating and maintenance of Council's roading network (which forms part of the Council's transport activity). This includes the reseal programme, road pavement rehabilitation programme, minor improvements, and bridge maintenance, strengthening and replacement.

Land liable for the rates
All rateable land within the Southland District is liable for the rate.

How the rates are assessed
- a fixed amount of $103.50 per rating unit. The rate will generate $1,767,974 in rates revenue in 2025/2026; and
- a differential rate in the dollar of capital value across all properties as per the table of rates. The rate will generate $25,785,171 in rates revenue in 2025/2026.

Rate differential definitions
The rate in the dollar of capital value is set on a differential basis for different land uses. The differential category is based on the land use of each rating unit. The definition for each rates differential category is listed in the table below:

Differential category	Definition
Commercial	All land that is principally used for commercial purposes. It includes accommodation services, entertainment, rest homes, retail and office-type use, parking buildings, service stations and tourist type attractions.
Dairy	All land used or suitable for all types of dairy farm supply and stud.
Forestry	All land that is used for forestry, including land either in production or currently available for planting and protected forest areas. It does not include forest nurseries or non-commercial protected/indigenous native forests.

Differential category	Definition
Farming non-dairy	All land that is used exclusively, or almost exclusively, for horticultural, forestry nurseries, pastoral and or specialist farming purposes other than dairy farming. It includes land used for cropping, orchards, market gardening or glasshouses, grazing or fattening of livestock, land used for aquaculture, deer farming, horse studs, poultry and pigs.
Industrial	All land that is used exclusively, or almost exclusively, for industrial uses including associated retailing, food processing or storage, light and large-scale manufacturing, tank farms and other noxious or dangerous industrial uses, excluding utility assets.
Lifestyle	Land located in a rural area where the predominant use is for an existing/future residence or in an urban or semi-urban area where the section size is larger than an ordinary residential allotment. The principal use of the land may be non-economic in the traditional farming sense, and the value exceeds the value of comparable farmland.
Mining	All land used for mining and other mineral extraction sites.
Other	Uses not covered by any other category and including utility assets, and non-commercial protected/indigenous native forests (being those not logged or intended to be logged).
Residential	All land that is used exclusively, or almost exclusively, for residential purposes including investment flats and not already included elsewhere. It does not include lifestyle properties.

A table of the rates

Roading rates	Rate in the dollar on capital value 2025/2026 (incl GST)	Revenue for roading rates 20205/2026 (incl GST)
Commercial	0.00153383	$706,419
Dairy	0.00134171	$8,957,163
Farming non-dairy	0.00084934	$8,046,177
Forestry	0.00414513	$1,450,560
Industrial	0.00144707	$750,436
Lifestyle	0.00075852	$1,794,400
Mining	0.02275026	$256,967
Other	0.00022756	$264,912
Residential	0.00075852	$3,558,134

Regional heritage targeted rate

Background
The regional heritage targeted rate is used to fund heritage sites within the Southland region.

Activities funded
This targeted rate funds the costs associated with operating a Regional Heritage Fund, which is administered by the Southland Regional Heritage Committee and is part of Council's community leadership activity, to promote the development of heritage of value to the region as a whole.

Land liable for the rate
All rateable land within the Southland District is liable for the rate.

How the rate is assessed
The targeted rate is assessed as a fixed amount per SUIP of rating unit of $50.37

The rate will generate $842,387 in rates revenue in 2025/2026.

Stormwater targeted rates

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

Activities funded
This targeted rate funds the costs involved in operating stormwater networks throughout the District which forms part of the stormwater activity. This includes reticulation repairs and upgrades as well as undertaking monitoring and compliance with resource consents.

Land liable for the rate
All rateable land within the designated stormwater full charge and quarter charge boundaries. This is a district wide rate. Maps of these areas can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/

How the rate is assessed
The rate is set on a differential basis based on the location of the rating unit, set as a fixed amount per rating unit.

- rating units in areas that have been defined will pay a fixed full charge.
- rating units outside of these areas will pay a fixed quarter charge (25% of the full charge.)

Rated differential definitions
The rate is set on a differential basis depending on the location of the rating unit. The differential categories reflect Council's assessment of the relative benefit received by those groups from the stormwater activity and therefore the share of costs each group should bear based on the principles outlined in the Revenue and Financing Policy. The definition for each rates differential category is listed in the table below.

Differential category	Definition
Full charge	All rating units in the defined stormwater rating area as shown in the rating boundary maps. These areas have generally been defined in line with the urban and semi-urban township areas used for community board targeted rate where stormwater infrastructure and/or services are provided, operated, and maintained by Council.
Quarter charge	All other rating units located outside of the stormwater areas as detailed above.

A table of the rates

Stormwater rates	Differential factor for targeted rate per rating unit	Targeted rate per rating unit 2025/2026 (incl GST)	Revenue from stormwater rates 2025/2026 (incl GST)	Map of the land liable for rate
Stormwater – full charge	1	$125.61	$1,141,323	Map 10 186,216
Stormwater – quarter charge	0.25	$31.4	$251,062	Map 217

Targeted local community board rates

Council has a number of targeted local rates which are used to fund services or activities from defined areas of benefit/catchments within the community board areas. Each community board consider the rates revenue proposed for the local rate activities in their area. This includes targeted rates for community boards, community facilities, swimming pools, Te Anau Airport Manapōuri and SIESA.

Community board targeted rates

Background
Council has delegated responsibility for the management of a number of local activities, such as the maintenance of parks and reserves and footpaths to community boards. The cost of providing these activities is funded via local targeted community board rates.

Activities funded
These targeted rates fund the costs associated with operating a range of local activities in each community board area. This includes the operation and maintenance of footpaths, streetscapes, streetlights and water facilities (which form part of the transport activity); open spaces like parks, reserves, and playgrounds (which form part of the community resources activity) and community grants (which form part of the community leadership activity).

Land liable for the rate
All rateable land within each specific community board area. Maps of these areas can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/

How the rates are assessed
The targeted community board rates are set after considering the recommendation of the relevant community board. For each community board (except Stewart Island/Rakiura Community Board) the rate will be set on a differentiated basis, based on location of the rating unit.

- rating units in the urban area will pay a fixed full charge
- rating units in the semi-urban area will pay a half charge (50% of the full charge payable by those rating units in the urban area)
- rating units in the rural area will pay a quarter charge (25% of the full charge payable by those rating units in the urban area).

Rates differential definitions/land liable definitions
Some of the rates are set on a differential basis based on the location of the rating unit. The differential categories reflect Council's assessment of the ability of groups of ratepayers to access the activities funded by each local community board rate and the relative benefit received by those groups and therefore the share of costs each group should bear based on the principles outlined in the revenue and financing policy. The urban definition also applies for the Stewart Island/Rakiura Community Board rate.

The definition for each rate differential category based on the use of land is listed in table below.

Differential category	Definition
Urban	All rating units in the defined community board urban rating area as shown in the rating boundary maps. Urban areas have generally been defined as township area within the community board area where all or a majority of the local services are provided at scale and with large populations. Some consideration has also been given to the District Plan Urban Zone in defining these areas.

Differential category	Definition
Semi-urban	All rating units in the defined community board semi-urban rating area as shown in the rating boundary maps. Semi-urban areas have generally been defined as township areas within the community board area where most of the local services are provided at a smaller scale and with smaller populations. Some consideration has been also given to the District Plan Rural Settlement Areas in defining these areas.
Rural	All other rating units in the defined community board rating area located outside the 'urban' and 'semi-urban' areas as detailed above.

A table of rates

Local rates	Differential factor for targeted rate per rating unit	Targeted rate per rating unit 2025/2026 (incl GST)	Revenue from stormwater rates 2025/2026 (incl GST)	Map of the land liable for rate
Ardlussa Community Board Rural Rate	0.25	$70.24	$38,807	Map 177
Ardlussa Community Board Urban Rate	1.00	$280.98	$140,841	Map 203, 186, 211
Fiordland Community Board Rural Rate	0.25	$65.98	$33,088	Map 178
Fiordland Community Board Semi-Urban Rate	0.50	$131.96	$16,495	Map 220
Fiordland Community Board Urban Rate	1.00	$263.93	$678,036	Map 196, 206
Northern Community Board Rural Rate	0.25	$90.15	$46,134	Map 179
Northern Community Board Semi-Urban Rate	0.50	$180.29	$16,766	Map 185, 192
Northern Community Board Urban Rate	1.00	$360.59	$155,774	Map 195, 198
Oraka Community Board Rural Rate	0.25	$63.57	$31,371	Map 180
Oraka Community Board Semi-Urban Rate	0.50	$127.14	$24,728	Map 188, 207
Oraka Community Board Urban Rate	1.00	$254.27	$337,416	Map 204
Oreti Community Board Rural Rate	0.25	$53.08	$114,035	Map 181
Oreti Community Board Semi-Urban Rate	0.50	$106.17	$12,581	Map 187, 189, 194
Oreti Community Board Urban Rate	1.00	$212.33	$334,685	Map 213, 214
Stewart Island/Rakiura Community Board Urban Rate	1.00	$252.42	$132,268	Map 10
Tuatapere Te Waewae Community Board Rural Rate	0.25	$102.48	$62,307	Map 182
Tuatapere Te Waewae Community Board Semi-Urban Rate	0.50	$204.97	$19,882	Map 197, 201
Tuatapere Te Waewae Community Board Urban Rate	1.00	$409.94	$121,342	Map 209
Waihopai Toetoe Community Board Rural Rate	0.25	$60.52	$129,724	Map 183
Waihopai Toetoe Community Board Semi-Urban Rate	0.50	$121.04	$11,892	Map 193, 215
Waihopai Toetoe Community Board Urban Rate	1.00	$242.08	$150,331	Map 191, 208, 216
Wallace Takitimu Community Board Rural Rate	0.25	$77.48	$52,976	Map 184
Wallace Takitimu Community Board Semi-Urban Rate	0.50	$154.96	$2,497	Map 212
Wallace Takitimu Community Board Urban Rate	1.00	$309.93	$257,319	Map 199, 200, 202

Community facilities targeted rates

Background
Southland District has a wide range of small community facilities across the District. These facilities (community centres and halls) are maintained by Council through the community facilities activity. Maintenance and upkeep of these facilities is provided by the collection of rates for this activity

Activities funded
These targeted rates fund community facilities in different areas throughout the District. The rates (which form part of the community resources activity) funds general operating costs (such as electricity, insurance) and maintenance costs (such as painting, replacement roof, carpeting) of community centres and halls across Southland.

Land liable for the rate
All rateable land within the area of service for each specific hall, community centre or recreational facility is liable for the community facilities targeted rate. Maps of these areas can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/.

How the rates are assessed
The rates are assessed as a fixed amount per SUIP of a rating unit.

A table of the rates

Community facilities rates	Uniform targeted rate per SUIP of a rating unit 2025/2026 (incl GST)	Revenue from community facilities rates 2025/2026 (incl GST)	Map of land liable for rate
Aparima hall	$41.86	$3,055	Map 43
Athol memorial hall	$135.78	$23,761	Map 174
Balfour hall	$83.25	$25,308	Map 45
Blackmount hall	$49.43	$2,866	Map 46
Browns hall	$48.99	$9,749	Map 171
Brydone hall	$80.00	$5,360	Map 48
Clifden hall	$71.73	$6,599	Map 49
Colac Bay hall	$138.73	$24,693	Map 50
Dacre hall	$43.46	$3,998	Map 51
Dipton hall	$144.67	$30380	Map 52
Eastern Bush hall	$81.61	$2,366	Map 54
Edendale-Wyndham hall	$45.23	$33,424	Map 170
Fiordland community event centre	$44.22	$104,071	Map 94
Five Rivers hall	$217.77	$18,292	Map 56
Glenham hall	$48.98	$3,967	Map 59
Gorge Road hall	$47.87	$12,924	Map 60
Heddon Bush hall	$70.08	$4,485	Map 61

88

Community facilities rates	Uniform targeted rate per SUIP of a rating unit 2025/2026 (incl GST)	Revenue from community facilities rates 2025/2026 (incl GST)	Map of land liable for rate
Hedgehope-Glencoe hall	$75.77	$7,425	Map 62
Limehills hall	$82.66	$16,449	Map 65
Lochiel hall	$35.35	$5,373	Map 66
Lumsden hall	$88.85	$36,095	Map 68
Mabel Bush hall	$48.88	$3,861	Map 69
Manapouri hall	$139.05	$47,555	Map 71
Mandeville hall	$44.01	$1,980	Map 72
Mimihau hall	$62.08	$3,352	Map 75
Mokoreta-Redan hall	$87.75	$6,318	Map 76
Mossburn hall	$98.33	$28,909	Map 78
Myross Bush hall	$27.70	$2,271	Map 79
Nightcaps hall	$126.14	$29,012	Map 80
Ohai hall	$137.28	$29,240	Map 81
Orawia hall	$123.12	$13,173	Map 82
Orepuki hall	$124.95	$19,242	Map 83
Oreti Plains hall	$127.36	$15,665	Map 84
Otapiri-Lora Gorge hall	$117.72	$9,770	Map 86
Riversdale hall	$74.00	$30,302	Map 89
Ryal Bush hall	$110.39	$15,123	Map 90
Seaward Downs hall	$44.25	$5,310	Map 91
Stewart Island/Rakiura hall	$76.20	$32,499	Map 93
Thornbury hall	$140.35	$14,877	Map 95
Tokanui-Quarry Hills hall	$133.08	$18,464	Map 173
Tuatapere hall	$56.99	$22,625	Map 97
Tussock Creek hall	$24.75	$2,178	Map 98
Tuturau hall	$50.00	$2,800	Map 99
Waianiwa hall	$100.81	$15,524	Map 175
Waihopai Toetoes Hall *	$73.52	$4,999	Map 57
Waikaia Recreation hall	$69.77	$21,558	Map 101
Waikawa community centre	$72.33	$10,762	Map 102
Waimahaka hall	$67.34	$6,936	Map 103
Waimatuku hall	$40.00	$2,200	Map 104

Community facilities rates	Uniform targeted rate per SUIP of a rating unit 2025/2026 (incl GST)	Revenue from community facilities rates 2025/2026 (incl GST)	Map of land liable for rate
Wairio community centre	$55.27	$4,808	Map 105
Wallacetown hall	$69.42	$25,130	Map 106
Winton hall	$31.57	$49,564	Map 107
Wrights Bush hall	$32.28	$1,839	Map 110

*This rate has been renamed from Fortrose hall rate and is based on the same rating boundary.

SIESA targeted rates

Background
The SIESA activity involves generation and transmission of electrical power to Stewart Island consumers. Electricity is produced by diesel generators which are located at a central power house. Electricity is supplied on a 24-hour basis with a level of fault response commensurate with mainland service.

Activities funded
The targeted rate funds the costs involved in managing and operating the electricity supply network on Stewart Island (which forms part of the Council's community resources activity). This includes maintaining, renewing, and upgrading the electricity transmission network and generating plant.

Land liable for the rate
All rateable land within the SIESA targeted rate area of service. A map of this area can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/ - (map 219).

How the rate is assessed
The targeted rate is assessed as a fixed amount per rating unit of $200.00 within the SIESA network rating boundary. The rate will generate $100,199 in rates revenue in 2025/2026.

Swimming pool targeted rates

Background
These rates are used to fund community swimming pools which are managed by a local swimming pool committee. These pools are all owned by local community groups, with two on Council land.

Activities funded
These targeted rates fund grants to community groups to assist with the operation and maintenance of community swimming pools (which forms part of the Council's community leadership activity). Each community board liaises with groups in their area about the level of financial support to be provided.

Land liable for the rate
All rateable land within each swimming pool targeted rate area of service is liable for the relevant rate. Maps of these areas can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/.

How the rates are assessed
The swimming pool targeted rate for each area of service is set as a fixed amount per SUIP of a rating unit.

A table of the rates

Pool rates	Uniform targeted rate per SUIP of a rating unit 2025/2026 (incl GST)	Revenue from community facilities rates 2025/2026 (incl GST)	Map of land liable for rate
Fiordland	$14.19	$37,362	Map 38
Northern Community	$23.46	$18,398	Map 224
Otautau	$37.27	$24,039	Map 35
Riverton/Aparima	$26.30	$47,142	Map 36
Takitimu	$28.02	$17,757	Map 37
Tuatapere Ward	$7.38	$5,752	Map 39
Waihopai Toetoe Ward	$11.28	$32,195	Map 218
Winton	$17.13	$26,705	Map 40

Te Anau Airport Manapōuri targeted rate

Background
The Te Anau Airport Manapōuri facility is designed and managed to attract and facilitate access by air to the Te Anau community, its businesses, and the natural environment. The activity also contributes to safe places as the airport provides for air-based emergency access which can act as an alternative to road transport in an emergency.

Activities funded
This targeted rate funds the operating costs and initial capital development costs of the Te Anau Airport Manapōuri facility (which forms part of the Council's transport activity).

Land liable for the rate
All rateable land within the Te Anau Airport Manapōuri targeted rate area of service. A map of this area can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/ -(map11).

How the rate is assessed
The targeted rate is assessed as a fixed amount per rating unit of $58.62.

The rate will generate $188,023 in rates revenue in 2025/2026.

Targeted service rates

Council has a number of targeted service rates which are used to fund specific services from those who receive or are able to receive the service which are defined by areas of benefit/catchments. These rates consist of targeted rates for rubbish, recycling, Stewart Island waste management, water supply, wastewater and septic tank cleaning.

Rubbish bin collection targeted rate and recycling bin collection targeted rates

Background
Council operates a solid waste and recycling bin collection service for serviced properties across the district. Through this activity it collects recycling and solid waste for disposal. The service is compulsory to all rating units containing a residential dwelling within the designated urban bin boundaries (copies of the boundary maps can be obtained from Council), all other rating units can optionally have this service. Any rating unit that is able to transport their bins to the designated rural bin route for collection can also have this service. To find out more about our services or when your bin would be collected visit www.wastenet.org.nz or download the Antenno app.

Activities funded
These targeted rates fund the costs involved in operating a regular rubbish and recycling wheelie bin collection for households on the defined collection route (which form part of the waste services for the community resources activity). The service collects and disposes of waste, glass, plastics, paper, cardboard, and other recyclables. Please note – separate Stewart Island waste management targeted rate is used to fund the cost of managing solid waste on Stewart Island and the cost of other waste services (such as transfer stations, recycle drop-off centres, and green waste disposal sites) are funded through the general rate

Land liable for the rate
All land within the District which is in the defined service areas for rubbish bin or recycling bin collection that has a residential dwelling is liable for the targeted rates. Other rating units can also opt into the service following agreement with Council. A map of this area can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/ - (map 176).

How the rates are assessed
The rates are assessed per unit of service. Each rubbish bin and each recycling bin is a unit of service. All rating units within the service area that have a residential dwelling are required to have a minimum of one rubbish bin and one recycling bin.

All rating units receiving the service have the option to receive further bins of each type over and about the minimum service. The rate assess on each rating unit will reflect the number of units of service (for example, a rating unit with two bins of each type will be assessed twice as much as a rating unit with one bin of each type).

- the targeted rubbish bin collection rated is assessed as a fixed amount per unit of service of $223.72. The rubbish bin collection rate will generate $2,431,612 in rates revenue in 2025/2026.
- the targeted recycling bin collection rate is assessed as a fixed amount per unit of service of $223.72. The recycling bin collection rate will generate $2,473448 in rates revenue in 2025/2026.

Stewart Island waste management targeted rates

Background
Stewart Island/Rakiurā is serviced by a weekly kerbside refuse bag, recycling, and food scrap collection. The service is provided to all rating units on Stewart Island/Rakiurā other than vacant land rating units

Activities funded
This targeted rate funds the collection and disposal of refuse and recycling on Stewart Island/Rakuirā (which forms part of waste services for the community resources activity)

Land liable for the rate
All land within the Stewart Island/Rakiurā waste management targeted rate area of service is liable for the rate. A map of this area can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/ - (map 93).

How the rate is assessed
The targeted rate is assessed as a fixed amount per unit of service of $293.88. A unit of service is weekly kerbside refuse bag, recycling, and food scrap collection. The rate will generate $121,372 in rates revenue in 2025/2026.

Water supply targeted rates

Background
Council operates 12 drinking water supply networks (10 urban and two rural residential) and seven untreated water supplies for rural (stock) consultation throughout the district. The urban supplies are required to meet drinking water standards while the rural supplies provide non-potable water for rural use.

Activities funded
These targeted rates fund the costs involved in maintaining each of the water supply networks including the costs associated with treating and reticulating water for each community (which forms part of the Council's water supply activity).

Land liable for the rates
These targeted rates apply to all properties that are connected or those capable of connecting with the designated boundary to a Council-owned water supply network. Maps of the scheme areas covered by each water supply can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/.

How the rates are assessed
The water supply targeted rates are assessed as outlined below.

Te Anau rural water scheme targeted rates

- all rating units pay an annual fixed charge per restricted connection
- rating units pay a fixed amount for each unit made available to the rating unit. One unit is 1,814.4 litres per day
- minimum allocation is one full unit. Half units are only available for rating units receiving at least one full unit. These rates apply to all properties within the Te Anau rural water rating boundary (refer to map 160).

Metered property water supply targeted rates (excludes properties within the Te Anau rural water rating boundaries)

The Council may require metering of a property when:

- a property is estimated to consistently exceed the expected annual usage (365 cubic metres) including high water use
- where observation metering indicates high water use in relation to the expected annual usage
- where non-drinking use of water is evident, e.g. truck wash-down, water for animal consumption is expected to exceed the expected annual usage quantity; or
- the property is classified commercial/industrial

Properties that are rated for metered water will be charged a fixed annual charge per water meter and a rate for actual water consumption per cubic metre, invoiced quarterly.

In instances where the property is no longer exceeding the expected annual usage, the rates will revert to a district water full rate.

Non-metered property water supply targeted rate (excluded properties within the Te Anau rural water rating boundaries)

- these rates apply to all properties not within the Te Anau rural water rating boundaries and that are not provided with a metered water supply
- one unit of service is one standard domestic connection. All rating units without meters that are connected to a water supply scheme or are within the scheme rating boundary but are not connected are charged a fixed amount for each unit of service.

- rating units with water troughs with direct feed from Council's water mains pay a fixed annual amount per trough (note that backflow prevention and annual testing of backflow preventer is required in these cases)
- vacant rating units within the scheme rating boundary are charged a 'half charge' on a per rating unit basis for the provision of the service due to the ability to connect (i.e. they are capable of connection) to the scheme.

A table of the rates

Water and metered water rates	$ per m3 2025/2026 (incl GST)	Targeted rate per unit of service/rating unit 2025/2026 (incl GST)	Revenue from water supply rates 2025/2026 (incl GST)	Map of land liable for rate
District water rate - full charge		$901.36	$7,420,446	
District water rate - half charge		$450.68	$380,373	
District water rate - trough charge		$180.27	$3,244	
			$7,804,064	Maps 138 - 162
District water - meter charge		$225.00	$34,200	
Metered charge for water consumed	$1.60			
Te Anau rural water - annual charge		$1,332.64	$266,528	Map 160
Te Anau rural water - full charge		$888.43	$710,744	Map 160
Te Anau rural water - half charge		$444.21	$21,322	Map 160
			$998,594	

Properties capable of connection are defined as being within 30 metres of a public water supply network to which they are capable of being effectively connected.

97

Wastewater targeted rates

Background

The wastewater activity involves collecting, treating, and disposing of sewage from residential properties, business properties and public sanitary facilities. The wastewater system also deals with non-domestic liquid wastes (often known as trade wastes). Eighteen towns within the district are reticulated with Council-owned and maintained infrastructure.

Activities funded

This targeted rate funds the costs involved in maintaining wastewater treatment plants, pump stations, reticulation repairs and minor upgrades including renewals of the respective systems - which forms part of the Council' wastewater (sewerage) activity.

Land liable for the rate

The targeted rate applies to all properties that are connected to a Council-owned wastewater scheme or within the defined boundary of one of Council-owned wastewater schemes. Maps of the areas of service for each Council scheme can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/.

How the rate is assessed

The rate is set on a differential basis. Council has defined its differential categories based on the use of the rating unit. The liability factors used are fixed amounts per rating unit, per SUIP of rating unit or fixed amount for each pan/urinal within the rating unit.

How the rate is calculated

Differential category	Definition	Basis of liability
District wastewater rate full charge	Excluding the category below, all rating units connected to a district wastewater scheme or able to be connected[1] within the defined wastewater scheme rating boundary that are: a) primarily residential/domestic/household in nature (e.g. residential, lifestyle, farming) b) other rating units (e.g. commercial/industrial/other properties)	The rate for these rating units are set as a fixed amount per: a) SUIP b) pan/urinal
District wastewater rate half charge	All rating units within the defined wastewater scheme rating boundaries that are vacant.	The rate for these rating units is set as a fixed amount per rating unit.

1 - Able to be connected means that you are within the scheme boundary or within a distance of 30m from a property boundary to the pipe in the street or a distance of 60m from the house/dwelling to the pipe in the street.

A table of the rates

Wastewater rates	Targeted rate per rating unit/SUIP/Pan 2025/2026 (incl GST)	Revenue from rates 2025/2026 (incl GST	Map of land liable for rate
District wastewater rate - full charge	$928.89	$9,374,590	
District wastewater rate - half charge	$464.45	$440,298	
		$9,814,888	Maps 112-135

Woodlands septic tank cleaning charge targeted rate

Background
Property owners within the Woodlands area can have their septic tank cleaned by Council on a three yearly cycle. This service was put in place due to the problems that were experienced in the past with the operation of septic tanks within this community.

Activities funded
The targeted rate is used to fund the costs of cleaning septic tanks within the area of service - which forms part of the Council's wastewater (sewerage) activity.

Land liable for the rate
All land within the Woodlands septic tank cleaning charge area of service is liable for the rate. A map of this area can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/ (map 163).

How the rate is assessed
The targeted rate is assessed as an amount of $152.43 per SUIP of a rating unit.
The rate will generate $9,755 in rates revenue in 2025/2026.

Water supply loan targeted rates

Background

A water supply loan targeted rate is used to fund the capital contributions towards development of the water supply schemes for the Edendale and Wyndham communities. Council has previously offered ratepayers the option of paying the contribution as a lump sum or over a number of years.

Activities funded

These targeted rates fund the initial capital costs of developing the relevant water supply scheme (which forms part of the Council's water supply activity).

Land liable for the rate

The properties liable for each targeted rate are within the area of service for each scheme and have previously indicated the period over which they wish to pay the initial capital cost. Units were determined at the establishment of each individual scheme. Maps of the areas of service for each Council scheme can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/.

How the rates are assessed

The rates are assessed against each rating unit per unit of service based on the option that the ratepayer has previously chosen to either pay a one-off capital contribution for a new scheme or pay it over a selected period.

A table of the rates

Water loan rates	Targeted rate per unit of service 2025/2026 (incl GST)	Revenue from water loan rates 2025/2026 (incl GST)	Map of land liable for rate
Edendale water loan - 25 years	$148.60	$13,225	Map 161
Wyndham water loan - 25 years	$142.90	$15,861	Map 162

Sewerage loan targeted rates

Background

Sewerage loan targeted rates are used to fund the capital contributions towards development of the wastewater schemes for the Edendale, Wyndham, Tuatapere and Wallacetown sewerage schemes. Council has previously offered ratepayers the option of paying the contribution as a lump sum or over a number of years.

Activities funded

These targeted rates fund the initial capital costs of developing the relevant wastewater scheme (which forms part of the Council's sewerage activity).

Land liable for the rate

The properties liable for each targeted rate are within the area of service for each scheme and have previously indicated the period over which they wish to pay the initial capital cost. Units were determined at the establishment of each individual scheme. Maps of the areas of service for each Council scheme can be viewed at https://www.southlanddc.govt.nz/home-and-property/southland-maps/.

How the rates are assessed

The rates are assessed against each rating unit per unit of service based on the option that the ratepayer has previously chosen to pay a one-off capital contribution for a new scheme or to pay it over a selected period.

A table of rates

Sewerage loan rates	Targeted rate per unit of service 2025/2026 (incl GST)	Revenue from water loan rates 2025/2026 (incl GST)	Map of land liable for rate
Edendale sewerage rate - 25 years (incl. connection cost)	$626.29	$43,214	Map 115
Edendale sewerage rate - 25 years (excl. connection cost)	$518.33	$45,613	Map 115
Tuatapere sewerage loan charge - 25 Years	$358.89	$33,735	Map 132
Wallacetown sewerage loan charge - 25 Years	$328.88	$20,061	Map 133
Wyndham sewerage loan charge - 25 Years (incl. connection cost)	$571.50	$56,578	Map 135
Wyndham sewerage loan charge - 25 Years (excl. connection cost)	$464.37	$9,287	Map 135

Rating base information

Schedule 10 clause 20A of the Local Government Act 2002 requires Council to disclose the following projected rating base information within the district at the end of the preceding financial year (2024/2025)

	30 June 2025
Number of rating units with Southland District Council	21,278
Total rate able capital value within Southland District	$26,283,322
Total rate able land value within Southland District	$17,066,858

Rating boundaries

Council are not proposing any boundary changes in 2025/2026.

Sample properties

The following table calculated the impact of Council's rating policy on properties in 2025/2026:

- in different locations within the district
- with different land uses (residential, dairy, commercial, etc) and
- with different land values.

The property values presented in the table are representative of the values in that location and for that land use.

For the reasons above the information should be treated as indicative.

Indicative rates are inclusive of GST.

District rates are those rated charged to all properties that are dependent on the rating unit's location in respect of rating boundaries. This includes roading, regional heritage and the general rates.

Local rates are those rates charged to properties that are dependent on the rating unit's location in respect of rating boundaries. This includes hall rates, pool rates, community board rates and community development area rates.

Service rates are those rates charged to properties based on the services that they do or can receive. This includes water supply, sewerage, and wheelie bin rates.

			TOTAL RATES				DISTRICT RATES				LOCAL RATES				SERVICE RATES			
	Land	Capital	2024/25	2025/26	Change		2024/25	2025/26	Change		2024/25	2025/26	Change		2024/25	2025/26	Change	
Sector	Value	Value			$	%			$	%			$	%			$	%
Residential (Winton)	150,000	510,000	$3,675	$4,345	$670	18%	$1,598	$1,807	$209	13%	$258	$261	$3	1%	$1,820	$2,278	$458	25%
Residential (Manapouri)	560,000	1,040,000	$4,520	$5,290	$769	17%	$2,246	$2,550	$304	14%	$454	$462	$7	2%	$1,820	$2,278	$458	25%
Residential (Balfour)	105,000	390,000	$2,189	$2,450	$261	12%	$1,426	$1,638	$212	15%	$306	$364	$58	19%	$456	$447	($9)	(2%)
Residential (Ohai)	60,000	275,000	$3,553	$4,230	$677	19%	$1,298	$1,477	$179	14%	$436	$475	$39	9%	$1,820	$2,278	$458	25%
Residential (Te Anau)	250,000	760,000	$4,032	$4,816	$784	19%	$1,781	$2,157	$376	21%	$432	$381	($51)	(12%)	$1,820	$2,278	$458	25%
Residential (Otautau)	80,000	445,000	$3,655	$4,340	$685	19%	$1,481	$1,715	$234	16%	$355	$347	($7)	(2%)	$1,820	$2,278	$458	25%
Residential (Tuatapere)	70,000	290,000	$3,520	$4,250	$730	21%	$1,310	$1,498	$188	14%	$391	$474	$84	21%	$1,820	$2,278	$458	25%
Lifestyle (Athol)	520,000	855,000	$2,077	$2,422	$345	17%	$1,882	$2,196	$314	17%	$195	$226	$31	16%	$0	$0	$0	0%
Lifestyle (Manapouri)	380,000	900,000	$3,188	$3,872	$684	21%	$1,803	$2,260	$457	25%	$266	$264	($2)	(1%)	$1,119	$1,349	$229	20%
Lifestyle (Wyndham)	250,000	900,000	$2,415	$2,824	$409	17%	$1,864	$2,260	$396	21%	$95	$117	$22	23%	$456	$447	($9)	(2%)
Lifestyle (Riverton/Aparima)	1,100,000	2,100,000	$2,569	$3,470	$901	35%	$2,092	$2,997	$905	43%	$21	$26	$5	25%	$456	$447	($9)	(2%)
Farming (Non-Dairy)	4,510,000	5,260,000	$8,208	$9,066	$858	10%	$8,026	$8,854	$828	10%	$182	$212	$30	16%	$0	$0	$0	0%
Farming (Non-Dairy)	6,950,000	8,150,000	$11,282	$13,349	$2,067	18%	$11,202	$13,272	$2,070	18%	$81	$77	($3)	(4%)	$0	$0	$0	0%
Farming (Non-Dairy)	5,300,000	6,500,000	$8,778	$11,090	$2,313	26%	$8,596	$10,757	$2,161	25%	$182	$334	$152	83%	$0	$0	$0	0%
Farming (Non-Dairy)	2,020,000	2,180,000	$3,775	$4,267	$491	13%	$3,720	$4,203	$483	13%	$55	$64	$8	15%	$0	$0	$0	0%
Mining	2,850,000	4,320,000	$84,888	$102,164	$17,275	20%	$84,791	$102,062	$17,271	20%	$98	$102	$4	4%	$0	$0	$0	0%
Industrial	270,000	530,000	$3,534	$4,291	$757	21%	$1,913	$2,200	$286	15%	$258	$261	$3	1%	$1,363	$1,830	$467	34%
Industrial	380,000	890,000	$6,001	$7,332	$1,330	22%	$2,596	$2,953	$357	14%	$260	$299	$38	15%	$3,145	$4,080	$935	30%
Commercial	235,000	950,000	$4,840	$5,737	$897	19%	$2,760	$3,160	$401	15%	$260	$299	$38	15%	$1,820	$2,278	$458	25%
Commercial	1,300,000	7,150,000	$12,708	$16,754	$4,047	32%	$12,465	$16,571	$4,106	33%	$243	$183	($60)	(25%)	$0	$0	$0	0%
Dairy	13,500,000	16,100,000	$22,854	$33,702	$10,848	47%	$22,399	$33,125	$10,726	48%	$455	$577	$122	27%	$0	$0	$0	0%
Dairy	9,100,000	10,910,000	$18,619	$23,101	$4,481	24%	$18,324	$22,766	$4,442	24%	$295	$334	$39	13%	$0	$0	$0	0%
Dairy	13,700,000	17,500,000	$29,532	$36,400	$6,867	23%	$29,206	$36,006	$6,800	23%	$327	$394	$67	21%	$0	$0	$0	0%
Dairy	19,800,000	24,400,000	$44,289	$54,139	$9,851	22%	$39,872	$49,811	$9,939	25%	$308	$302	($7)	(2%)	$4,108	$4,027	($81)	(2%)
Forestry	1,260,000	1,300,000	$6,897	$7,234	$337	5%	$6,842	$7,173	$331	5%	$55	$61	$6	10%	$0	$0	$0	0%
Other	88,000	100,000	$1,059	$1,124	$65	6%	$968	$1,034	$66	7%	$91	$90	($1)	(1%)	$0	$0	$0	0%

Please note: Southland District was subject to a property revaluation in 2024 and the values stated are the new values as at July 2024, which are the basis for calculating the 2025/2026 rates. Therefore the change in the proposed rates are 2024/2025 to 2025/2026 is in part, a result of the change in valuation of each property.

103

Balancing the budget

Section 100 of the Local Government Act 2002 requires Council to ensure that for every year its projected operating revenues are set at a level that is sufficient to meet its projected operating expenditure. Council may set projected operating revenues at a different level from that required, if Council resolves that it is financially prudent to do so.

Council is projecting an operational deficit of $7,888 million. Refer to page 19 for commentary on the changes in costs contributing to the increased deficit from the LTP.

	AP 2024/2026 ($000)	LTP 2025/2026 ($000)	AP 2025/2026 ($000)
Surplus/ (Deficit)	(6,379)	(1,866)	(7,888)

The areas contributing to Council not having a balanced budget are:

- the continued phasing in of the funding of depreciation for water and wastewater assets
- Council's decision not to fund depreciation on local assets and some buildings (mainly halls given we are not sure if they will be replaced or what they will be replaced by.)
- Council's partial use of depreciation reserves to fund interest and principal repayments on loans borrowed to fund water and wastewater capital expenditure. Council is planning to stop using these funds to pay interest costs for related capital expenditure borrowings from 2026/2027 onwards
- due to Council investing in balanced fund units, investment returns are no longer included in Council's reported investment income, as earnings from the balanced fund are only recognised when the investment units are sold.

If the impact of these was to be removed, Council would have a balanced budget.

Refer to page 114 of Council's Long Term Plan 2024-2034 for further explanation.

Overall
As such, in considering intergenerational equity, council policies and ongoing consideration of affordability for its communities, it is considered financially prudent that Council operates a financial deficit in 2025/2026, which is in line with the Long Term Plan 20024-2034.

Fees and charges

The table below shoes the fees and charges for 2025/2026. Additional information can be found in Council's Schedule of Fees and Charges. All fees are GST inclusive unless stated otherwise.

Schedule of fees and charges by activity		2025/26
Airport - Te Anau Manapouri		
Landing fees		
Weight category [1] - MCTOW in kg		
< or = 2,000		$17.00
2,001 - 4,000		$34.00
4,001 - 5,700		$57.00
5,701 - 10,000		$115.00
10,001 - 20,000		$230.00
>20,000		$322.00
Helicopters		$17.00
Honesty box landing fees - MCTOW in kg		
< or = 2,000 (no GST)		$17.00
2,001 - 4,000 (no GST)		$34.00
4,001 - 5,700 (no GST)		$57.00
Helicopters (no GST)		$17.00
Overnight fee - MCTOW in kg		
< or = 2,000		No charge
2,001 - 4,000		No charge
4,001 - 5,700		No charge
5,701 - 10,000		$57.00
10,001 - 20,000		$115.00
>20,000		$172.00
Helicopters		No charge
Ground handling fees		
The ground handling fees include runway inspection, marshalling, toilet servicing as required and security cones		
• with baggage		$322.00
• without baggage		$241.00
• with baggage (two persons assist)		$339.00
Additional person		$80.00
Ground power unit assistance (minimum one hour)		$172.00
After hours call out fees (per hour)		$80.00
Security charge (per hour)		$80.00

Schedule of fees and charges by activity		2025/26
Refuelling fees		
Standard refuelling		$57.00
Additional person		$80.00
Function centre fees		
Residential/local ratepayer full day		$300.00
Residential/local ratepayer half day		$200.00
Non-rate payer		$500.00
Corporate hire half day		$400.00
Corporate hire full day		$600.00
Cancellation fee		$50.00
Wet weather ceremony hire		$100.00
Bond (refundable no GST)		$500.00
Optional contract clean		$250.00
Alcohol - sale and supply of alcohol and gambling		
Gambling venues		
Application for Class 4 Gambling Venue Certificate		$816.50
Alcohol control bylaw		
Application to grant a dispensation under the Alcohol Control Bylaw		$211.00
The mechanism for alcohol licensing fees is set by the Sale and Supply of Alcohol (fees) Regulations 2013. These fees are subject to any operative Southland District Council Alcohol Licensing Fee-Setting Bylaw, which may vary the fees below.		
Application for premises		
Cost/risk rating category - very low		$368.00
Cost/risk rating category - low		$609.50
Cost/risk rating category - medium		$816.50
Cost/risk rating category - high		$1,023.50
Cost/risk rating category - very high		$1,207.50
Annual fee for premises		
Cost/risk rating category - very low		$161.00
Cost/risk rating category - low		$391.00
Cost/risk rating category - medium		$632.50
Cost/risk rating category - high		$1,035.00
Cost/risk rating category - very high		$1,437.50
Special licence		
Class 1		$575.00
Class 2		$207.00
Class 3		$63.25
Late application fee		$80.00

Schedule of fees and charges by activity		2025/26
Other fees payable		
Managers certificates (application and renewals)		$316.25
Temporary authorities		$296.70
Temporary licence		$296.70
Permanent club charters		$632.50
Extract from register		$57.50
Public notice fee		$93.00
Pre-application lodgment meeting	30 minutes capped	Free
Administration fee	Per hour	$160.00
Application hard copy scanning		$50.00
Charge out rate for vehicles	Per kilometre	$1.04
District Licensing Committee costs including hearings		Actual costs
Building and resource management assessments for alcohol applications (refer s100(f) Sale and Supply of Alcohol Act)		Refer to separate fee *'Sale of alcohol assessments'* listing in Building Solutions/ Resource Management
Alfresco dining		
Administration/application fee (new)	One-off charge	$338.00
Renewal fee		$136.00
Animal control		
A new dog must be registered on or before three months of age. The fee for new dog registrations where the dog is less than three months old on or after 2 August or the dog is imported into New Zealand for the first time on or after 2 August is calculated by dividing the registration fee payable for a full year by 12 and multiplying that amount by the number of complete months remaining in the registration year. This is called 'pro-rata'.		
Working dogs		
Working dogs have three categories. It is important to advise Council which category your working dog fits into. Working dogs and service dogs require current paperwork certifying their abilities. Breeds not typically seen as stock dogs may require a site inspection that demonstrates how your dog performs its job: • Stock dogs – kept principally for the purposes of herding or droving stock • Working dogs – government dogs (e.g. Police, Customs, MPI, DOC), dogs owned by a licensed property (e.g. completes guard work under legislation), and pest dogs (operating under Biosecurity Act 1993) Service dogs – disability assist dogs (e.g. hearing, K9 medical detection, mobility assistance)		
New dog registration – working dogs and stock dogs	Flat fee Pro-rata for part year	$40.00
Renewal of dog registration – working dogs and stock dogs	Flat fee	$40.00
Renewal of dog registration – service dogs with current papers	Free	Free
New dog registration – service dogs with current papers	Free	Free

107

Schedule of fees and charges by activity		2025/26
Late payment fee - registration paid after 1 August	Percentage of applicable fee	+50%
Pet dogs		
Registration discounts		
Dog registration fees are discounted as follows when evidence of each activity has been submitted to Council and verified. All evidence must be provided prior to 1 May for discounted fees to be applied. When you register your new dog, you will be asked which of these discounts you will supply evidence for at the applicable time.		
(a) desexed - the dog is spayed or neutered		-$30.00
(b) the dog has a responsible owner (according to Council's criteria for owner responsibilities detailed online at www.southlanddc.govt.nz)		-$30.00
Registration new		
New dog registration - up to 3 months old before 1 July	Flat fee	Pro-rata
Registration new/renewal		
Renew dog registration (older than 3 months on 1 July) – fee paid 'on time' by 1 August (all evidence must be provided prior to 1 May for discounted fees to be applied)		
No discounts applied	Flat fee	$110.00
Dog is spayed or neutered	Discounted fee	$80.00
Dog has a responsible owner	Discounted fee	$80.00
Dog is spayed or neutered and has a responsible owner	Discounted fee	$50.00
Late payment fee - registration paid after 1 August	Percentage of applicable fee	+50%
Dog control		
Property inspections to verify discount / dog class etc.		$50.00
Dog hearing lodgement fee		$100.00
Replacement tag - first		$6.50
Replacement tag – second and subsequent tags		$13.00
After hours collection fee		$180.00
Charge out rate for vehicles	Per kilometre	$1.04
Multiple dog licence application fee		$50.00
Sale of collars		$10.00
Sale of leads		$12.00
Microchipping		
Microchipping of a dog registered with SDC		No charge
Commercial breeders that require more than four pups to be microchipped per registration year	Per dog for the fifth and subsequent dog	$30.00
Impounding		
Impounding of dog		$150.00
Impounding of dog - second and subsequent impoundments (and infringement fees)		$200.00
Long term stays (greater than one month) monthly fee Where a dog is impounded and is awaiting the outcome of a Court hearing or similar, a monthly fee will be applied, and monthly invoices will be issued to the owner		$300.00

Schedule of fees and charges by activity		2025/26
After hours release (minimum of one-hour staff time) only by prior arrangement and all outstanding fees and infringements must be paid		$180.00
Surrendering of dog for rehoming		$120.00
Sustenance of impounded dog	Per day or part thereof	$25.00
Euthanasia		Actual cost
Rehoming		
A dog impounded by SDC released to SDC authorised rehoming provider for either fostering or rehoming (initial registration only)		Free
A dog received by SDC authorised rehoming provider for the purpose of rehoming, that is either from the Southland District, or to be rehomed in the Southland District (initial registration only)		Free
Impounding Act		
Stock wandering		
Horses, donkeys, asses, mules, cattle, deer	Per head	$60.00
Sheep, goats, pigs, and other stock	Per head	$30.00
Council animal control officer callout	Per hour	120.00
Contractor callout		Actual cost
Sustenance		Actual cost
Hire of transportation or trailers		Actual cost
Moving stock on district roads		
Council animal control officer callout (does not apply to state highways)	Per hour	$120.00
Contractor callout		Actual cost
Building solutions		
Note: All fees stipulated in the below table are a 'minimum cost' which has been set as an indicative average cost. Additional work, typically related to more complex applications which may include processing, inspections or external professional advice required for any application will be charged in addition to these minimum fees 'at cost'. • any work performed by Council which is not stipulated in the below table will be charged 'at cost'. This will be applied as hourly rate, quantity of inspections or external work 'as invoiced' to Council • indicative building consent fees do not include MBIE/BRANZ/Accreditation levies for building work • where there is history of poor payment, the fees are to be paid at the time of lodging • infringements issued are as specified in the Building (Infringement Offences, Fees, and Forms) Regulations 2007 - https://www.legislation.govt.nz/regulation/public/2007/0403/latest/whole.html#DLM6340507 • costs associated with review of a PS1 will be invoiced as an additional charge. Complex projects may require calculations and/or a PS2 in support of a PS1. A PS2 design review statement will be required for projects exceeding $2.5 million fees and charges outstanding at submission of Form 6 “Application for Code Compliance Certificate” will prevent issuing of the Code Compliance Certificate		
Processing time charge-out rates		

Schedule of fees and charges by activity		2025/26
Pre-application meeting (discuss questions, process etc.)	30 minutes capped	Free
Administration	Per hour	$160.00
Building control/compliance officer	Per hour	$247.00
Additional Inspection charge-out rate		
Includes re-inspection (after a failed inspection) and also cancelled inspections (if not cancelled by 2pm the day prior to the inspection booking).	Per inspection	$385.00
• indicative building consent fees are 15% GST inclusive.		
Minimum building consent fees		
Building work		
Freestanding fireplace (Residential only - includes new and second-hand as well as warranty replacement installations and wetback heaters). Includes code compliance certificate application fee and no electronic submission fee will be applied.		$645.00
Inbuilt fireplace (Residential only - includes new and second-hand as well as warranty replacement installations and wetback heaters). Includes code compliance certificate application fee and no electronic submission fee will be applied.		$870.00
$0 - $5,000		$1,190.00
$5,001 - $10,000		$1,540.00
$10,001 - $20,000		$2,270.00
$20,001 - $50,000		$3,050.00
$50,001 - $100,000		$3,900.00
$100,001 - $250,000		$5,145.00
$250,001 - $500,000		$6,700.00
$500,001 - $900,000		$8,200.00
$900,000 +		$10,700.00
*Unlined shed/accessory building - $20,001-$500,000		$2,500.00
*Unlined shed/accessory building - $500,001-$900,000		$4,240.00
*Unlined shed/accessory building - $900,000 +		$5,100.00
Residential re-roof/re-clad only (includes addition of insulation)		$1,630.00
All value of building work above is including GST		
The estimated value of your building work must be calculated as the value of the completed build (excluding land value). This includes labour and materials and cannot be less than $2,500 per m2 for a new residential build. The estimate of your project's value must include: materials, including salvaged materials; design work; building; plumbing and other contractor charges such as labour at normal contractor charge out rates. This method of calculation is also required where an "owner builder" is completing the work. All commercial building applications are lodged using the above minimum fee which will have actual and reasonable costs charged in addition to the lodgement amount. *The above specified shed fees relate ONLY to stand-alone/detached unlined sheds and/or accessory building that: have been engineer designed, with a Producer Statement 1 (PS1) provided to Council, contain no plumbing/drainage (other than stormwater), contain no specified systems/safety systems, and have no lined occupied spaces.		

110

Schedule of fees and charges by activity		2025/26
Other fees and charges applied to a building consent (where relevant)		
MBIE levy (formerly DBH Levy)	$1.75 per $1,000.00 or part of (for project values more than $64,999.00)	$1.75/ $1,000.00
BRANZ levy	$1.00 per $1,000.00 (for project values equal to or more than $20,000.00)	$1.00/ $1,000.00
Accreditation levy	$1.00 per $1,000.00 (for project values equal to or more than $20,000.00)	$1.00/ $1,000.00
Site service assessment		$405.00
Compliance schedule/statement	Per Compliance Schedule Issued	$247.00
Application for minor variation		$235.00 + hourly rate for processing time spent and inspections required.
Amendment to building consent (includes durability modification applications)	Cost is per hour. Amendments relate ONLY to amending works within the scope the original application. Additional works that expand the scope are required to be applied for as a new building consent	$247.00 + hourly rate for processing time spent and inspections required.
Rejection of building consent		hourly rate charged for processing time spent and system fees incurred
Extension of time for building consent		$105.00
Building Act certificate - Section 37 (Resource Consent Required)		$160.00
Building Act certificate - Section 71-74 (Natural Hazard)		$247.00
Building Act certificate - Section 75-83 (Building over allotments)		$247.00
Code compliance certificate application		$141.00
Connect drain to kerb and channel		See road reserve and service fees
Connect piped utilities including water, stormwater and wastewater		
Alteration to existing rural water service connection		
Other applications received by Council		
Service required	**Fee/ charges comprises**	
PIM	Project information memorandum (PIM only application)	$485.00
PIM – commercial/industrial	Project information memorandum (PIM only application)	$667.00
LIM – Residential - 10 working days (Non-refundable)	Land information memorandum (includes single title search)	$420.00
LIM - Commercial, Industrial, Rural (over one hectare) - 10 working days (Non-refundable)	Land information memorandum (includes single title search)	$500.00
Council may charge additional fees (including the set fee) for complex or extensive LIM applications	Per hour	$110.00

Schedule of fees and charges by activity		2025/26
Additional certificate of title search fee		$9.00
Tent/marquee (> 100 m^2)		$645.00
Amusement device permit		$11.50
Certificate for public use Note: cost of subsequent CPU application = previous charge x 2	First application	$415.00
Certificate of acceptance – urgent works	Applies to emergency work only	$1,320.00
Certificate of acceptance – all other work	Applies to work completed without a consent outside of emergency situations	Building consent x2
Exemption to building consent application - Schedule 1	Acceptance of paperwork	$272.00
Exemption to building consent application - Schedule 1 (2)		$577.00
Other fees for activities/services performed by Council		
Service required	**Fee/charges comprises**	
Building warrant of fitness (BWOF) onsite inspection	1-3 system types	$385.00
Building warrant of fitness (BWOF) onsite inspection	4-5 system types	$580.00
Building warrant of fitness (BWOF) onsite inspection	6+ system types	$675.00
Annual BWOF renewal	Per Hour – Minimum 1 hour	$160.00
Relocatable building report		$535.00
Earthquake prone building	Engineer report review and decision	$370.00
Replacement Earthquake Prone Building Notice (after 2 issued)		$157.00
Exemption from undertaking seismic strengthening	Application fee	$470.00
Compliance schedule – amendments	Per hour – minimum 1 hour	$270.00
Change of use (S115) – if no building consent lodged or building work required to be undertaken		$405.00
Swimming pool inspection (includes spa pools and pool safety barrier)		$237.00
Swimming pool re-inspection		$180.00
Swimming pool report	Receipt of independent qualified pool inspector review	$56.00
Alternative solution or waiver (formal request to add to Council's register)	Assessment of other than minor alternatives (paid on lodging)	$1,365.00
Sale of alcohol and resource consent assessments in relation to the Building Act and Building Code	Per hour – minimum 1 hour	$157.00
Notice to fix – Not supplying a building warrant of fitness (BWOF)		$270.00
Notice to fix – Issued for all reasons excluding not supplying building warrant of fitness. Includes issuing Dangerous / Insanitary Notice for circumstances that are not incidental e.g. fire and not displaying earthquake prone building notice.		$525.00
Data report	Per report	$35.00
Administration service providers charges		
Electronic submission fee - value of work equal to or less than $124,999	Building consent applications amendments	$92.00
Electronic submission fee - value of work greater than $125,000 and less than $2.5 million	Building consent applications amendments	Value of work x $0.0008625

Schedule of fees and charges by activity		2025/26
Electronic submission fee - equal to and over 2.5 million - $1,875 flat fee (excl GST)	Building consent applications amendments	$2,156.25
COA Electronic submission fee - value of work equal to or less than $124,999		$92.00
COA Electronic submission fee - fixed fee value of work greater than $125,000		$402.50
CPU Electronic submission fee		$92.00
Search fee of certificate of title and appellation details.	Each	$36.00
Hard copy application scanning	Per consent	$70.00
Digitised property file – 3-5 working days (Non-refundable)	Per residential	$25.00
Digitised property file – 3-5 working days (Non-refundable)	Per commercial, industrial, rural	$45.00
Council may charge additional fees (including the set fee) for complex or extensive property file requests	Per hour	$110.00
Service providers charges		
Contractors/consultants		At cost + disbursements
Engineer review		At cost + disbursements
Consultants		At cost + disbursements
Legal/other advice		At cost + disbursements
Courier fees		At cost +15%
Public service vehicle charge per/km		$1.04
Community housing rents		
Location (number of units)		**2025/26**
Edendale - Pioneer Place (10)	Per week	$155.00
Edendale - Seaward Road (1 two bedroom)	Per week	$175.00
Lumsden - 4 Tauna Street (4)	Per week	$155.00
Nightcaps - 12 Annan Street (6)	Per week	$155.00
Ohai - 100 Birchwood Road (5)	Per week	$155.00
Otautau - 1 Rochdale Street (1)	Per week	$175.00
Otautau - 50 King Street (4)	Per week	$155.00
Riversdale - 48 York Road (2)	Per week	$155.00
Riverton/Aparima - 125 Havelock Street (Trotters Court) (8 single flats)	Per week	$155.00
Riverton/Aparima - 111 Havelock Street (Jacobs Court) (4 double flats)	Per week	$175.00
Tuatapere - 26 Orawia Road (8)	Per week	$155.00
Winton - 3 Queen Street (6)	Per week	$155.00
Wyndham - Menzies Court (10)	Per week	$155.00
Non-priority tenant rents any location	per week	$186.00 to $210.00
Note • applies to new and reviewed tenancies. • existing double tenancies will be reviewed at the single rate due to the basis of their fees and charges and contracts of the time of the commencement of the tenancy.		
Early payment of specified rates – liability schedule		

113

Schedule of fees and charges by activity		2025/26
This schedule below outlines the liability outstanding for each of the following separate rates. Please refer to the Early Payment of Rates Policy for further details.		
Edendale sewerage loan - 25 years (incl connection cost)		$4,123.00
Edendale sewerage loan - 25 years (excl connection cost)		$3,412.00
Edendale water loan charge - 25 years		$978.00
Tuatapere sewerage loan charge - 25 years		$2,115.00
Wallacetown sewerage loan charge - 25 years		$1,700.00
Wyndham sewerage loan - 25 years (incl connection cost)		$4,137.00
Wyndham sewerage loan - 25 years (excl connection cost)		$3,362.00
Wyndham water loan charge - 25 years		$1,034.00
Environmental health – other fees		
Nuisances		
Hourly rate to investigate, visit, research or attend to correspondence/ administration; a situation where it has been established that a property is causing a nuisance and the owner has failed to abate the nuisance		$168.00
E-coli water sampling fee		
Each sampling visit of a camping ground that has a private water supply		$54.50
The keeping of animals, poultry and bees bylaw		
Hourly rate to investigate, visit, research or attend to correspondence/ administration where it has been established that a permit was required plus actual travel costs and disbursements	Per hour	$168.00
General hourly rate		
All other activities undertaken by environmental health staff, shall be charged at the actual cost calculated at	Per hour	$168.00
All hourly rates in relation to environmental health are calculated in 15-minute blocks or part thereof		
Charge out rate for vehicles	Per kilometre	$1.04
Litter		
Litter fine		$400.00
Food		
Food businesses operating under the Food Act 2014		
With food control plans or national programmes		
Application fees		
Establishment and registration of a new single or multi-site template food control plan or national programme		$422.00
MPI food business levy fee (flat rate payable annually per site on new and renewal applications) including Council collection fee		$78.78
For each additional site	For a multi-site business	$142.00
Renewal of registration of a single or multi-site template food control plan or national programme	Per site	$136.00
Voluntary suspension (per notification plus hourly rate after first hour)		$88.00
Significant amendment to registration (plus hourly rate after first hour)		$205.00
Minor amendment to registration (plus hourly rate after first hour)		$78.00

Schedule of fees and charges by activity		2025/26
Verification fees		
Base fee	Fixed fee includes preparation, data entry and invoicing	$251.00
Hourly rate for the verification	Verifier time on-site for the verification and verification report preparation time	$168.00
Hourly rate for corrective actions	Relating to all activities including correspondence, preparation, travel, on-site and report	$168.00
Cancellation of verification	Not including within 24 hours of making the appointment	$168.00
Unscheduled verification (per hour)		$168.00
Copies of Food Control Plan folder and documents		Actual cost
Technical expert for verification or unscheduled verification		Actual cost
Interpreter services		Actual cost
Compliance under the Food Act 2014		
Investigation and enforcement activity related to registration or complaint (hourly rate)		$168.00
Technical expert review (advice or verification) associated with an investigation		Actual cost
Hourly rate for food safety officer (relating to all activities including correspondence, preparation, travel, on-site and reports)		$168.00
Halls, community centres and Council property		
Athol hall		
Hall hire	Per hour	$10.00
School and special interest groups		50% discount
Funerals		100% discount
Cleaning (if required)	Per hour	$50.00
Browns hall		
Hall hire	Per hour (minimum booking 4 hours for casual users, no minimum for verified users)	$12.50
	Per day	$100.00
Not for profit/community group		50% discount
Bond (refundable) (may be imposed at discretion of the custodian and advised at time of booking)	No GST	$250.00
Clifden hall		
Hall hire	Per hour (note minimum 4 hour booking for casual user)	$11.50
Bond	No GST	$250.00
Colac Bay hall		
Funerals		$100.00
Cabaret, socials, weddings		$300.00

Schedule of fees and charges by activity		2025/26
Bowls - night		$40.00
Bowls - afternoon and night		$60.00
Main hall hire	Per hour	$20.00
Bond (refundable) (may be imposed at discretion of the custodian and advised at time of booking)	No GST	$300.00
Dipton hall		
Hall hire		$35.00 - $80.00
Hall night rates		$250.00 - $350.00
Play group/RSA		$35.00 - $50.00
Five Rivers hall		
Hall hire		$50.00
Chairs	Per day	$20.00
Bond	No GST	$200.00
Limehills hall		
Hall hire	Per hour (minimum 4 hour booking for casual users, no minimum for verified users)	$12.50
	Per day	$100.00
Not for profit/community group		50% discount
Bond (refundable) (may be imposed at discretion of the custodian and advised at time of booking)	No GST	$250.00
Lumsden hall		
Hall hire	Per hour (minimum 4 hour booking for casual users, no minimum for verified users)	$20.00
Not for profits and special interest groups		50% discount
Funerals		100% discount
Cleaning (if required)	Per hour	$50.00
Lumsden sports ground pavilion		
Hire	Per day (8 hours)	$100.00
	All day and night hire	$150.00
School and special interest groups		50% discount
Cleaning (if required)	Per hour	$50.00
Manapouri hall		
Hall hire	Per day	$160.00
	Per hour	$20.00
Ratepayers / registered charities (listed on the national register)		50% discount
Local regular groups		40% discount
Commercial hire		300% surcharge
Meeting room hire	Per day	$16.00

Schedule of fees and charges by activity		2025/26
	Per hour	$8.00
Ratepayers / registered charities (listed on the national register)		50% discount
Local regular groups		40% discount
Commercial hire		300% surcharge
Library hire	Per day	$16.00
	Per hour	$8.00
	Per year	$200.00
Ratepayers / registered charities (listed on the national register)		50% discount
Local regular groups		40% discount
Commercial hire		300% surcharge
Toilets or kitchen only hire	Per day	$16.00
	Per hour	$8.00
Ratepayers / registered charities (listed on the national register)		50% discount
Local regular groups		40% discount
Commercial hire		300% surcharge
Folding tables hire	Each per day	$15.00
	Each per week	$100.00
Ratepayers / registered charities (listed on the national register)	Each per day	$10.00
	Each per week	$10.00
Commercial hire		300% surcharge
Chair hire	Each per day	$5.00
	Each per week	$30.00
	One off charge (per chair x20)	$100.00
Ratepayers / registered charities (listed on the national register)	Each per day	$5.00
	Each per week	$5.00
Commercial hire		300% surcharge
Bond (refundable) (may be imposed at discretion of the custodian and advised at time of booking)	No GST	$200.00
Nightcaps hall		
Funerals		$0.00 (100% discount from $100)
Cabaret, socials, weddings		$0.00 (100% discount from $125)
Rifle club	Full season	$0.00 (100% discount from $200)
Netball and rugby club	Per hour	$0.00 (100% discount from $15)
Meeting room hire	Per hour	$0.00 (100% discount from $15)

Schedule of fees and charges by activity		2025/26
Hire of kitchen, supper room and meeting room for function	Flat fee	$0.00 (100% discount from $80)
Funerals for RSA members and spouses		$0.00 (100% discount from $100)
Bond	No GST	$125.00
Ohai hall		
Wedding dance/cabarets		$0.00 (100% discount from $115)
Wedding reception only/banquets		$0.00 (100% discount from $100)
Group hire	Hourly	$0.00 (100% discount from $15)
Non-profit organisation hire	Per hour	$0.00 (100% discount from $10)
Bond	No GST	$125.00
Orawia hall		
Hall hire	Per hour (note minimum 4 hour booking for casual user)	$15.00
	Per day (8 hours)	$115.00
	Additional night charge	$175.00
Not for profit/community group	Per hour	$11.50
Bond (at the discretion of the custodian)	No GST	$250.00
Oreti Plains hall		
Hall hire	Per day (8 hours)	$200.00
	Per hour	$30.00
	Per weekend	$250.00
	Per week	$875.00
Chairs	Each	$0.50
Tables	Each	$5.00
Bond		$500.00
Orepuki hall		
Main hall hire	Per hour (note minimum 4 hour booking for casual user)	$15.00
	Per day (8 hours)	$115.00
Not for profit/community group	Per hour	$11.50
Lounge	Per hour (note minimum 4 hour booking for casual user)	$10.00
	Per day (8 hours)	$64.00
	Additional night charge	$175.00

Schedule of fees and charges by activity		2025/26
Not for profit/community group	Per hour	$5.00
Bond	No GST	$250.00
Ryal Bush hall		
Hall hire	Per hour (note minimum 4 hour booking for casual user)	$12.50
	Per day	$100.00
Not for profit/community group		50% discount
Bond (refundable) (may be imposed at discretion of the custodian and advised at time of booking)	No GST	$250.00
Stewart Island trail park pavilion		
Hire		$50.00
Te Anau – Lions Park public shower		
Shower base fee	Per 8 mins	$7.50
Thornbury hall		
Funerals		$100.00
Cabaret, socials, weddings		$300.00
Hire of any room	Per hour	$20.00
Bond (refundable) (may be imposed at discretion of the custodian and advised at time of booking)	No GST	$300.00
Tokanui hall		
Hall hire	Per hour (minimum booking 4 hours for casual users, no minimum for verified users)	$10.00
	Per day	$80.00
	Night charge per night (after 5pm)	$120.00
Bond (refundable) (may be imposed at discretion of the custodian and advised at time of booking)	No GST	$400.00
Tuatapere hall		
Hall hire	Per hour (minimum booking 4 hours for casual users)	$15.00
	Per day (8 hours)	$115.00
	Additional night charge	$175.00
Not for profit/community group	Per hour	$11.50
Tussock Creek hall		
Hall hire	Per hour	$12.50
	Per day	$100.00
Not for profit/community group or at discretion of hall committee		Up to 100% discount
Bond – Regular users (12 month duration for bond, reviewed and renewed every 12 months)	No GST. These are discretionary and to be advised at time of booking	$250.00
Waikawa hall		
Hall hire	Full day	$200.00

Schedule of fees and charges by activity		2025/26
	Half day (no more than 4 hours)	$50.00
Meetings		$25.00
Funerals and elections		$150.00
Social functions	5pm to 1am	$120.00
Lounge/supper room	All day	$80.00
	Part day	$60.00
Damage/breakages	Repair/replacement	At cost
Cleaning (if required)		$100.00
Heaters	Per 20 minutes	$1.00
Bond	No GST	$50.00
Winton Memorial hall		
Hall hire	Per hour (minimum booking 4 hours for casual users, no minimum for verified users)	$50.00
	Per day	$400.00
Supper room hire	Per hour (minimum booking 2 hours for casual users, no minimum for verified users). Availability of the supper room is dependent on bookings for the main hall hire.	$30.00
Not for profit/community group		50% discount
Bond - Regular Users (12 month duration for bond, reviewed and renewed every 12 months)	No GST. These are discretionary and to be advised at time of booking	$200.00
Bond - casual/one-off users	No GST. These are discretionary and to be advised at time of booking	$500.00
Winton RSA hall		
Hall hire	Per hour (minimum booking 4 hours for casual users, no minimum for verified users)	$12.50
	Per day	$100.00
Not for profit/community group		50% discount
Bond - regular users (12 month duration for bond, reviewed and renewed every 12 months)	No GST. These are discretionary and to be advised at time of booking	$100.00
Bond - casual/one-off users	No GST. These are discretionary and to be advised at time of booking	$200.00
Wyndham hall		
Hall hire	Per hour (minimum 4 hour booking for casual users, no minimum for verified users)	$10.00
	Per day	$80.00

Schedule of fees and charges by activity		2025/26
Hall hire - night charge*	Per night (after 5pm)	$120.00
Diesel heating	Per litre used	At cost
Breakages/Damage	Repair/replacement	At cost
Bond (refundable) (may be imposed at discretion of the custodian and advised at time of booking)	No GST	$1,000.00
Cleaning	Per hour	$35.00
*If excessive staining on the floor and commercial cleaning is required the cost of such will be charged to the hirer		
Wyndham camping ground		
Powered site (2 adults, 2 children)	Per day (maximum 6 people per site)	$38.00
Non powered vehicle site	Per day (maximum 6 people per site)	$38.00
Non powered tent site	Per day (maximum 6 people per site)	$25.00
Cabin site	Per day	$65.00
Additional persons per site	Adult per day	$10.00
	Child (up to 15 years) per day	$5.00
Shower base fee	Per use	$4.00
Washing machine/dryer	Per use	$6.00
Dump station	Per use	$5.00
Council property – room hire		
Otautau - chambers	Per hour	$17.25
Otautau – interview room	Per hour	$12.50
Te Anau – meeting room	Half day	$10.00
Information management		
Production of maps (excluding requests for property maps from ratepayers for their individual properties)*. A standard property map (one that shows the property boundary information layer over the aerial photography image) requested by the owner or occupier of the property does not incur this fee.	Per hour – minimum 1 hour	$75.00**
* this fee applies to external customers where there is a commercial gain to be made by the requestor and/or there is a request for 'value added' work. Value added work is where the customer has requested additional information to be shown on a standard property map. Examples include the defining of fence lines and calculation of paddock sizes.		
** the fee is standard per property requested, regardless of the size of the printed map or the size of the property.		
Interment fees for cemeteries		
Standard interment five years old and over		
Calcium (Isla Bank)		$2,460.00
Centre Hill		$2,460.00
Dipton		$2,460.00
Edendale		$2,460.00
Halfmoon Bay		$2,460.00
Lumsden		$2,460.00

Schedule of fees and charges by activity		2025/26
Lynwood		$2,460.00
Otautau		$2,460.00
Otautau RSA (less $300)		$2,160.00
Riverton		$2,460.00
Riverton RSA (less $200)		$2,260.00
Nightcaps (Wairio)		$2,460.00
Wallacetown		$2,460.00
Winton		$2,460.00
Woodlands		$2,460.00
Wreys Bush		$2,460.00
Wyndham		$2,460.00
Other cemetery fees		
Interment one year old and up to five years old		$1,230.00
Interment stillborn and up to one year old		$615.00
Purchase of exclusive right to burial - standard or ashes plot		$165.00
Cremated ashes into existing ashes or standard plot - Council to prepare:		
• grass surface		$754.00
• hard surface, ie concrete (fee plus actual contractor costs based on a time and material basis)		$165.00
Cremated ashes into existing ashes or standard plot - family or funeral director to prepare and finish site		$165.00
Memorial wall - placement of plaque		$165.00
Probes		$273.00
Out of standard hours burial		$742.00
Library and office charges		
Interloans (New Zealand-wide for reciprocal libraries)	Per item	$15.00
Interloans (non reciprocal libraries)	Per item	At cost
Subject information over 30 minutes	Per search	$25.00
Replacement of lost/damaged item	Per item	At cost + $5.00
Photocopying/printing A4	Per side	$0.20
Photocopying/printing colour A4	Per side	$1.00
Photocopying/printing A3	Per side	$0.50
Photocopying/printing colour A3	Per side	$3.00
Photocopying/printing A2/A1	Per sheet	$5.00
3D printing charge (only available in Winton)	Per gram of filament	$0.40
Laminating A4	Per item	$4.00
Laminating A3	Per item	$5.00
Binging – binding spine only	Per 20 pages	$4.00
Binding covers	Each	$0.50
Scan & email	Per 10 pages	$2.00

Schedule of fees and charges by activity		2025/26
Faxing	Per 10 pages	$1.00
Local government official information and meeting requests		
Official information request		
First hour		Free
Additional time	Per half hour	$38.00
Photocopying charges		
First 50 pages		Free
Additional pages	Per page	$0.20
Other charges that include:		
Producing a document by computer or other like equipment		At cost
Reproducing a photograph, film, video, or audio recording		At cost
Arranging for the requestor to hear or view an audio or visual recording		At cost
Providing a copy of any maps, plans, etc.		At cost
Note These rates are as outlined in the Ministry of Justice guidelines and this policy will be amended to reflect any changes in the ministry guidelines. The requestor will be notified of the estimated cost of their request before Council starts to work on the request. The requestor then has the option of proceeding, withdrawing, or refining their request.		
Miscellaneous charges		
Rate postponement fee - one-off charge upon approval of postponement of rates and annual interest charged on balance of postponed rates	Per property	$200.00
	Per property	4.91%
Rates refund		$15.00
Credit card fees		Actual cost
Research of Council's archives and/or filing search fees	Per hour (first 30 minutes free)	$110.00
Registered premises (non-food)		
This includes licencing for camping grounds, offensive trades, hairdressers, sale yards and funeral directors.		
Other registered premises – annual fees		
Camping grounds		$390.00
Offensive trades		$390.00
Hairdressers		$305.00
Sale yards		$220.00
Funeral directors		$220.00
Hourly rate for re-inspections	Inspector time for travel, onsite inspections, and report	$168.00
Other fees		
Certificate of exemption from Camping-Grounds Regulations 1985		$273.00
Any other certificate or amendment	Per hour	$168.00

123

Schedule of fees and charges by activity		2025/26
Refuse, transfer stations and recycling		
Refuse and recycling		
Car loads	Refuse	$34.00
	Green waste	$10.00
Ute type loads and small trailers	Refuse	$50.00
	Commercial recycling & green waste	$28.00
Tandem trailers or high side trailers	Refuse	$92.00
	Commercial recycling & green waste	$44.00
Trucks per 1,000 kg gross weight		$100.00
Cars (Te Anau), single trailer/ute (Te Anau), tandem trailer (Te Anau) /tonne	Refuse	$310.00
Cars (Te Anau), single trailer/ute (Te Anau), tandem trailer (Te Anau)/tonne	Recycling and green waste	$82.00
Trucks per tonne confirmed by weight docket		$310.00
Unstripped car body surcharge		$160.00
Stripped car body		$56.00
Scrap cars (Stewart Island/Rakiura only)		$56.00
Whiteware – desgassing	Each	$40.00
Gas bottles		$20.00
Recycling and reuse only available at Stewart Island/Rakiura		
TV/computer monitor		$20.00
Car batteries		$15.00
Whiteware		$21.00
Greenwaste/cleanfill – Braggs Bay		
Small trailer/ute		$30.00
Tandem trailers or high side trailers		$45.00
Truck		$65.00
Car boot		$10.00
Other Items available to purchase only at Stewart Island/Rakiura		
Black bags	Commercial each	$7.00
Paint/oil	Per 20 litres	$12.00
Rubbish bags	SDC bag of 52	$215.00
Recycling bin		$25.00
Food bucket		$20.00
Burn bin - commercial	Per trailer/ute	$33.00
Burn bin - household	Per trailer/ute	$25.00
All loads over 8 tonnes gross weight for compacting transfer stations (Winton and Te Anau) or 3 tonnes gross weight at non-compacting transfer stations (all others) will NOT BE accepted unless prior written approval has been granted by the group manager infrastructure and capital delivery or their agent.		

Schedule of fees and charges by activity		2025/26
Stewart Island transfer station does not accept any truckloads of general waste. Building and commercial waste may **not** always be accepted. We encourage contractors to allow to supply their own commercial skip bin directly to and from the mainland for individual construction activity. Hazardous waste from the same individual or organisation in excess of 10 kilograms or 10 litres will be subject to special charge by negotiation with the engineer or his delegated representative on a case by case basis. **Recycling and reuse include:** • greenwaste - separated clean greenwaste (where accepted). Excludes soils, flaxes, branches over 150mm diameter and tree stumps • scrap metal - separated clean scrap metal (where accepted) reuse/recyclables - domestic household recyclables, including cardboard, glass, plastics, aluminium, and tin cans (all recyclables and reuse items have to be clean from contamination).		
Resource management		
Note: Any work performed by Council under the Resource Management Act (RMA), Fast-track Approvals Act and Local Government Act which is not stipulated in the below tables will be charged 'at cost'. This will be applied as an hourly rate for the relevant role(s) required to undertake the work, or as work undertaken on Councils behalf as an external resource and will be charged 'as invoiced' to Council. Inspections will incur the additional vehicle fee per kilometre in addition to the staff member's hourly rate. Any contravention of the RMA, including non-compliance with Abatement Notices issued are subject to infringement fees according to the Resource Management (Infringement Offences) Regulations 1999. Infringements issued are as specified by this regulation. More information can be found at the following location: https://www.legislation.govt.nz/regulation/public/1999/0359/16.0/whole.html#DLM300060		
Staff charge out rates for any input into Resource Management Act, Fast-track Approvals Act and Local Government Act matters		
Planning manager/team leader	Per hour	$235.00
Senior planner	Per hour	$190.00
Graduate/planner	Per hour	$170.00
Planning administration	Per hour	$170.00
Monitoring and enforcement officer	Per hour	$240.00
Development engineer	Per hour	$200.00
Ecologist	Per hour	$210.00
Roading asset manager or transport manager	Per hour	$241.50
Building control staff	Per hour	$247.00
All other internal staff	Per hour	$170.00
Search fee of certificate of title and appellation details	Each	$40.00
External charge out rates for any input into Resource Management Act, Fast-track Approvals Act and Local Government Act matters		
Legal consultant (where Council refers matters to its resource management legal consultant for legal advice, and/or attendance by the legal consultant at hearings)		Actual cost plus disbursements

Schedule of fees and charges by activity		2025/26
External resource management consultants and specialists, and hearings commissioners		Actual cost plus disbursements
Resource consents		
Lodging a planning application via any other means except the online lodgement portal.	Fee is in addition to standard costs as set out below	$100.00
Subdivision non-notified	Deposit lodgement fee plus actual cost and disbursements	$1,200.00
Land Use non-notified	Deposit lodgement fee plus actual cost and disbursements	$1,200.00
Combined Subdivision and Land Use non-notified	Deposit lodgement fee plus actual cost and disbursements	$2,400.00
For applications requiring limited notification (limited notified)	Deposit lodgement fee plus actual cost and disbursements	$5,000.00
For applications requiring public notification (public notified)	Deposit lodgement fee plus actual cost and disbursements, which includes advertising costs and preliminary costs in notification process	$10,000.00
Change or cancellation of consent conditions (S.127 Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements	$1,100.00
Section 357 review (S.357 and 357A Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements	$800.00
Notice to surrender consent (S.138 Resource Management Act)	Flat fee	$240.00
Policy planning and district plan		
Private Plan change request	Actual cost plus disbursements which includes advertising costs and preliminary costs in notification process, Deposit lodgement fee	$15,000.00
Removal of designation (S.182 Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements	$1,100.00
Alteration of designation (S.183 Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements	$1,500.00
Requirements and heritage orders (per application)	Deposit lodgement fee plus actual cost and disbursements	$1,200.00
Notice of requirement	Deposit lodgement fee plus actual cost and disbursements	$10,000.00
Monitoring charges		
Bond administration fee	Lodging a bond for incomplete work, deposit lodgement fee plus actual cost and disbursements	$1,000.00

Schedule of fees and charges by activity		2025/26
Solicitors fee	For multi-party dealings	Actual cost plus disbursement
Charge applied to issuing an abatement notice		$300.00
Resource consent breaches - where it has been established that a breach of a resource consent has occurred, the time taken for the compliance officer to investigate, visit, research, or attend to correspondence/administration, shall be charged at the actual cost.		
Other functions relating to subdivision activity including easements		
Certification of plans (S.226 Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements (per plan)	$1,100.00
Right of way approval (S.348 Local Government Act 1974)	Deposit lodgement fee plus actual cost and disbursements	$800.00
Cancellation of building line restriction (S.327A Local Government Act 1974)	Deposit lodgement fee plus actual cost and disbursements	$800.00
Cancellation or variation of easements (S.221, 241, 348)	Deposit lodgement fee plus actual cost and disbursements	$1,100.00
Removal of Interests on titles	Deposit lodgement fee plus actual cost and disbursements	$800.00
Section 223 certification only	Flat fee	$350.00
Section 224(c) certification only	Flat fee	$350.00
Sections 223 and 224(c) certification fee	Flat fee	$700.00
Right of way approval certification of documents (S.348 Local Government Act 1974)	Flat fee	$250.00
Other Resource Management Act approvals (non-subdivision)		
Request for s133A Minor Correction where the minor mistake or defect has not been caused by the Council	Deposit lodgement fee plus actual cost and disbursements (each)	$250.00
Certificates of compliance (S.139 Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements (each)	$1,100.00
Existing use right certificate (S.139A Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements	$1,100.00
Permitted boundary activities (S. 87BB Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements	$600.00
Waivers for a marginal or temporary breach	Deposit lodgement fee plus actual cost and disbursements	$600.00
Outline plan approval (S.176A Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements	$1,000.00
Waiver of an outline plan	Deposit lodgement fee plus actual cost and disbursements	$500.00
Extension of time (S.125 Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements	$1,100.00
Transfer of consent (S.134 Resource Management Act)	Deposit lodgement fee plus actual cost and disbursements	$600.00

Schedule of fees and charges by activity		2025/26
National environmental standards for plantation forestry		
Afforestation	Base Fee Plus actual cost and disbursements	$800.00
Harvesting	Base Fee Plus actual cost and disbursements	$800.00
Other matters		
Overseas investment certificates	Deposit lodgement fee plus actual cost and disbursements	$800.00
Sale of alcohol assessments in relation to the District Plan and RMA requirements	Per hour - minimum 1 hour	$170.00
Where pre-application meetings are sought for large projects including but not limited to consultation requested under the Fast-track Approvals Act, or where there are multiple meetings for other proposals or matters which extend beyond 30 minutes then Council can charge the officers' time to the potential applicant	Base fee plus actual costs and disbursements	$500.00
Charge out rate for vehicles	Per kilometre	$1.04
Note Where a deposit lodgement fee is required, this must be paid at the beginning by the applicant in order for the application to be considered complete and start the processing time clock under the RMA. However, if there is additional time required to process the application then the actual cost will be charged resulting in a further invoice.		
Contributions – reserves and roading		
Reserves and roading contributions may be required through the resource consent process. If contributions are required, then they will be taken in accordance with the methodology prescribed in the "financial contributions" section of the Operative Southland District Plan 2018.		
Riverton Harbour licensing fees		
Wharf fee	Per metre	$39.61
Transfer fee (cost of transferring license fee)		$179.68
Road reserve and service fees		
All application includes 1 inspection		
Additional work, typically related to more complex applications which may include processing, inspections or external professional advice required for any application will be charged in addition to these minimum fees 'at cost'		
Additional inspection fee (all services)		
Roading asset manager or transport manager	Per hour	$241.50
Roading contract manager or roading engineer	Per hour	$173.25
Corridor management		
Corridor access request and corridor management activities		
Corridor access request (non invasive)	Fee	$100.00
Small invasive (up to 3 lineal metres in any direction)	Fee	$165.00
Medium invasive (3 to 20 lineal metres in any direction)	Fee	$250.00
Large invasive (over 20 lineal metres in any direction)	Fee	$330.00

Schedule of fees and charges by activity		2025/26
Global invasive	Fee	$350.00
Global non invasive	Fee	$100.00
Temporary closure of roads for public events (treat as road opening)	Fee	$165.00
Temporary closure of roads	Fee	$250.00
Corridor manager additional activities		
Standard revisions (including incomplete applications)	Fee	$82.50
Detailed revisions (including incomplete applications). Includes up to 1 hour	Fee	$165.00
Desktop audit/inspections. Includes up to 30 minutes	Fee	$82.50
Walk-out/site audit, includes up to 1 hour	Fee	$245.00
Follow up on overdue start/end worksite notification to Council	Fee	$82.50
Light investigations. Includes up to 1 hour in relation to the work, discussion from the corridor manager required with the public and/or contractor	Fee	$165.00
Declined investigation (health and safety breach, breach of code/work access permit/traffic management plan). Includes up to 2 hours.	Fee	$330.00
Other costs – including loss of warrant on new surface	Fee	At cost
Traffic management plans (TMP)		
Traffic management plan (TMP) applications		
Standard traffic management plan	Fee	$165.00
Traffic Management Plan Priority Processing Fee – where approval is required in less than that the statutory timeframe (i.e. start date is less than 5 days from submission date)	Fee	$310.00
Generic traffic management plan. Includes 2 hours of work, additional time required will be charged at rate of $160.00	Fee	$330.00
Processing of a traffic management plan that fails to meet the preliminary check - inadequate documentation or information to process traffic management plan from outset.	Fee	$82.50
Traffic management plan amendment fee - resubmission	Fee	$100.00
Traffic management plan amendment fee – date extension	Fee	$50.00
Road controlling authority inspections		
Inspection of unapproved work (activities undertaken without an approved traffic management plan). minimum charge.	Fee	$640.00
Inspection of non -approved traffic management methodology (methodology deployed substantially outside traffic management plan approval) minimum charge.	Fee	$640.00
Inspection of non-conformance - worksite deployed not in accordance with traffic management plan - minimum charge. Additional time required will be charged at a rate of $160.00 per hour.	Fee	$320.00
Stock management		
Stock crossing at grade - no annual charge + $10.00 replacement tag fee + $50.00 extra site visit	Bond (no GST)	$1,575.00
	Fee	$190.00
Stock races	Bond (no GST)	$250.00
	Fee	$190.00
Stock droving	Bond (no GST)	No charge

Schedule of fees and charges by activity		2025/26
	Fee	$82.50
Drainage		
Lower a road culvert	Bond (no GST)	$500.00
	Fee	$190.00
Drainage on roadsides (new drainage)	Bond (no GST)	$500.00
	Fee	$190.00
Stormwater connection to kerb and channel	Bond (no GST)	$250.00
	Fee	$82.50
Crossings/vehicular accessways		
Urban – unsealed	Bond (no GST)	$2,000.00
	Fee	$165.00
Urban – sealed	Bond (no GST)	$5,000.00
	Fee	$165.00
Commercial urban/rural (includes dairy tanker access)	Bond (no GST)	$20,000.00
	Fee	$250.00
Rural – private	Bond (no GST)	$2,000.00
	Fee	$165.00
Carriageway		
Public/private utilities and services on roadsides (treat as a road opening)	Bond (no GST)	$1,000.00
	Fee	$190.00
Stock underpasses (+ deed of grant at $100.00)	Bond (no GST)	$5,000.00
	Fee	$190.00
Dust suppression	Bond (no GST)	No charge
Application of 150m of semi-permanent dust suppressant where carried out by Council	Fee	Price on application
Application fee where dust suppressant carried out by applicant	Fee	$165.00
Requests to physically form roads	Bond (no GST)	No charge
	Fee ($120.00/hr plus disbursements and/or $267.50/hr for special Council meeting and $534.00/hr thereafter for special Council meeting, plus disbursements)	$460.00
Stopping of roads	Bond (no GST)	No charge
	Fee ($120.00/hr plus disbursements and/or $267.50/hr for special Council meeting and $534.00/hr thereafter for special Council meeting, plus disbursements)	$460.00
Road margin		
Application for permit on road margin, not specified below	Bond (no GST)	No charge

Schedule of fees and charges by activity		2025/26
	Fee	$82.50
Signs on roads	Bond (no GST)	No charge
	Fee (resource consents)	$82.50
Road margin planting	Bond (no GST)	No charge
	Fee	$82.50
Cultivation of road margin	Bond (no GST)	No charge
	Fee	$82.50
Storage on the road margin (type 3 roads only)	Bond (no GST)	No charge
	Fee	$82.50
Whitebait huts on the road margin	Bond (no GST)	No charge
	Fee	$165.00
Permanent fencing in the road margin	Bond (no GST)	No charge
	Fee	$190.00
RAPID numbering	Bond (no GST)	No charge
	Fee	$180.00
Water, wastewater and stormwater		
Connect to piped utilities (urban or rural water supply, stormwater, and wastewater)	Fee	$400.00
Alteration to existing rural water service connection (change in unit allocation only)	Fee	$240.00
Note • bonds are established to reflect the costs Council might be exposed to if needed to complete works when another party defaults. However, the bonds reflect the likely minimum cost to undertake simple tasks rather than location specific, and to keep such compliance costs to a minimum • permits shall have a two-year period before expiring bonds shall be released on satisfactory completion of the permitted activity.		
SIESA – electricity charges		
General tariffs and charges for SIESA are to be reviewed each December following an analysis of electricity use on the Island		
Meter reading		
Invoicing is undertaken on a monthly basis. All payments are to be made to: Stewart Island Electrical Supply Authority, PO Box 903, Invercargill, or Council's office in Ayr Street, Stewart Island.		
Connections		
Standard rate per unit		$0.85
Fixed monthly charge		$105.06
New connections		
Application fee for a new electricity connection (including supply of new meter)		$531.30
Application fee for a distributed electricity generation connection (including supply of new meter)		$646.30
Fee for certifying meter installation		Price on application

131

Schedule of fees and charges by activity		2025/26
Fee for extending/upgrading network for a new electricity connection or distributed electricity generation connection		Price on application
Capital development charge		$1,762.95
Connection bond (no GST)		$150.00
• all new connections (or load extensions that increase the base load by 2 kW or more) require an application for supply form to evaluate potential load and voltage problems a capital development charge is payable for all new power connections. The charge will be payable by the owner/ applicant at the time an application for a new power connection is made (a small number of properties have paid this fee at the time of subdivision and will not be required to pay the capital development charge at the time of connection).		
Note • all costs of connection within the consumer boundary are the responsibility of the consumer • the cost of extensions or upgrades to the network as a result of an application for supply will be the responsibility of the applicant. This work must be approved by SIESA before commencing and can only be done by a SIESA approved contractor.		
Existing connections		
Disconnection fee	No monthly charge	$94.02
Reconnection fee	New consumer applicant	$141.04
Connection bond	New consumer, if applicable (no GST)	$150.00
• vacating consumers must advise the Southland District Council Office, Ayr Street, Stewart Island (telephone 03 219 1049) or (0800 732 732) or email siesa@southlanddc.govt.nz to arrange a final meter reading and to advise of the consumer name change. Four working days' notice is required • all installations disconnected for six months or more requires a re-inspection by an electrical inspector before re-livening. The consumer is responsible for all costs associated with the re-inspection plus the reconnection fee a refundable connection bond will be required for connections where the consumer/applicant is not the property owner, refer to the SIESA terms and conditions - bonds for details. The bond must be paid prior to connection. If the power is already connected it will be disconnected if the bond remains unpaid after one month of power consumption.		
Other chargeable fees		
Consumer overload fault	$569.00	
Meter testing	$99.90	
Disconnection/re-connection due to non-payment of account	$99.90	
Electrical Engineer assessment	$180.00	
Connection bond (no GST)	$150.00	
The fee for a not metered or special connection is an annual fee (1 July - 30 June) payable in advance. • Payments are due on the 20th of each month. A late payment fee will be charged if payment is not received before the 20th of the month after the due date (i.e. one full month after the original due date).		
Note • tariffs for commercial connections will apply only to economic installations		

Schedule of fees and charges by activity		2025/26
• metered connections cannot be shared across property boundaries • individual dwelling on the same property must each have its own meter.		
Stewart Island/Rakiura jetties		
Wharf and jetty annual user licence fee for commercial operators and Department of Conservation (DOC) using Council's marine facilities for longer than 8 weeks per year	Per annum per vessel	$3,000.00
Wharf and jetty casual daily user fee for commercial operators using Council's marine facilities for up to 8 weeks per year	Per day per vessel	$50.00
Ulva Island wharf inbound per passenger fee via commercial operators/vessels (excludes travel by adjoining landowners)	Per person	$2.00
Ulva Island wharf outbound per passenger fee via commercial operators/vessels (excludes travel by adjoining landowners)	Per person	$2.00
Boat park fee		$1,150.00
Commercial operators refer to owners, operators or lessees of vessels transporting goods and/or passengers for hire or reward or undertaking other activities for hire or reward		
Stewart Island/Rakiura visitor levy	**1 October 2023**	**1 October 2025**
Inbound levy fee from passengers of approved operators	$5.00	$7.50
Outbound levy fee from passengers of approved operators	$5.00	$7.50
Levy fee for freedom travellers	$10.00	$15.00
Replacement fee for lost, stolen, or damaged Stewart Island/Rakiura visitor levy photo identification cards	$10.00	$15.00
Trading in public places		
Licence under the trading in public places bylaw:		
Annual fee for trading at sites, or any mobile trader		$136.00
Trade waste		
Discharge charges for trade waste premises (non-domestic) will be assessed as follows: 1. For all properties that have occupiers who are not required to have a conditional trade waste consent the charge will be based on the accessed number of units of demand (UoD) for the property multiplied by the uniform annual charge (UAC) for the local sewerage rate. The UoD will be assessed in accordance with Council's Development Contribution Policy contained within the 10 Year Plan. 2. For all properties that have occupiers who are required to have a conditional trade waste consent the charge will be based on the accessed number of equivalent units of demand (EUoD) for the property multiplied by the uniform annual charge (UAC) for the local sewerage rate. The EUoD will be assessed based on a specific assessment of loadings form the consent holder. The EUoD assessment will be made by summation weighting of the specific loading characteristics as follows: • volume (V) 40%, biological oxygen demand (BOD) 30% suspended solids (SS) 30% when compared to a 1x UoD characteristic of V = 920 litres/day, BOD = 260 grams/day, SS = 320 grams day For any consent holders who exceed the consent limits, a multiplier of two will be applied to the reassessed EUoD (following the non-compliance) for the remaining consent period. This is in addition to any other remedies for consequential cost recovery.		

133

Schedule of fees and charges by activity		2025/26
Council may from time to time undertake review assessments of UoD for individual properties. Where the assessed UoD differs from the current local rate then the number of units applied to the property will be modified and the property owner will be notified of this in writing.		
Demand capital charges (for capacity) Demand capital costs required for the provision of demand capacity could be charged for in accordance with Council's Development Contribution Policy contained within the 10 Year Plan where the proposed loadings can be accommodated within the planned capacity of the sewerage system. However, where any application for conditional trade waste consent has the potential to impose a significant additional demand on the sewerage system, beyond its planned capacity, then specific demand capital charges will be a condition of the consent.		
Administrative charges		
Trade waste application fee - base fee with application		$236.80
Extra time over two hours will be charged at:	Per hour plus disbursements	$120.00
Inspection fee - actual cost	Per hour plus disbursements	$120.00
Compliance monitoring - actual cost	Per hour plus analysis plus disbursements (including re-inspection)	$120.00
Annual administration fee for waste consent holder - actual cost	Per hour plus disbursements	$120.00
Tankered waste charge	Per tanker load	$80.00
Except for the application base fee (required at time of application) all other administrative charges are due for payment by 20th of the month following invoice.		
Water tanker charges		
Fees and charges applicable to the extraordinary supply of water from fire hydrants or tanker filling points on Council reticulated supplies		
Standard charge for supply of water per cubic metre (1,000 L)	$2.90	
Wheelie bins		
After the initial interim invoice for wheelie bins, the annual charge from 1 July to 30 June will be included with your rates.		
New/additional wheelie bin administration fee		$25.00
New/additional recycling bin collection fee (per month charge from 1st of the month following request bin to 30 June of the following year)	Monthly equivalent of annual recycling bin collection rate	$18.68
New/additional rubbish bin collection fee (per month charge from 1st of the month following request bin to 30 June of the following year)	Monthly equivalent of annual rubbish bin collection rate	$18.68

Schedule of financial reserves

Reserves Type/Area	Business Unit	Activity	Purpose	Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
Restricted							
Restricted District							
Allocation committee	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	418	-	-	418
	Contributions and levies -Waihopai Toetoe	Community Leadership	Support community initiatives by way of grants	275	19	(270)	23
	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	15	0	-	15
	Meridian contribution	Community Leadership	Support northern Southland community initiatives by way of grants	334	14	(10)	339
	Ohai Railway Board	Community Leadership	Support Ohai community initiatives by way of grants	1,936	26	-	1,962
	Sport NZ	Community Leadership	To subsidise travel costs for people 5-19 years of age participating in regular sporting competition	4	0	-	4
	Stewart Island visitor levy	Community Leadership	Stewart Island visitor levy funds	422	6	-	428
Assets and services	Waste minimisation	Waste Services	Waste minimisation reserve	29	582	(580)	31
Environmental services	Dog and animal control	Environment Services	Residual funds from dog and animal control activity	(0)	-	(1)	(1)
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	17	0	(5)	12

135

Reserves Type/Area	Business Unit	Activity	Purpose	Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
Southland joint mayoral fund	Southland joint mayoral fund	Community Leadership	Residual funds from Southland flood relief	143	6	-	150
Specific	ECNZ - projects	Corporate Services	Funds available for future projects in accordance with ECNZ requirements	23	1	-	24
Restricted District Total				**3,617**	**656**	**(866)**	**3,407**
Restricted Local							
Wallacetown	Cemetery bequest	Community Services	Wallacetown Cemetery	36	1	-	37
Restricted Local Total				**36**	**1**	**-**	**37**
Restricted Total				**3,654**	**657**	**(866)**	**3,444**

General							
General District							
Council	District operations	Corporate Services	General reserve	1,682	250	(832)	1,100
	Global	Corporate Services	General reserve	1,109	25	-	1,134
	Strategic assets reserve	Roading	Offset rates	4,738	-	-	4,738
General District Total				**7,529**	**275**	**(832)**	**6,972**
General Total				**7,529**	**275**	**(832)**	**6,972**

Special							
Special District							
Assets and services	Community housing	Community Services	Operational reserve for community housing	-	2	(2)	-
	Depreciation buildings	Internal Reconciliations	Fund building replacements	445	267	(712)	0

136

Reserves Type/Area	Business Unit	Activity	Purpose	Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
	Depreciation Cycle Trial	Internal Reconciliations	Fund Cycle Trail replacements	77	168	(90)	155
	Depreciation IT	Internal Reconciliations	Fund IT replacements	86	-	(53)	33
	Depreciation motor vehicle	Corporate Services	Fund motor vehicle fleet replacements	772	740	(571)	941
	Depreciation public conveniences	Internal Reconciliations	Fund public conveniences replacements	(5)	495	(495)	(5)
	Depreciation roading	Internal Reconciliations	Fund roading replacements	(0)	13,305	(13,305)	-
	Depreciation sewerage	Internal Reconciliations	Fund sewerage replacements	0	4,216	(4,216)	0
	Depreciation Te Anau rural water	Internal Reconciliations	Fund Te Anau rural water scheme replacements	(25)	265	(265)	(25)
	Depreciation waste management	Internal Reconciliations	Fund waste management replacements	(0)	94	(63)	31
	Depreciation water	Internal Reconciliations	Fund water replacements	-	2,458	(2,458)	(0)
	Depreciation wheelie bin	Internal Reconciliations	Fund wheelie bin replacements	83	-	(31)	53
	District reserves	Open Spaces	Operation reserve for District reserves	42	-	(1)	41
	Forestry Council reserve	Corporate Services	Residual funds from forestry activities	8,779	457	(1,356)	7,880
	Gravel reserves	Roading	Ensure Council has sufficient funds available for reinstatement of Council's pits	522	-	(51)	470
	Property development	Corporate Services	Balancing fund for sales and operational building expenditure	817	735	(17)	1,536
	Proposed water	Water Supply	Operational account for proposed water	553	-	-	553
	Roading	Roading	Rate smoothing reserve	2,357	960	(2,062)	1,255
	Wheelie Bin Rates	Waste Services	Wheelie Bin Rates	34	-	-	34
Chief exec	Around the Mountains	Roading	Around the Mountains Cycle Trail	183	-	-	183

137

Reserves Type/Area	Business Unit	Activity	Purpose	Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
	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	115	-	-	115
	Roading contribution	Roading	Contribution to capital activity - roading and transport	218	-	-	218
	Wastewater contribution	Sewerage	Contribution to capital activity - wastewater	246	-	-	246
	Water contribution	Water Supply	Contribution to capital activity - water	92	-	-	92
Environment and community	Alcohol licensing	Environment Services	Residual funds from alcohol licensing	2	-	-	2
	Health licensing	Environment Services	Residual funds from health licensing	209	1	2	211
Holding	International relationship	Community Leadership	Residual funds from International activities	57	-	-	57
	Milford flood protect	Corporate Services	Residual funds from Milford Flood protection	46	-	-	46
Policy and community	Community outcomes	Community Leadership	Contribute Southland Regional Development Strategy	108	-	-	108
	Elections	Community Leadership	Fund Council's election costs every three years	196	-	(119)	77
	Waimumu Field Days	Corporate Services	Fund Council's Field Days every two years	10	-	-	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
	North Makarewa rec reserve	Open Spaces	North Makarewa rec reserve	5	1	-	6
	Predator Free Rakiura	Community Leadership	Contribution to the Predator Free Rakiura programme	4	-	-	4
	Rates civil defence/ rural fire	Emergency Management	Fund emergency management	11	-	-	11

Reserves Type/Area	Business Unit	Activity	Purpose	Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
	Tuatapere (Clifden bridge)	Open Spaces	Residual funds from Tuatapere project in 2000, to be used for community projects at Council's discretion	14	-	-	14
Special District Total				**17,579**	**24,164**	**(25,865)**	**15,878**
Special Local							
Ardlussa CB	General	Community Leadership	Ardlussa Community Board	1	10	-	11
Athol	Community centres	Community Facilities	Athol hall	4	-	-	4
	General	Open Spaces	Athol general purpose	4	0	-	4
Browns	Community centres	Community Facilities	Browns hall	(1)	0	(26)	(27)
	General	Roading	Browns general purpose	50	1	(3)	48
Brydone	Community centres	Community Facilities	Brydone hall	(1)	-	-	(1)
Clifden	Community centres	Community Facilities	Clifden hall	17	0	-	17
	Rec reserve Committee	Open Spaces	Clifden reserves	42	5	-	47
Colac Bay	Community centres	Community Facilities	Colac Bay hall	17	0	(12)	4
Dipton	Cemetery	Community Services	Dipton cemetery	12	0	-	12
	Community centres	Community Facilities	Dipton hall	5	-	-	5
	General	Open Spaces	Dipton general purpose	26	0	(14)	12
Drummond	General	Open Spaces	Drummond general purpose	1	0	-	1
	Rec reserve Committee	Open Spaces	Drummond reserves	1	1	-	2
Edendale-Wyndham	Community centre	Community Facilities	Edendale Wyndham hall	56	1	(56)	1

139

Reserves Type/Area	Business Unit	Activity	Purpose	Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
	Footpaths	Roading	Footpaths	38	-	(37)	1
	General	Open Spaces	General purpose	275	0	(146)	129
Fiordland CB	General	Community Leadership	Fiordland general purpose	117	4	-	121
	Fiordland elderly persons	Community Leadership	Fiordland general purpose	483	-	-	483
Five Rivers	Community centre	Community Facilities	Five Rivers hall	1	0	-	1
Garston	Special projects	Open Spaces	Garston general purpose	11	0	(7)	4
Gorge Road	Gorge Road general	Open Spaces	Gorge Road general purpose	10	0	-	10
Hokonui	Community centre	Community Leadership	Hokonui Hall	97	-	-	97
Limehills	Community centre	Community Facilities	Limehills hall	3	2	-	5
	General	Open Spaces	Limehills general purpose	63	1	(4)	61
Lochiel	Rec Reserve Oreti	Lochiel hall grazing income to be passed onto the Hall society	Lochiel rec res lease	2	1	-	3
Lumsden	Cemetery	Community Services	Lumsden cemetery	1	0	-	1
	Community centre	Community Facilities	Lumsden community centre	1	-	-	1
	General	Open Spaces	Lumsden general purpose	63	1	(27)	37
Manapouri	Frasers Beach	Open Spaces	Frasers Beach reserve	42	1	(30)	13
	General	Open Spaces	Manapouri general purpose	31	0	(17)	14
	Swimming pool area	Open Spaces	Manapouri pool	5	0	-	5
Mataura Island	Community centre	Community Facilities	Mataura Island community centre	6	0	-	7
Menzies Ferry	Community centre	Community Facilities	Menzies Ferry community centre	9	0	-	9
Mossburn	General	Open Spaces	Mossburn general purpose	7	1	(6)	2

Reserves Type/Area	Business Unit	Activity	Purpose	Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
Nightcaps	Community centre	Community Facilities	Nightcaps community centre	16	3	-	19
	General	Open Spaces	Nightcaps general purpose	5	0	-	5
Northern CB	General	Community Leadership	Northern CB general purpose	2	0	-	2
Ohai	Community centre	Community Facilities	Ohai community centre	3	0	(2)	1
	General	Open Spaces	Ohai general purpose	214	4	(82)	136
Oraka-Aparima CB	Riverton library endowment	Community Services	Riverton library endowment	22	0	-	22
	General	Community Leadership	Oraka-Aparima CB general purpose	11	0	-	11
Orawia	Community centre	Community Facilities	Orawia community centre	2	0	-	2
			Orawia hall group	23	0	-	24
Orepuki	Community centre	Community Facilities	Orepuki community centre	13	-	(13)	(0)
	General	Open Spaces	Orepuki general purpose	1	-	(1)	0
Oreti	Community centre	Community Facilities	Oreti community centre	0	4	-	4
Oreti CB	General	Community Leadership	Oreti CB general purpose	65	1	-	66
	Hedgehope recreation reserve	Open Spaces	Hedgehope reserve	3	0	-	3
	Winton library endowment reserve	Community Services	Winton library endowment	31	0	-	31
Otapiri/Lora	Community centre	Community Facilities	Otapiri/Lora community centre	76	2	-	77
Otautau	Baths	Community Leadership	Otautau pool	2	-	-	2
	Brightwood Develop Co	Roading	Otautau financial contribution	19	0	(19)	(0)
	Community centre	Community Leadership	Otautau community centre	31	1	-	32
	Forestry	Open Spaces	Holt Park forestry	31	1	-	31

141

Reserves Type/Area	Business Unit	Activity	Purpose	Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
	General	Open Spaces	Otautau general purpose	273	3	(212)	64
Riverton	Cemetery maintenance	Community Services	Riverton cemeteries	7	-	-	7
	Doc profits lib sale	Community Services	Riverton projects	75	2	-	77
	General	Open Spaces	Riverton general purpose	50	0	(5)	45
	Property sales	Open Spaces	Riverton general purpose	134	2	-	137
	Riverton Harbour general	Water Facility	Riverton Harbour	25	62	-	87
	Taramea Howells Point	Open Spaces	Taramea Howells Point	44	1	-	44
	War memorial	Open Spaces	Riverton war memorial	18	0	-	18
Ryal Bush	Community centre	Community Facilities	Ryal Bush community centre	6	4	-	10
SIESA	Operations	SIESA	SIESA Operations	1,109			1,109
Stewart Island	General	Open Spaces	Stewart Island general purpose	136	1	(102)	36
	Jetties	Water Facility	Stewart Island jetties	47	22	-	69
	Waste management	Waste Services	Stewart Island general purpose	46	1	-	47
	Wharf Ulva Island	Water Facility	Replacement of Ulva Island Bay wharf	63	0	-	63
Te Anau	General	Open Spaces	Te Anau general purpose	468	6	-	474
	Luxmore	Various	Luxmore subdivision	2,903	18	(171)	2,751
	Manapouri airport	Roading	Te Anau Manapouri airports	163	5	-	168
	Te Anau carpark res	Open Spaces	Te Anau general purpose	28	1	-	29
Thornbury	Community centre	Community Facilities	Thornbury community centre	9	0	-	9
Tokanui	General	Open Spaces	Tokanui general purpose	47	0	(47)	0
Tuatapere	Community centre	Community Facilities	Tuatapere community centre	36	0	(23)	13
	General	Open Spaces	Tuatapere general purpose	93	2	(72)	23
	General - OPR	Open Spaces	Tuatapere general purpose	27	1	-	27
	Property	Open Spaces	Tuatapere general purpose	3	0	-	3
	Waiau River collection	Open Spaces	Tuatapere Waiau River	1	0	-	1

Reserves Type/Area	Business Unit	Activity	Purpose	Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
	Water Meridian Contract	Water Supply	Tuatapere general purpose	8	0	-	8
Tuatapere Te Waewae CB	General	Community Leadership	Tuatapere Te Waewae general purpose	98	1	(51)	47
Tussock Creek	Community centre	Community Facilities	Tussock Creek hall	17	-	(3)	14
Waiau/Aparima Ward	Arboretum reserve	Open Spaces	Arboretum reserve	11	0	-	11
	Calcium cemetery	Community Services	Calcium cemetery	11	0	(5)	6
	Cosy Nook	Community Facilities	Cosy Nook general purpose	44	4	-	48
	Hirstfield reserve	Open Spaces	Hirstfield reserve general purpose	31	2	(29)	5
	Takitimu pool reserve	Community Leadership	Takitimu pool	24	0	-	24
	Tuatapere ward pool	Community Leadership	Tuatapere ward pools	32	1	-	32
	Waiau/Aparima Ward	Community Leadership	Waiau/Aparima Ward	230	5	-	235
	Wairio cemetery	Community Services	Wairio cemetery	40	1	-	41
	Wairio reserve	Open Spaces	Wairio reserve	2	0	-	2
	Wairio Town general	Open Spaces	Wairio general purpose	5	0	-	5
Waihopai Toetoe CB	Baths	Open Spaces	Waihopai Toetoe pool	7	0	-	7
	General	Community Leadership	Waihopai-Toetoes general purpose	57	1	(8)	49
Waihopai/Toetoes Ward	Waihopai/Toetoes Ward	Open Spaces	Waihopai/Toetoes Ward	1	-	-	1
Waikaia	Dickson Park	Open Spaces	Waikaia general purpose	10	0	-	10
	Museum donations	Open Spaces	Waikaia Museum	5	2	(2)	5
Waikawa/Niagara	Community centre	Community Facilities	Waikawa/Niagara community centres	2	0	-	2
Waitane Glencoe	Res Reserve Committee	Open Spaces	Waitane Glencoe reserves	2	0	-	2

Reserves Type/Area	Business Unit	Activity	Purpose	Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
Wallace Takatimu CB	General	Community Leadership	Wallace Takatimu CB general purpose	47	4	-	52
Wallacetown	General	Open Spaces	Wallacetown general purpose	218	3	(25)	196
Winton	Community centre	Community Facilities	Winton community centres	44	-	-	44
	General	Open Spaces	Winton general purpose	92	-	(92)	0
	Medical centre general	Community Facilities	Winton Medical Centre	171	38	(10)	199
	Property sales	Community Facilities	Winton general purpose	135	2	(31)	106
	Res capital development	Open Spaces	Winton general purpose	102	-	(47)	54
Winton/Wallacetown Ward	Winton/Wallacetown Ward	Community Leadership	Winton/Wallacetown Ward	214	3	(4)	213
Woodlands	General	Open Spaces	Woodlands general purpose	39	0	(39)	0
	Septic tank rates	Sewerage	Woodlands septic tank cleaning	(3)	1	-	(2)
Special Local Total				**8,956**	**436**	**(1,823)**	**7,570**
Special Total				**26,535**	**24,600**	**(27,687)**	**23,448**

Reserves Type/Area				Forecast opening balance 1/7/2025 ($000)	Deposits ($000)	Withdrawals ($000)	Forecast closing balance 30/6/2026 ($000)
Restricted Total				**3,654**	**657**	**(866)**	**3,444**
General Total				**7,529**	**275**	**(832)**	**6,972**
Special Total				**26,535**	**24,600**	**(27,687)**	**23,448**
Total reserve funds				**37,718**	**25,532**	**(29,385)**	**33,864**

Schedule of projects

Group and activity	Project Code	Description	Funding source	2025/26 Budget
Community Resources				**$12,283,33**
Community Facilities				**$9,029,436**
Halls				**$355,893**
Fiordland	P-10569	Manapouri Hall - LED lighting	Loan	$12,240
Northern	FHALL001	Athol Hall - Exterior repaint	Loan	$22,440
Oraka-Aparima	FHALL046	Colac Bay Hall - Pile fasteners, ramps and paths	Loan & Reserves	$12,240
Oreti	FHALL009	Browns Hall - Toilet upgrade incl paint and flooring	Loan & Reserves	$25,500
	P-10742	Winton Memorial Hall - Internal refurbishment of storage area	Grants	$76,667
Tuatapere-Te Waewae	FHALL058	Orepuki Hall - Handrails, parking and landscaping	Loan & Reserves	$20,000
	P-11143	Tuatapere Hall - LED lighting and heat pump to RSA room	Reserves	$14,280
	P-11444	Tuatapere Hall - Remove chimneys	Reserves	$9,000
Waihopai-Toetoe	FHALL036	Edendale - Wyndham Hall - Upgrade carparking	Reserves, loans & grants	$61,200
	FHALL037	Edendale - Wyndham Hall - Interior repaint	Loan & grants	$62,546
	FHALL073	Tokanui Hall - Window replacement	Loan	$30,600
	P-10591	Edendale Wyndham Hall - Install LED lighting	Reserves & Grant	$9,180
Offices & Buildings				**$6,778,927**
District	P-10710	Invercargill Building - Replacement	Reserves	$6,778,927
Other Property				**$125,280**
Northern	FBUILD001	Garston Playcentre Building - Exterior repaint and carpentry work	Loan	$30,000
	FBUILD003	Lumsden Information Centre - Exterior paint and repairs	Loan	$30,000
	FBUILD004	Lumsden Information Centre - Interior repaint and floor piling	Loan	$51,000
	P-10734	Garston Old Post Office - Upgrade distribution board, install LED lighting and heat pump	Loan	$14,280
Toilets				**$1,769,336**
District	FTOIL002	District Wide Toilets - Refurbishment four toilets	Rates	$127,500
	P-10637	District Wide Toilets - Renewal preparation	Loan & Reserves	$81,600
	P-10642	District Wide Toilets - Renewal preparation	Loan	$106,356
		District Wide Toilets - Renewal construction	Loan	$438,600
	P-10649	District Wide Toilets - Renewal preparation	Loan	$447,780
	P-10842	Monkey Island - Shelter area development (stage two)	Loan	$300,000
	P-11092	District Wide Toilets - Public toilets	Grants	$267,500

Group and activity	Project Code	Description	Funding source	2025/26 Budget
Community Services				**$330,236**
Cemeteries				**$14,076**
District	P-10974	District Wide - Cemetery beams	Rates	$14,076
Community Housing				**$316,160**
District	FHOUS002	Community Housing - Exterior repaint 25 units	Loan	$129,540
	FHOUS014	Community Housing - Internal paint two units	Loan	$12,240
	FHOUS015	Community Housing - Paths	Loan	$15,300
	FHOUS016	Community Housing - Bathroom	Loan	$9,180
	FHOUS017	Community Housing - Replace roof	Loan	$149,900
Open Spaces				**$2,635,517**
Parks & Reserves				**$2,635,517**
District	FPARK028	Te Anau Ivon Wilson Park - Renew management plan	Reserves	$61,200
	FPARK030	Te Anau Lynwood Historic Reserve - Master plan development	Reserves	$40,800
	FPARK042	Dunsdale Picnic Ground - Master plan development	Reserves	$40,800
	FPARK045	Kowhai Reach Reserve - Renew management plan	Reserves	$61,200
	FPLAY027	Riverton Mores Scenic Reserve - Master plan development	Reserves	$40,800
Fiordland	FPARK011	Manapouri Frasers Beach - Reserve management plan renewal	Loan & Reserves	$102,000
	P-10769	Manapouri - Recreational Reserve Playground Equipment renewal	Loan	$42,840
	P-10933	Te Anau masterplan implementation	Loan	$455,000
Northern	P-10952	Garston - Village projects	Reserves & Grant	$56,869
Oraka-Aparima	P-11214	Riverton - Riparian planting	Loan	$5,100
Oreti	P-10829	Wallacetown Recreational Project	Grants	$170,000
	P-10831	Winton Centennial Park Playground - Equipment renewal	Loan	$30,600
Stewart Island/Rakiura	P-11208	Stewart Island/Rakiura - Car park and walking link development	Reserves	$102,000
Tuatapere-Te Waewae	FPARK024	Orepuki Water Tower - Repairs	Loan	$102,000
	P-11091	Tuatapere - Historic Railway Station	Grants	$117,408
Waihopai-Toetoe	FPARK008	Wyndham Recreation Reserve and Wildlife Refuge - Development of the master plan	Rates	$15,300
	FPARK010	Woodlands - Reconstruction of the track to Kingswood Bush	Loan & Reserves	$51,000
	P-10820	Tokanui Rata Park Playground - Equipment Renewal	Loan & Reserves	$51,000
	P-10864	Edendale and Wyndham - Creation of multi-use track	Reserves, loans & grants	$600,000
	P-11098	Edendale - Proposed dog park	Loan & grants	$51,000
	P-11206	Wyndham Playground - Redevelopment	Loan	$76,500
Wallace-Takitimu	P-10786	Otautau Centennial Park Playground - Equipment renewal	Loan & Reserves	$117,300

Group and activity	Project Code	Description	Funding source	2025/26 Budget
	P-11201	Nightcaps - McGregor Park development	Loan & Reserves	$102,000
	P-11202	Otautau - War Memorial replacement	Loan	$81,600
	P-11203	Otautau - Tennis court resurfacing	Loan	$61,200
SIESA				**$288,150**
Stewart Island/Rakiura	P-11207	Stewart Island/Rakiura SIESA - Capital renewal programme	Reserves	$288,150
Sewerage				**$13,759,350**
District	P-10446	District Wide Waste Water Treatment Plant - SCADA replacement	Loan & Reserves	$205,000
	P-10453	Balfour Waste Water Treatment Plant - Consent renewal treatment upgrade	Loan & Reserves	$800,000
	P-10454	Edendale/Wyndham Waste Water Treatment Plant - Consent renewal treatment upgrade	Loan & Reserves	$6,500,000
	P-10455	Gorge Road Waste Water Treatment Plant - Consent renewal preparation	District Funding	$205,000
	P-10459	Manapouri - Wastewater treatment upgrade	Loan & Reserves	$4,036,450
	P-10461	Monowai Waste Water - Consent renewal investment	District Funding	$153,750
	P-10483	Wallacetown Waste Water - Consent contribution to Alliance	District Funding	$128,125
	P-11219	District Wide Wastewater Network - Renewals	Loan & Reserves	$1,025,000
	P-11331	Te Anau Treatment Plant - Sludge removal	District Funding	$206,025
	P-11381	Stewart Island/Rakiura Waste Water - Wetwell chamber replacement	District Funding	$500,000
Stormwater				**$3,278,790**
District	P-10431	Edendale/Wyndham Stormwater - Main/manhole renewal and subsoils	Loan	$1,200,275
	P-10435	Nightcaps - Stormwater investigations and renewals	Loan	$110,915
	P-10436	Ohai Stormwater - Investigations and renewals	Loan & Reserves	$227,550
	P-10443	Te Anau Stormwater - Discharge improvements to surface water at Lakefront	Loan & Reserves	$227,550
	P-10445	Winton - Investigation and replacement of storm main	Loan	$512,500
	P-11060	Te Anau Stormwater - Sandy Brown Road stormwater upgrade	Loan & Reserves	$1,000,000
Transport				**$33,896,407**
Roading				**$32,157,716**
Cycle Trails	FCYCLE001	Around The Mountains Cycle Trail - Continuous improvement programme	Rates & grants	$20,400
Footpaths				**$1,384,159**
Ardlussa	FFOOT001	Riversdale - Footpath renewal programme 2024/2025 to 2026/2027	Waka Kotahi, reserves & loans	$22,898
	FFOOT100	Waikaia - Otta Seal Upper Newburn Road	Loan	$65,000
Northern	FFOOT001	Lumsden - Footpath renewal programme 2024/2025 to 2026/2027	Waka Kotahi, reserves & loans	$36,508

Group and activity	Project Code	Description	Funding source	2025/26 Budget
		Mossburn - Footpath renewal programme 2024/2025 to 2026/2027	Waka Kotahi, reserves & loans	$53,901
Oraka-Aparima	FFOOT001	Colac Bay - Footpath renewal programme 2024/2025 to 2026/2027	Waka Kotahi, reserves & loans	$20,157
		Riverton - Footpath renewal programme 2024/2025 to 2026/2027	Waka Kotahi, reserves & loans	$23,543
Oreti	FFOOT001	Dipton - Footpath renewal programme 2024/2025 to 2026/2027	Waka Kotahi & Loan	$25,800
		Wallacetown - Footpath renewal programme 2024/2025 to 2026/2027	Waka Kotahi & Reserves	$24,940
		Winton - Footpath renewal programme 2024/2025 - 2026/2027	Waka Kotahi & Loan	$105,566
Tuatapere-Te Waewae	FFOOT001	Orepuki - Footpath renewal programme 2024/2025 to 2026/2027	Reserves	$43,215
		Tuatapere - Footpath renewal programme 2024/2025 to 2026/2027	Loan & Reserves	$101,143
Waihopai-Toetoe	FFOOT001	Edendale - Wyndham - Footpath renewal programme 2024/2025 to 2026/2027	Waka Kotahi, reserves & loans	$376,444
		Woodlands - Footpath renewal programme 2024/2025 to 2026/2027	Loan	$22,274
	FFOOT107	Gorge Road - Speed feedback sign at Gorge Road Invercargill Highway	Loan	$20,000
	FFOOT110	Gorge Road - Speed feedback sign at Tokanui Gorge Road Highway	Loan	$20,000
	FFOOT111	Tokanui - Speed feedback sign at Niagara Tokanui Highway	Loan	$20,000
	FFOOT113	Tokanui - Speed feedback sign at Tokanui Gorge Road Highway	Loan	$20,000
	FFOOT114	Woodlands - Speed feedback sign at Woodland South Road	Loan	$20,000
Wallace-Takitimu	FFOOT001	Ohai - Footpath renewal programme 2024/2025 to 2026/2027	Waka Kotahi, reserves & loans	$98,900
		Otautau - Footpath renewal programme 2024/2025 to 2026/2027	Waka Kotahi, reserves & loans	$263,870
Roading				**$30,753,157**
	FROAD001	District Wide - Bridge programme 2024-2034	Waka Kotahi, rates & loan	$9,000,000
	FROAD002	District Wide - Unsealed road renewal programme 2024-2034	Waka Kotahi & rates	$2,766,675
	FROAD003	District Wide - Resurfacing programme 2024-2034	Waka Kotahi & rates	$8,134,607
	FROAD004	District Wide - Drainage renewal programme 2024-2034	Waka Kotahi & rates	$2,000,006
	FROAD005	District Wide - Pavement rehabilitation programme 2024-2034	Waka Kotahi, rates & loan	$6,000,018
	FROAD006	District Wide - Structure component renewal programme 2024-2034	Waka Kotahi & rates	$643,344
	FROAD007	District Wide - Traffic services programme 2024-2034	Waka Kotahi & rates	$1,286,689
	FROAD009	District Wide Roading - Resilience programme 2024-2034	Waka Kotahi & rates	$921,818

Group and activity	Project Code	Description	Funding source	2025/26 Budget
Water Facility				**$1,738,691**
Stewart Island Jetties				**$894,691**
Stewart Island/Rakiura	P-10203	Stewart Island/Rakiura Ulva Island Wharf - Replacement	Reserves, loans & grants	$289,691
	P-10670	Stewart Island/Rakiura Golden Bay Wharf - Renewal construction	Reserves, loans & grants	$250,000
		Stewart Island/Rakiura Golden Bay Wharf - Renewal preparation	Loan & grants	$255,000
	P-10674	Stewart Island/Rakiura Millars Beach - Wharf Refurbishment	Loan	$100,000
Boat Ramps				**$30,000**
Fiordland	P-11475	Manapouri swimming pontoon	Reserves	$30,000
Harbour				**$814,000**
Oraka-Aparima	P-11225	Riverton T Wharf Replacement - Demolition and construction	Loan	$814,000
Water Supply				**$6,536,807**
Drinking Water				**$5,977,884**
	P-10007	Eastern Bush Water Supply - Upgrade	District Funding	$512,500
	P-10471	Te Anau Water Supply - Upgrade of contact tanks	District Funding	$205,000
	P-10489	District Water Supply - Dosing and monitoring instrumentation	District Funding	$115,005
	P-10490	SCADA to all water schemes	District Funding	$51,250
	P-10492	Riverton Water Treatment Plant - Replacement and upgrade of sand filter	District Funding	-
	P-10495	District Water Supply - End of life water pumps and electrical	Loan & Reserves	$51,250
	P-10509	Riverton Water Supply - Reticulation upgrade	District Funding	-
	P-10517	District Water Supply - Replacement of AC pipe at end of life	Loan & Reserves	$1,537,500
	P-10520	District Water Supply - Acuflo manifolds and check valves	Loan & Reserves	$125,379
	P-11248	Orawia Water Supply - Consent renewal preparation	District Funding	$102,500
	P-11298	Ohai/Nightcaps Water Treatment Plant - Design, install and commission a chlorine residual booster system	District Funding	$102,500
	P-11406	Riverton Water Treatment Plant - Upgrade	Loan & Reserves	$3,175,000
	WAT525	Riverton Water Supply - Replacement of membranes	District Funding	-
Rural Water				**$558,923**
	P-10514	Takitimu Rural Water Supply - Switchboards and pump	Rates & Loan	-
	P-11223	Te Anau Rural Water Supply - scheme audit remediation	Loan & Reserves	$558,923
Corporate Services				**$754,800**
	FINFO002	District Wide - Archives requirements as the result of business case in 2024/2025	Loan	$510,000

149

Group and activity	Project Code	Description	Funding source	2025/26 Budget
	FINFO003	District Wide - Ongoing digitisation projects	Loan	$43,860
	FINFO004	District Wide - Equipment renewal	Rates	$147,900
	FINFO006	District Wide - Renewal of other network components	Reserves	$53,040
Grand Total				**$70,509,493**

A copy of the Annual Plan can be obtained from any Southland District Council office or library, or on our website www.southlanddc.govt.nz

You can also phone Council on 0800 732 732 to request a copy be sent to you.

Rates Resolution - Setting of Rates for the Financial Year 1 July 2025 to 30 June 2026

Record no:	R/24/12/78176
Author:	Shelley Dela Llana, Transactional project lead
Approved by:	Anne Robson, Group manager finance and assurance

☒ Decision ☐ Recommendation ☐ Information

Purpose

1 The report recommends that Council set rates for 2025-2026 in accordance with section 23 of the Local Government (Rating) Act 2002 (the Act), the due dates for payment in accordance with section 24 of the Local Government (Rating) Act 2002, and to authorise the addition of penalties in accordance with sections 57 and 58 of the Local Government (Rating) Act 2002.

Executive summary

2 The Local Government (Rating) Act 2002 (the Act) requires Council to set, by Council resolution, the rates for the financial year. The rates for 2025/2026 can only be set once Council has adopted its Annual Plan 2025/2026, including the Funding Impact Statement (Rates Section) (rates FIS) for 2025/2026.

3 This report lists the various rates that have been calculated for the financial year 1 July 2025 to 30 June 2026. These rates are included in the Council's Annual Plan 2025/2026 in the rates FIS.

4 The resolution also includes (instalment) due dates for payment. The act permits Council to apply penalties of up to 10% for payments not received by the due dates and for any arrears of previous year's rates. The penalty amount and dates must also be set by Council resolution.

5 This year staff are recommending setting the penalty date later than usual. Council in previous years have set the penalty date one week after the due date, to allow for late payments. Currently the payment due date is the middle month of the instalments, this causes problems for ratepayers who budget the payment of their rates over 52 weeks via automatic payment, as they are still incurring penalties. By extending the penalty date, we will be reducing the number of ratepayers getting penalties that are generally trying to pay rates on time and are budgeting to use the whole year to achieve that.

6 Council's resolution will be publicly available on the Council website within 20 working days of the resolution being made.

Recommendation

That the Council:

a) **receives the report titled "Rates Resolution - Setting of Rates for the Financial Year 1 July 2025 to 30 June 2026".**

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) **pursuant to section 23 of the Local Government (Rating) Act 2002, and in accordance with the Southland District Council's Annual Plan 2025/2026 including the Funding Impact Statement (Rates Section), sets the rates detailed below for the financial year commencing 1 July 2025 and ending on 30 June 2026. All rates and amounts are GST inclusive.**

<u>GENERAL RATE</u>

Pursuant to Section 13(2)(a) of the Local Government (Rating) Act 2002, a general rate of $0.00064441 in the dollar on the capital value of all rateable rating units within the Southland District.

<u>UNIFORM ANNUAL GENERAL CHARGE</u>

Pursuant to the Section 15(1)(a) of the Local Government (Rating) Act 2002, a uniform annual general charge of $811.68 per rating unit on every rateable rating unit within the Southland District.

<u>TARGETED RATES</u>

<u>Roading Targeted Rates</u>

Pursuant to Sections 16(3)(a) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of $103.50 per rateable rating unit within the Southland District; and

Pursuant to Sections 16(3)(a) and 16(4)(b) of the Local Government (Rating) Act 2002, a differential rate in the dollar of capital value for all rateable rating units within the Southland District:

Roading Differential Category	Rate in the dollar on capital value
Commercial	$0.00153383
Dairy	$0.00134171
Farming non-dairy	$0.00084934
Forestry	$0.00414513

Industrial	$0.00144707
Lifestyle	$0.00075852
Mining	$0.02275026
Other	$0.00022756
Residential	$0.00075852

<u>Regional Heritage Targeted Rate</u>

Pursuant to Sections 16(3)(a) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of $50.37 set per separately used or inhabited part of a rateable rating unit within the Southland District.

<u>Stormwater Targeted Rate</u>

Pursuant to Sections 16(3)(a) and 16(4)(b) of the Local Government (Rating) Act 2002, the following rate:

- **for all rating units within the stormwater full charge rating boundary a uniform targeted rate of $125.61 per rateable rating unit**
- **for all other rating units outside the stormwater full charge rating boundary a uniform targeted rate of $31.40 per rateable rating unit.**

<u>Community Board Targeted Rates</u>

Pursuant to Sections 16(3)(b), and 16(4)(a) or 16(4)(b) of the Local Government (Rating) Act 2002, as relevant, the following rates per rateable rating unit within the below areas:

Community Board Targeted Rates	Targeted Rate per rating unit
Ardlussa Community Board Rural Rate	$70.24
Ardlussa Community Board Urban Rate	$280.98
Fiordland Community Board Rural Rate	$65.98
Fiordland Community Board Semi-Urban Rate	$131.96
Fiordland Community Board Urban Rate	$263.93
Northern Community Board Rural Rate	$90.15
Northern Community Board Semi-Urban Rate	$180.29
Northern Community Board Urban Rate	$360.59
Oraka Aparima Community Board Rural Rate	$63.57
Oraka Aparima Community Board Semi-Urban Rate	$127.14
Oraka Aparima Community Board Urban Rate	$254.27
Oreti Community Board Rural Rate	$53.08
Oreti Community Board Semi-Urban Rate	$106.17
Oreti Community Board Urban Rate	$212.33
Stewart Island/Rakiura Community Board Urban Rate	$252.42
Tuatapere Te Waewae Community Board Rural Rate	$102.48
Tuatapere Te Waewae Community Board Semi-Urban Rate	$204.97
Tuatapere Te Waewae Community Board Urban Rate	$409.94
Waihopai Toetoe Community Board Rural Rate	$60.52
Waihopai Toetoe Community Board Semi-Urban Rate	$121.04

Waihopai Toetoe Community Board Urban Rate	$242.08
Wallace Takitimu Community Board Rural Rate	$77.48
Wallace Takitimu Community Board Semi-Urban Rate	$154.96
Wallace Takitimu Community Board Urban Rate	$309.93

Community Facilities Rates

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, the following uniform targeted rates set per separately used or inhabited part of a rateable rating unit situated in the following Community Facility Areas:

Community Facility Areas	Charge	Community Facility Areas	Charge
Aparima Hall	$41.86	Myross Bush Hall	$27.70
Athol Memorial Hall	$135.78	Nightcaps Hall	$126.14
Balfour Hall	$83.25	Ohai Hall	$137.28
Blackmount Hall	$49.43	Orawia Hall	$123.12
Browns Hall	$48.99	Orepuki Hall	$124.95
Brydone Hall	$80.00	Oreti Plains Hall	$127.36
Clifden Hall	$71.73	Otapiri-Lora Gorge Hall	$117.72
Colac Bay Hall	$138.73	Riversdale Hall	$74.00
Dacre Hall	$43.46	Ryal Bush Hall	$110.39
Dipton Hall	$144.67	Seaward Downs Hall	$44.25
Eastern Bush Hall	$81.61	Stewart Island/Rakiura Hall	$76.20
Edendale-Wyndham Hall	$45.23	Thornbury Hall	$140.35
Fiordland Community Event Centre	$44.22	Tokanui-Quarry Hills Hall	$133.08
Five Rivers Hall	$217.77	Tuatapere Hall	$56.99
Glenham Hall	$48.98	Tussock Creek Hall	$24.75
Gorge Road Hall	$47.87	Tuturau Hall	$50.00
Heddon Bush Hall	$70.08	Waianiwa Hall	$100.81
Hedgehope-Glencoe Hall	$75.77	Waihopai Toetoes Hall	$73.52
Limehills Hall	$82.66	Waikaia Recreation Hall	$69.77
Lochiel Hall	$35.35	Waikawa Community Centre	$72.23
Lumsden Hall	$88.85	Waimahaka Hall	$67.34
Mabel Bush Hall	$48.88	Waimatuku Hall	$40.00
Manapouri Hall	$139.05	Wairio Community Centre	$55.27
Mandeville Hall	$44.01	Wallacetown Hall	$69.42
Mimihau Hall	$62.08	Winton Hall	$31.57
Mokoreta-Redan Hall	$87.75	Wrights Bush Hall	$32.28
Mossburn Hall	$98.33		

SIESA Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, the following rate:

- **for all rating units that are within the area of service boundary, a uniform targeted rate of $200 per rateable rating unit.**

Swimming Pool Targeted Rates

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, the following uniform targeted rates set per separately used or inhabited part of a rateable rating unit situated in the following Swimming Pool Areas:

Swimming Pool Area	Charge	Swimming Pool Area	Charge
Fiordland	$14.19	Takitimu	$28.02
Northern Community	$23.46	Tuatapere Ward	$7.38
Otautau	$37.27	Waihopai Toetoe	$11.28
Riverton/Aparima	$26.30	Winton	$17.13

Te Anau Airport Manapouri Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of $58.62 per rateable rating unit within the Te Anau Manapouri Airport Area.

Rubbish Bin Collection Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of $223.72 per unit of service to each rating unit with a dwelling within the defined service area and other rating units that have opted in to the defined service area.

Recycling Bin Collection Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of $223.72 per unit of service to each rating unit with a dwelling within the defined service area and other rating units that have opted in to the defined service area.

Stewart Island Waste Management Targeted Rate

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of $293.88 per unit of service provided to rating units situated in the Stewart Island Waste Management Area.

Te Anau Rural Water Scheme Targeted Rates

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, the rate as outlined below to rating units in the Te Anau rural water rating boundary that are connected or capable of connecting:

An annual charge by way of a uniform targeted rate of $1,332.64 per restricted connection.

In regard to the supply of water, the following rates or combination of below will apply to each rating unit pursuant to Section 19(2)(b) of the Local Government (Rating) Act 2002:

- **a rate of $888.43 for each unit supplied to the rating unit**
- **for rating units allocated half a unit above their first full unit, a rate of 50% of a unit being $444.21.**

Metered Property Water Supply Targeted Rates

For rating units with a meter, outside the Te Anau rural water rating boundaries:

Pursuant to Section 19(2)(a) of the Local Government (Rating) Act 2002, a rate for actual water consumption of $1.60 per cubic metre; and

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a fixed charge of $225.00 per meter.

<u>Non-Metered Property Water Supply Targeted Rates</u>

Pursuant to Sections 16(3)(b) and 16(4)(b) of the Local Government (Rating) Act 2002, for rating units not covered by the Te Anau rural water scheme and that are not metered:

- **for all rating units without meters that are connected to a water supply scheme or are capable of connection but are not connected, and are not vacant a uniform targeted rate of $901.36 for each unit of service**
- **for vacant rating units within the scheme rating boundary, a uniform targeted rate of $450.68 per rating unit for the provision of the service due to the ability to connect to the scheme.**

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, for rating units not covered by the Te Anau rural water scheme and that are not metered:

- **for rating units with water troughs with direct feed from Council's water mains, a uniform targeted rate of $180.27 per trough.**

<u>District Wastewater Targeted Rates</u>

Pursuant to Sections 16(3)(b) and 16(4)(b) of the Local Government (Rating) Act 2002, the following rates:

- **for rating units within the defined wastewater scheme rating boundaries that are vacant or do not produce wastewater, a uniform targeted rate of $464.45 per rating unit**
- **for all rating units that produce wastewater and are either connected to a Council District wastewater scheme or within the defined wastewater scheme rating boundary and are primarily residential/domestic/household in nature, a uniform targeted rate of $928.89 for each separately used or inhabited part of the rating unit**
- **all other rating units that produce wastewater and are either connected to a Council District wastewater scheme or within the defined wastewater scheme rating boundary, a uniform targeted rate of $928.89 for each pan/urinal.**

<u>Woodlands Septic Tank Cleaning Targeted Rate</u>

Pursuant to Sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002, a uniform targeted rate of $152.43 in respect of each separately used or inhabited part of a rating unit within the Woodlands Septic Tank Cleaning Area.

<u>Water Supply Loan Targeted Rates</u>

Pursuant to Sections 16(3)(b) and 16(4)(a) and 16(4)(b) of the Local Government (Rating) Act 2002, uniform targeted rates per unit of service on the option that the

ratepayer has previously chosen to pay it over a selected period as below (in the relevant area of service for each scheme):

Water Supply Loan Rates	Charge
Edendale Water Loan - 25 years	$148.60
Wyndham Water Loan - 25 years	$142.90

Sewerage Supply Loan Targeted Rates

Pursuant to Sections 16(3)(b) and 16(4)(a) and 16(4)(b) of the Local Government (Rating) Act 2002, uniform targeted rate per unit of service on the option that the ratepayer has previously to pay it over a selected period as below (in the relevant area of service for each scheme):

Sewerage Supply Loan Rates	Charge
Edendale Sewerage Loan - 25 years (incl connection cost)	$626.29
Edendale Sewerage Loan - 25 years (excl connection cost)	$518.33
Tuatapere Sewerage Loan - 25 years	$358.89
Wallacetown Sewerage Loan - 25 years	$328.88
Wyndham Sewerage Loan - 25 years (incl connection cost)	$571.50
Wyndham Sewerage Loan - 25 years (excl connection cost)	$464.37

e) **resolves under Section 24 of the Local Government (Rating) Act 2002 that all rates (including metered water targeted rates) will be payable in four instalments with the due dates for payment being:**

- **Instalment One – 29 August 2025**
- **Instalment Two - 28 November 2025**
- **Instalment Three - 27 February 2026**
- **Instalment Four - 29 May 2026.**

Rates other than metered water rates will be invoiced in equal instalments. Metered water rates will be invoiced in accordance with recorded consumption.

f) **resolves under Sections 57 and 58 of the Local Government (Rating) Act 2002 to apply penalties to unpaid rates (including metered water targeted rates) as follows:**

- **a penalty of 10% will be added to the amount of any of instalments two, three and four (including metered water targeted rates) remaining unpaid after the relevant due date in recommendation (e) above, as shown in the table below:**

Instalment	Date Penalty Added
One (1)	30 September 2025
Two (2)	6 January 2026
Three (3)	31 March 2026
Four (4)	30 June 2026

- **a further penalty of 10% will be added to any amount of rates (including metered water targeted rates) that are unpaid from previous years and remains unpaid at 1 July 2025. The penalty will be added on 1 July 2025.**

g) sets under Section 88 of the Local Government (Rating) Act 2002 a postponement fee at $200 GST inclusive for the administration costs of registering a Notice of Charge plus an annual interest charge calculated at Council's internal borrowing interest rate of 4.91% as prescribed in the Annual Plan 2025/2026.

h) resolves that under Section 54 of the Local Government (Rating) Act 2002, where rates charged on a rating unit are less than or equal to $10 (GST incl), Council will not collect these as it believes it to be uneconomic.

i) agrees where any payment is made by a ratepayer that is less than the amount now payable, the Council will apply the payment firstly to any rates outstanding from previous rating years and then proportionately across all current year rates due.

j) agrees that valuation roll and rate records for the District of Southland are open for inspection by ratepayers at all District offices (as listed below), during normal office hours:

- **Invercargill Office**
  15 Forth Street,
  Invercargill 9810
- **Lumsden Office**
  18 Diana Street,
  Lumsden 9730
- **Otautau Office**
  176 Main Street,
  Otautau 9610
- **Riverton Office**
  117 Palmerston Street,
  Riverton 9822
- **Oban Office**
  10 Ayr Street, Oban
  Stewart Island 9846
- **Te Anau Office**
  24 Milford Crescent,
  Te Anau 9600
- **Winton Office**
  1 Wemyss Street
  Winton 9720
- **Wyndham Library**
  41 Balaclava Street,
  Wyndham 9831

k) agrees the following options be available for payment of rates:

- **direct debit**
- **credit card (Visa or Mastercard)**
- **internet banking**
- **by cash or eftpos.**

Background

7 Council has adopted the Annual Plan 2025/2026. This report provides for Council to set rates for the year commencing 1 July 2025 and ending 30 June 2026.

8 Rates for the 2025/2026 year are set on a GST inclusive basis. This is the actual amount that the Council will receive from the ratepayer, rather than the amount to which GST will be added.

9 Where a targeted rate applies to a particular area, reference is made within the rates FIS of Council's Annual Plan 2025/2026 to the land map detailing this. These maps can be viewed at www.southlanddc.govt.nz/my-southland/maps.

10 Definitions of rating terminology and applicability are explained at the beginning of the rates FIS of the Annual Plan 2025/2026.

11 Under Section 54 of the Act, Council has the option to not collect small amounts. It is recommended that Council continue to not collect rates where the individual assessment totals less than $10 (GST inclusive), as it is uneconomical to do so.

12 To mitigate the risks of inconsistent data and invalidity of the rates, the rates calculations, rating information database, Annual Plan rates FIS and the rates resolution are cross checked. The resolution is also checked against sector guidance and the Act.

13 Given the methodology used to calculate the rates for the 2025/2026 rating year is on the same basis as the previous year and the resolution remains unchanged except for the updated dates, rates, staff do not believe that a further legal review of the 2025/2026 documents would add any further value.

14 This year staff are recommending setting the penalty date later than usual. Council in previous years have set the penalty date one week after the due date, to allow for late payments. Currently the payment due date is the middle month of the instalments, this causes problems for ratepayers who budget the payment of their rates over 52 weeks via automatic payment, as they are still incurring penalties. By extending the penalty date, we will be reducing the number of ratepayers getting penalties that are generally trying to pay rates on time and are budgeting to use the whole year to achieve that.

15 The only exception to this is December, as Council is closed on the 30 December, staff are recommending that the penalty date be changed to the day after the Council offices open. This allows staff time to receipt all December payments.

16 The flow on from this also means the fourth instalment penalties will be applied just before the end of year penalty.

17 Reminders will still go out each instalment after the due date to remind ratepayers the date has passed, and penalties will go on to encourage payment and find misallocation of payments.

Factors to consider

Legal and statutory requirements

18 The Local Government (Rating) Act 2002 provides Council with the mandate to set and collect rates. Section 23 of the Local Government (Rating) Act 2002 requires the Council to set rates by a resolution of the local authority. A copy of the rates resolution must also be made publicly available on the Council's website within 20 working days of the resolution being passed.

19 Section 24 of the Act requires that Council to state the financial year for which the rates relate and the due date for payment of the rates in its resolution setting rates.

20 Section 57 of the Act enables Council to pass a resolution allowing it to impose penalties to be added to rates that are not paid by the due date. The resolution must state how the penalty is calculated and the date the penalty is added to the amount of unpaid rates. Penalties must not exceed 10% of the amount of the unpaid rates on the date when the penalty is added.

21 Section 58 specifies the types of penalty that may be imposed:

(a) a penalty on rates assessed in the financial year for which the resolution is made and that are unpaid after the due date for payment (or after a later date if so specified):

(b) a further penalty on rates assessed in any financial year and that are unpaid on whichever day is the later of—

(i) the first day of the financial year for which the resolution is made; or

(ii) 5 working days after the date on which the resolution is made:

(c) a further penalty on rates to which a penalty has been added under paragraph (b) if the rates are unpaid 6 months after that penalty was added.

22 The resolution in the report sets penalties for (b). Staff do not believe that Council has ever set penalties for (c).

23 As noted in the background section, staff have not had the rates resolution and associated rates FIS legally reviewed this year given that the resolution is largely the same as the prior year which was independently reviewed.

Community views

24 Council provided an opportunity for the community to provide feedback on the rates proposed in the Annual Plan 2025/2026 (via an online rates search). There is no further engagement required prior to Council making a decision to set rates, set due dates for payment and authorise the addition of penalties to unpaid rates for 2025/2026.

Costs and funding

25 The rates resolution sets the rates to be assessed in 2025/2026. The rates are consistent with the rates FIS from the adopted Annual Plan 2025/2026.

Policy implications

26 The rates resolution is a complete statement of the rates to be set and is in accordance with the rates FIS from the adopted Annual Plan 2025/2026.

Analysis

Options considered

27 In order to legally assess and collect rates for 2025/2026, Council must set rates that are in line with the rates FIS in the Annual Plan 2025/2026. As such there is no option to set a different rate in the rates resolution unless Council alters the Annual Plan rates FIS. However, Council can set different due dates and penalty arrangements if it so chooses.

Analysis of options

Option 1 – Set the rates, penalties and due dates as recommended

Advantages	*Disadvantages*
• adhering to the Act and LGA requirements • the community have been able to provide feedback on the rates as part of the Annual Plan 2025/2026 feedback process • the rates are consistent with the financial forecasts and rates FIS included in the Annual Plan 2025/2026 • the due dates and penalty dates are consistent with prior years which will help reduce the likelihood that ratepayers will have payment difficulties.	• none identified.

Option 2 – Set the rates as indicated but amend the penalties and due dates as discussed at this meeting.

Advantages	*Disadvantages*
• adhering to the Act and LGA requirements • the community have been able to provide feedback on the rates as part of the Annual Plan 2025/2026 feedback process • the rates are consistent with the financial forecasts and rates FIS included in the Annual Plan 2025/2026.	• may create unexpected payment disruptions for ratepayers if the dates and penalty arrangements change which may impact ratepayers financially • may affect the total penalties amount collected as a budgeted amount expected to be collected is included in the Annual Plan financial statements.

Assessment of significance

28 The resolution to set rates is considered to be significant in relation to the Council's Significant and Engagement Policy. However, given that the decision flows from the Annual Plan 2025/2026 process which provided an opportunity for the community to provide feedback, and given that the methodology used to calculate the rates for the 2025/2026 rating year is on the same basis as in previous years, Council staff are of the opinion that no further community engagement is required.

Recommended option

29 The recommended option is option 1 – Set the rates, penalties and due dates as recommended.

Next steps

30 Rates will be assessed in accordance with the recommendations of this report. The Act also requires Council within 20 working days to have the resolution available on the Council website.

Attachments

There are no attachments for this report.

Transport section 17a review findings report

Record no: R/25/6/27374
Author: Ben Whelan, Roading engineer
Approved by: Fran Mikulicic, Group manager infrastructure and capital delivery

☒ Decision ☐ Recommendation ☐ Information

Purpose

1 The purpose of this report is to present the findings and recommendations of the Transport Section 17A Review undertaken independently by Morrison Low. This report was to assess the cost-effectiveness of Southland District Council's current roading service delivery models. The review was triggered by the upcoming expiry of key operations and maintenance (O&M) contracts in June 2026 and is a legislative requirement under Section 17A of the Local Government Act 2002. In addition to the review of the operations and maintenance, Council endorsed the recommendation to proceed to review all Strategic Transport Roading activities at Council's 19 January 2025 meeting.

2 This report seeks Council's endorsement of the recommended "Enhanced Status Quo" model and approval to begin implementing the associated recommendations.

Executive summary

3 In accordance with Section 17A of the Local Government Act 2002, Southland District Council is required to periodically review the cost-effectiveness of its service delivery arrangements. At its meeting on 29 January 2025, Council endorsed the recommendation to proceed with a comprehensive review of all strategic transport roading activities.

4 Southland District Council currently operates a hybrid service delivery model. The governance and strategic management of the roading activity is delivered in-house by Council's roading team. Professional services are provided through a combination of a core roading contract, a panel of consultants, and specialist contracts (eg, for bridges and structures) or internal staff. For physical works, operations and maintenance contracts are delivered through geographically based collaborative contracts using alliance principles, supported by traditional contracts for specific services such as, capital projects, streetlighting and resurfacing.

5 The review found that the current model is generally effective, with strong performance outcomes and positive relationships with service providers. However, there are opportunities to enhance delivery through targeted improvements. The recommended approach is to adopt an "Enhanced Status Quo" model, which includes:

- increasing in-house capability and capacity to reduce reliance on external consultants
- rationalising professional services contracts and making better use of panel arrangements
- continuing the current O&M contract structure with improved performance management provisions
- exploring shared service opportunities with neighbouring councils

6 The next steps - subject to Council approval, staff will commence the implementation of the Enhanced Status Quo model. This will begin with the writing and procurement of the O&M contracts and the rationalisation of our professional service contacts.

Recommendation

That Council:

a) receives the report titled "Transport section 17a review findings report".

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 implementation of the recommended "Enhanced Status Quo" model with all new roading contracts moving forward.

e) approves that the transport team progress to the procurement phase for key road maintenance contracts based on the recommended "Enhanced Status Quo" model.

Background

7 Southland District Council undertook this Section 17A review in response to the upcoming expiry of its key operations and maintenance (O&M) contracts in June 2026. In accordance with the Local Government Act 2002, councils are required to periodically assess the cost-effectiveness of their service delivery arrangements. At its meeting on 29 January 2025, Council endorsed the recommendation to proceed with a full review of all strategic transport roading activities to ensure that future service delivery remains efficient, effective, and aligned with community needs and legislative requirements.

8 Southland District Council currently operates a hybrid service delivery model. The governance and strategic management of the roading activity is delivered in-house by Council's roading team. Professional services are provided through a combination of a core roading contract, a panel of consultants, and specialist contracts (eg, for bridges and structures) or internal staff. For physical works, operations and maintenance contracts are delivered through geographically based collaborative contracts using alliance principles, supported by traditional contracts for specific services such as, capital projects, streetlighting and resurfacing.

9 The review assessed the performance of this model and compared it against a range of alternative service delivery options, including fully in-house delivery, outsourcing, shared services with neighbouring councils, and delivery through council-controlled organisations. The assessment considered financial and non-financial criteria such as cost-effectiveness, flexibility, access to

expertise, and implementation complexity. Stakeholder engagement was a key part of the process, involving Council staff, elected members, NZTA, service providers, and neighbouring councils.

10 The review concluded that while the current model is generally effective and performing well, there are opportunities to enhance delivery. The recommended approach is to adopt an “Enhanced Status Quo” model. This involves retaining the existing hybrid structure but introducing targeted improvements such as:

11 For professional services, it is recommended that Council:

- increase its in-house delivery whilst maintaining its relationships with recognised professional services specialists
    - in the short to medium term, this could include growing capacity in routine works such as GIS and forward works planning
    - in the long term, Council could seek to grow its capacity and capability in capital works and potentially in bridges/ structures.
- rationalise the core roading contract and panel arrangements
- structures/ bridges contract to be unchanged at this stage, recognising the need for expertise in this area.

12 For the operations and maintenance contracts it is recommended that Council:

- continue to outsource its contracts under the current format:
    - collaborative partnering contracts for operations and maintenance delivered under the principles of an alliance and delivered under the same geographic split (three contracts)
    - annual roadmaking contract delivered as a traditional contract on a three-year term (with provision for extension to a maximum of five years) – recommended that market engagement as part of procurement planning inform the decision to maintain separate contracts or combine into a single contract when the current arrangements expire. There was only one response for the Western Contract and two for the Eastern Contract, with award of both contracts going to one contractor
    - streetlighting delivered as a stand-alone traditional contract which is consistent with national trends.
- increase capacity in compliance and network management to allow the O&M contract managers to better concentrate on that work
- contracts would be reviewed to better drive performance.

13 For capital works, it is recommended that Council:

- continue to deliver works as outsourced contracts but seek to deliver improvements through, for example:
    - increased collaboration between different contracts (eg between the reseal contractors and the O&M contractors who complete the pre-reseal repairs)
    - review the way the management, surveillance, and quality assurance (MSQA) phase of capital works is delivered, currently through the project delivery team. Whilst a dedicated and appropriately skilled team can ensure high levels of monitoring,

- separation can lead to communication gaps or misalignment between teams, potentially impacting collaboration and responsiveness
- as the roading team grows, there may be benefits in delivering the MSQA through the roading team.

14 A copy of the full report from Morrison Low has been attached to this report (Appendix A)

Issues

15 No critical issues were identified with the current model; however, the review highlighted areas for improvement to ensure continued efficiency and responsiveness in a changing environment.

Factors to consider

Legal and statutory requirements

16 The review satisfies the statutory requirement under Section 17A of the Local Government Act 2002. It also aligns with NZTA procurement rules and supports Council's obligations to deliver good-quality infrastructure.

Community views

17 Wider community engagement is not sort as part of the Section 17A review, however, Council staff, elected members, NZTA, service providers and neighbouring councils feedback was incorporating into this process.

Costs and funding

18 No immediate cost implications expected, however, the recommendations are expected to improve cost-effectiveness through the recommended "Enhanced Status Quo" model.

Policy implications

19 Implementation of the recommendations outlined in this report be required to meet Council's and NZTA's procurement policy.

Analysis

Options considered

20 Two options were considered as part of the Section 17A review. Option 1 is to accept the review findings and proceed with implementing the recommended "Enhanced Status Quo" model. Option 2 is to not accept the report and seek a second opinion. While this could provide further validation, it would delay implementation, incur additional costs, and is unlikely to yield significantly different conclusions given the nature of recommendations received.

Analysis of options

Option 1 – Accept the review findings and proceed with implementing the recommended "Enhanced Status Quo" model

Advantages	*Disadvantages*
• builds on a proven model with targeted improvements • enhances institutional knowledge and control • supports long-term cost savings and service resilience • will meet deadlines to tender O&M contract • will not occur additional costs (second opinion).	• requires investment in additional in-house resources and associated risks such as recruitment and retention for specialised activities.

Option 2 – Do not accept the report and seek a second opinion

Advantages	*Disadvantages*
• Council will receive second opinion.	• will incur additional costs • will not meet deadlines to tender O&M contract • unlikely to yield significantly different conclusions.

Assessment of significance

21 Decisions on the issues in this report are not considered significant under Council's Engagement and Significance Policy.

Recommended option

22 Option 1 – Accept the review findings and proceed with implementing the recommended "Enhanced Status Quo" model with all new roading contracts moving forward.

Next steps

23 The next steps - subject to Council approval, will be to commence the implementation of the Enhanced Status Quo model. This will begin with the writing and procurement of the O&M contracts and the rationalisation of our professional service contacts. As part of the implementation process, staff will seek approval from the Finance and Assurance Committee for any contracts that exceed delegated financial or risk thresholds.

Attachments

A SDC Roading s17A

Review of Roading Activity

Southland District Council

19 June 2025

Version	Written	Reviewed	Approved	Report Date
Draft	Linda Cook	Ewen Skinner / Cushla Anich	Cushla Anich	3 June 2025
Final Draft	Linda Cook	Cushla Anich	Cushla Anich	12 June 2025
Final Draft V3	Linda Cook	Cushla Anich	Cushla Anich	19 June 2025
Final	Linda Cook	Cushla Anich	Cushla Anich	19 June 2025

Contents

Executive Summary 3

Overview 3

The review 3

Key themes 4

Recommendations 4

Next steps 6

1 Introduction 7

2 Review methodology 8

2.1 Service Delivery Review 8

2.2 Service delivery optimisation 8

2.3 Governance and Funding 9

2.4 Our approach 10

3 Current service delivery arrangements 11

3.1 Overview 11

3.2 In-house Roading Delivery 12

4 Performance 12

4.1 Overview 12

4.2 Levels of service 13

4.3 Benchmarking against peer councils 13

4.4 What are the key themes? 15

5 Regional perspective 19

5.1 Neighbouring councils 19

5.2 NZTA and the state highways 19

6 Service delivery options 20

6.1 Overview of options assessment 20

6.2 Assessment criteria 20

6.3 Assessment of options – Professional services 22

6.4 Assessment of options – physical works (O&M) 27

6.5 Assessment of options – physical works (capital works) 32

6.6 Recommended option 37

7 Opportunities to improve service delivery 40

7.1 Overview 40
7.2 In-house delivery 40
7.3 Rationalisation of professional Services contracts 41
7.4 Physical Works Contracts 43
7.5 Shared arrangements with neighbours 44
7.6 Gravel supply 45
8 Summary of key findings and conclusions 47
Appendix A Stakeholder engagement 48
Appendix B Options Assessment 49

Tables

Table 1 Current service delivery arrangements – roading activity 11
Table 2 Annual Report Results 13
Table 3 What's working well 15
Table 4 Where are the challenges and the opportunities for improvement? 16
Table 5 Assessment criteria 20
Table 6 Summary of longlist assessment – professional services 22
Table 7 Professional services – shortlisted options assessment 25
Table 8 Summary of longlist assessment – physical works (O&M) 27
Table 9 Physical works (O&M) – shortlisted options assessment 30
Table 10 Summary of longlist assessment – physical works (capital works) 32
Table 11 Physical works (capital works) – shortlisted options assessment 35
Table 12 Where to now – in-house delivery 41
Table 13 Where to now – professional services 42
Table 14 Where to now – physical works contracts 44
Table 15 Where to now – shared arrangements 45

Figures

Figure 1 Ongoing service delivery optimisation after a s17A review 9
Figure 2 Service delivery review approach 10
Figure 3 Current Roading Delivery 12
Figure 4 Transport Insights Performance Dashboard – Value for Money, Efficiency and effectiveness 14
Figure 5 Cost efficiency comparison across peer councils 14
Figure 6 Road maintenance performance across peer councils 14

Executive Summary

Overview

Southland District Council's (Council / SDC) roading activity includes strategy, asset, network and traffic management, operations and maintenance, and the design and construction of capital works, as well as governance and funding of the activity.

Through its Roading Team, SDC manages the roading activity in-house. Term contracts for roading professional services and operations and maintenance works (O&M) are outsourced with the core roading activity delivered under three geographically based contracts (collaborative partnerships using alliance principles). Capital works are delivered through a professional services panel and separate physical works contracts.

The O&M Contracts are due to expire in June 2026. Prior to going out to market, Council has undertaken a Local Government Act (LGA) Section 17A (s17A) review to determine the best service delivery model for the next term.

The LGA states: *"A local authority must review the **cost-effectiveness** of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services and performance of regulatory functions."*

The review

The main purpose of this review was to:

a) Undertake a Service Delivery Review of the roading activity for Council, incorporating a s17A review to decide whether to continue delivering the roading activity under the current model or take an alternative approach.

b) Benchmark SDC's performance against other Road Controlling Authorities (RCA).

c) Identify areas of improvement for the roading activity that can be implemented alongside the preferred delivery model to further improve cost-effectiveness and efficiency of the activity.

The review assesses Council's current service delivery model against a range of other potential service delivery options for the roading activity, considering in-house and outsourced arrangements.

A mix of interviews and workshops were held with Council's Roading Team, elected members, New Zealand Transport Agency (NZTA), incumbent service providers and neighbouring councils to understand the challenges that are being faced and identify potential opportunities to improve efficiency and cost-effectiveness of the roading activity.

The service delivery options set out under s17A of the LGA were assessed for both professional services and physical works against agreed criteria to identify a shortlist of options which were then assessed against risks and benefits.

Key themes

Through individual interviews and collective workshops with key stakeholders, several key themes were identified that the review seeks to address:

- The current overall hybrid model of an in-house roading team supported by outsourced professional services and physical works is working well, with good relationships and resulting in delivery efficiencies.
- The O&M contracts are working well and the cost-plus model allows flexibility in scope and resources to support a 'best for network' approach to work.
- An enhanced in-house team has the potential to improve delivery of services and reduce the reliance on external service providers. However, Council would carry the recruitment and retention risk.
- There are opportunities to rationalise some of the professional service activities, delivering more in-house and making better use of the current panel arrangements for 'project-based' tasks.
- There are opportunities to work closer with neighbouring councils such as continued informal knowledge sharing through to formal shared arrangements.

Recommendations

S17A delivery model review

With the current model working reasonably well, the recommended option moving forward for the professional services and physical works (O&M and capital works) is the 'Enhanced Status Quo' option. This will build on the current model to optimise services and improve overall outcomes.

Governance and funding would continue to be delivered in-house under this option.

For professional services, it is recommended that Council:

- Increase its in-house delivery whilst maintaining its relationships with recognised professional services specialists.
  - In the short to medium term, this could include growing capacity in routine works such as GIS and forward works planning.
  - In the long term, Council could seek to grow its capacity and capability in capital works and potentially in bridges / structures.
- Rationalise the core roading contract and panel arrangements.
- Structures / bridges contract to be unchanged at this stage, recognising the need for expertise in this area.

- **For the operations and maintenance contracts** it is recommended that Council:
  - Continue to outsource its contracts under the current format:
    - Collaborative partnering contracts for operations and maintenance delivered under the principles of an alliance and delivered under the same geographic split (three contracts).
    - Annual roadmaking contract delivered as a traditional contract on a three-year term (with provision for extension to a maximum of five years) – recommended that market engagement as part of procurement planning inform the decision to maintain separate

- contracts or combine into a single contract when the current arrangements expire. There was only one response for the Western Contract and two for the Eastern Contract, with award of both contracts going to one contractor.
  - Streetlighting delivered as a stand-alone traditional contract which is consistent with national trends.
- Increase capacity in compliance and network management to allow the O&M contract managers to better concentrate on that work.
- Review contracts prior to procuring to better drive performance and support cost-effective outcomes.

For capital works, it is recommended that Council:

- Continue to deliver works as outsourced contracts but seek to deliver improvements through, for example:
  - Increased collaboration between different contracts (e.g. between the reseal contractors and the O&M contractors who complete the pre-reseal repairs).
  - Review the way the Management, Surveillance, and Quality Assurance (MSQA) phase of capital works is delivered, currently through the Project Delivery Team. Whilst a dedicated and appropriately skilled team can ensure high levels of monitoring, separation can lead to communication gaps or misalignment between teams, potentially impacting collaboration and responsiveness.
  - As the Roading Team grows, there may be benefits in delivering the MSQA through the Roading Team provided they are fully utilised.

Service improvements

A number of improvement areas have been identified that will enhance the current model and should be investigated further. Each of these would need to be investigated further to fully understand the feasibility and cost implications.

These include but are not limited to:

1. **In-house delivery** - Through the review, it is recognised that there is potential benefit in growing the in-house team, both in capacity and capability with subsequent refinement and downsizing of the scope of outsourced professional services. This would see savings in budget and build up the in-house team to provide a more strategic focus as well as increasing control and ownership and building institutional knowledge to support better planning and programming as well as providing for succession planning:
   - Increasing utilisation of internal resources in RAMM and GIS work areas. Developing in-house expertise in these areas will reduce dependency on external parties with potential cost-savings and will foster long-term resilience. Internal teams can also respond more efficiently to issues, requests, or changes,
   - Additional resourcing in the RCA role such as compliance / regulatory, corridor management and traffic management would provide separation of the RCA role (auditing / compliance) and alliance contract management (delivery) role as well as allowing the O&M contract managers to have more time ‘on the ground’ managing the contracts and delivering

   responsive and effective input / decision-making and to ensure that the contracts continue to deliver as intended.
   - Management of resealing contracts in-house would provide the opportunity for cost-savings in professional services as well as supporting a more collaborative approach to planning and delivery of this key activity.

2. **Rationalisation of professional services contracts** - With a potential increase in in-house capability and capacity, there is the opportunity to rationalise the current professional services contracts:
   - The scope of the core roading professional contract could be reduced with routine tasks delivered in-house such as GIS and forward works planning.
   - Better use could be made of the panel to deliver 'project' work currently delivered under the core contract such as annual asset valuations.

3. **Physical works contracts** - All contracts should be reviewed for improvement as they come up for renewal to ensure efficiencies and value for money as well as supporting market interest at the tender box.

4. **Shared arrangements with neighbours** - It is recognised that there is opportunity for more informal and formal collaboration between councils. This would depend on demonstrated benefit to both parties, or no disbenefit to one party but a benefit to the other, and agreement on cost-sharing / levels of service / political drivers etc. Examples include:
   - Sharing of resources in RAMM and data management
   - Sharing of compliance / regulatory tasks (such as traffic management)
   - Potential joint delivery and / or procurement of contracts.

   In the first instance, Council should initiate discussions with the relevant councils to understand if there is a joint appetite to pursue these opportunities.

5. **Gravel supply** - The supply of gravel for the roading activity, coupled with river management has been raised as an area of concern. This is outside the scope of this review but a study should be undertaken to understand the potential sources, the costs, consenting requirements and the risks and benefits of the options. This study should also engage with stakeholders including Environment Southland and local iwi. Such a study would need to be fully scoped but it could potentially require a full-time resource over a fixed term of 12 months or more.

Next steps

It is acknowledged that any change requires consideration and formal approval prior to implementation as some require additional in-house resources. Below are key recommendations around what should be considered in the short term:

- Review the current O&M contracts prior to procuring on the open market for a start date of 1 July 2026.
- Further analysis of expanding the in-house team.
- Rationalisation of professional services contracts in line with the in-house delivery review.

1 Introduction

Southland District Council's (Council / SDC) roading activity includes strategy, asset, network and traffic management, operations and maintenance, and the design and construction of capital works, as well as governance and funding of the activity.

Through its Roading Team, SDC manages the roading activity in-house. Term contracts for roading professional services and operations and maintenance works (O&M) are outsourced with the core roading activity delivered under three geographically-based contracts (collaborative partnerships using alliance principles). Capital works are delivered through a professional services panel and separate physical works contracts.

The O&M Contracts are due to expire in June 2026. Prior to going out to market, Council has undertaken a Local Government Act (LGA) Section 17A (s17A) review to determine the best service delivery model for the next term.

Hence the main purpose of this review was to:

a) Benchmark SDC performance against other RCA.
b) Undertake a Service Delivery Review of the roading activity for Council, incorporating a Section 17A (s17A) review under the requirements of the Local Government Act (2002) to decide whether to continue delivering the roading activity under the current model or take an alternative approach.
c) Identify areas of improvement for cost-effective delivery of the roading activity.

The review assesses Council's current service delivery model and evaluates a range of other potential service delivery options for the roading activity, considering in-house and outsourced arrangements for both BAU and resilience works. It incorporates feedback from Council staff, elected members, NZTA, incumbent service providers and neighbouring councils.

2 Review methodology

2.1 Service Delivery Review

Service delivery reviews are a legislative requirement under s17A of the Local Government Act (2002) which states:

"A local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services and performance of regulatory functions."

The Act goes on to specify that a review must be undertaken in the following circumstances:

- When a significant change to the level of service is proposed
- Within two years of a contract or binding agreement expiring
- At any other time, but no less than six years following the last review.

Where a review is required to be undertaken, as a minimum, it must consider the 'following:

- Governance and funding by:
  - Council alone; or
  - In a shared governance arrangement with one or more other local authorities.
- Service delivery by:
  - The local authority (i.e., in-house)
  - A CCO owned by the local authority or jointly owned with another shareholder (e.g. another local authority or private party)
  - Another local authority (e.g. through a shared service arrangement); or
  - Another person or agency (e.g. outsourced contract or by opting out).

This s17A review has been triggered by the expiry of Council's roading O&M physical works contracts in 2026.

2.2 Service delivery optimisation

S17A of the Act is focussed on the overall service delivery mechanism for each council activity that delivers good-quality local infrastructure, local public services, or the performance of regulatory functions.

For the majority of activities, the primary delivery mechanism will not be the only delivery mechanism, with external expertise required to address complex or one-off issues. In-house oversight is provided on all externally sourced work. Settling on one or other primary delivery models under the Act will not reduce the ability of local authorities to deliver activities through such other models.

Once the primary delivery mechanism has been chosen, the local authorities can continue to optimise their service delivery, as shown conceptually in the following figure.

Council should continually be seeking opportunities to increase the effectiveness and efficiency of the service delivery including having the appropriate internal structure and resourcing, and through opportunities to work collaboratively with other local authorities.

Figure 1 Ongoing service delivery optimisation after a s17A review

Service Delivery Options - Section 17A (what is the most cost-effective model?)

- Considers governance, funding & delivery.
- Governance and funding delivered in-house or through joint arrangements.
- Delivery model through CCO / in-house / Outsource / by another Local Authority.

→

Service Delivery Optimisation (how can we better deliver on the preferred model?)

Examples

- In-house structure, resourcing, and processes.
- Contracts - Number, type, and length.
- Joint approach - Contracts, procurement.
- Regional collaboration.
- Contract model.

2.3 Governance and Funding

s17A specifies the service delivery and governance options that need to be considered but is less prescriptive about funding options.

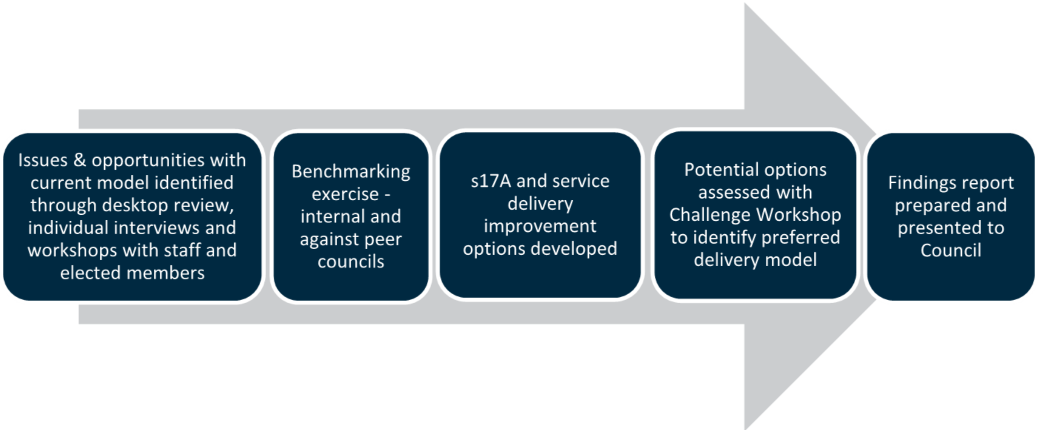
The focus of s17A is on service delivery and decisions regarding funding are not a key decision-making variable when looking at service delivery options. Regardless of which service delivery model is accepted, the funding options remain the same (in particular for roading which is subsided by NZTA). They are continually assessed and refined as part of regular service optimisation reviews, when changes to service are proposed (e.g., as part of the Long-Term Plan) or when Council reviews its revenue and financing policy. For this reason, this s17A review focuses on service delivery options and the associated governance options, with funding options being optimised as part of the implementation of the preferred service delivery option.

2.4 Our approach

2.4.1 Overview

The following steps have been completed in undertaking this review:

Figure 2 Service delivery review approach



To fully understand the current situation, the challenges being faced and potential opportunities to support improved delivery of the roading activity, elected members, Council staff, NZTA representatives, service providers and neighbouring council representatives were interviewed. Council staff and elected members also participated in a series of onsite workshops and interviews on 13 and 14 May 2025.

A list of the external and internal stakeholders interviewed is provided in Appendix A.

3 Current service delivery arrangements

3.1 Overview

Covering an area of approximately 30,000km2, the SDC roading network is extensive when compared nationally and comprises[1]:

- 4,959 km of roads
  - 1,998km sealed (approx. 40%)
  - 2,961km unsealed (approx. 60%)
- 1,073 bridges.

Council delivers its roading activity through a mixture of in-house delivery, long term contracts with professional services and physical works contractors as well as individual specialist and capital works projects.

The current service delivery approach for the roading activity is shown below in the table below.

Table 1 Current service delivery arrangements – roading activity

Activity	Key Services
In-house Roading Team	• Network management – corridor access management / compliance / traffic management / community liaison • Asset management • Contract management • Capital delivery management (through Project Delivery Team)
Professional Services	• Design and project management for capital delivery through panel of 4 suppliers • Core roading services including FWP / valuations / GIS / advisory services • Traffic counting • Structural services • Road resurfacing contract management
Physical works	• General road maintenance: 3 x Alliance contracts - Foveaux / Central / Waimea • Pavement markings: 2 x 3+1+1 term contracts (awarded to a single contractor) – East and West • Streetlight and public lighting • Resurfacing – Currently a 3+1+1 -year term contract to deliver annual programme of works delivered under two contracts (awarded to a single contractor). • Capital works on an as-required basis including activities such as pavement rehabilitation, bridges and footpaths. Existing contract size and scope varies

[1] Source: *Transport Insights - Road Efficiency Group Te Ringa Maimoa*

Activity	Key Services
	significantly with services provided by large tier 1 contractors through to smaller locally based organisations.

3.2 In-house Roading Delivery

The figure below shows the current in-house team with responsibility for the delivery of the roading activity.

The Strategic Transport team includes 10 FTE staff with commercial and financial support. The Project Delivery Team provides the MSQA role for capital projects across all infrastructure.

Figure 3 Current Roading Delivery

4 Performance

4.1 Overview

The in-house management structure for the roading activity generally meets operational service delivery needs. However, it is recognised that an increase in internal resourcing could support improved delivery.

Both the physical works and professional services contracts are running well.

4.2 Levels of service

Levels of service (LOS) for the roading activity are included in the 2024-2034 Long Term Plan. Performance against these LOS and targets, taken from Annual Reports, are shown below and show general compliance with levels of service where within Council's control.

The exception is in meeting resurfacing target where funding has not supported achievement of this performance measure. It is noted that this is not uncommon across councils in New Zealand.

Table 2 Annual Report Results

Level of service – performance measure	*Target (2023/24)*	Actual (2021/22)	Actual (2022/23)	Actual (2023/24)
Percentage of the sealed local network that is resurfaced*	*6.5%*	6.2%	5.2%	4.1%
Percentage of footpaths meeting condition rating	*≥70%*	95%	96%	96%
The average quality of ride on a sealed local road network, measured by smooth travel exposure	*98%*	Not measured	99%	99%
Gravel road roughness to acceptable standards	*≥85%*	89%	92%	91.3%
The number of serious and fatal crashes**	*reduction of 1 from prior year*	19 vs 10	22 vs 19 (2 x crashes on SHs)	11 vs 22
Response to service requests within required timeframes	*≥90%*	92%	95%	97%

**Funding has been the key reason for not meeting resurfacing targets*
***Safety results often outside the control of Council e.g. alcohol as a factor*

4.3 Benchmarking against peer councils

The REG Transport Insights data (*https://transportinsights.nz/home*) has been used as a tool to measure SDC's performance against peer councils[2].

Overall, SDC is achieving at or above its peer group for 'value for money, efficiency and effectiveness' as shown below:

[2] SDC peer group defined as 'Rural Districts with a proportion of ONRC classified network equalling 10% urban and below'

Figure 4 Transport Insights Performance Dashboard – Value for Money, Efficiency and effectiveness

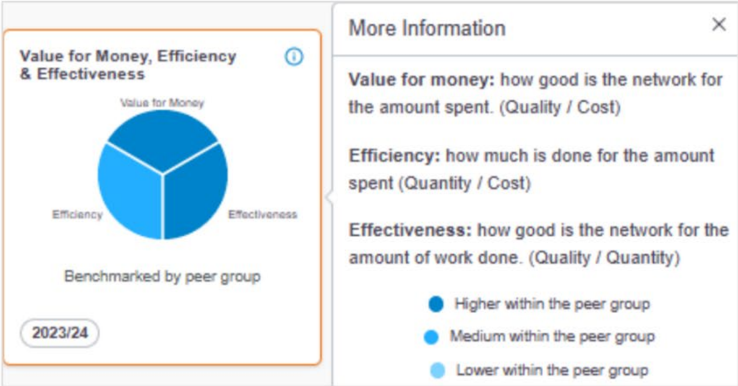
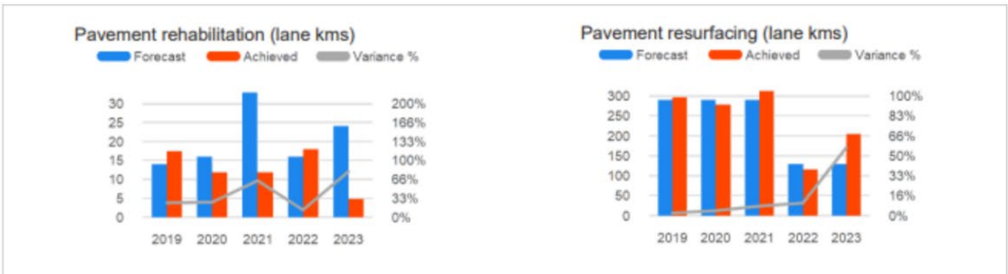


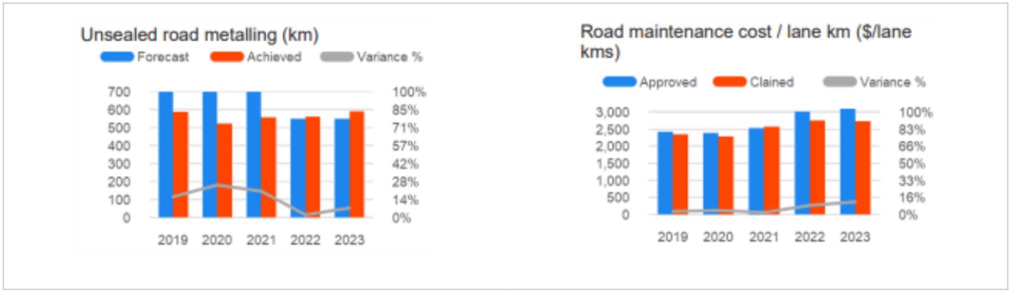
Figure 5 Cost efficiency comparison across peer councils

These graphs show that SDC has a lower cost per km of road in terms of all expenditure and in its maintenance, operations and renewals activities.

This compares to Council generally spending close to its annual forecast as shown in Figure 6 below.

Figure 6 Road maintenance performance across peer councils





Procedural and technical audits completed by NZTA have resulted in 'effective' co-investor assurance for 2022/23 (there are no results for 2023/24).

4.4 What are the key themes?

From discussion with key stakeholders (internal and external) and workshops with elected members and the Roading Team, the following sections outline the key positives and challenges being faced under the current arrangements.

4.4.1 What's working well?

Overall, the current model for delivering the roading activity has been delivering sound results with good relationships and performance.

Table 3 What's working well

Theme	Discussion
Relationships with current suppliers is good	• This has been recognised across all internal and external parties and greatly contributes to the overall performance of the roading activity and its various contracts. • In particular, O&M delivery under a high risk model with good relationships has supported 'best-for-network' decision-making.
Generally meeting LTP levels of service targets and performance compares favourably with its peer groups	• Refer to section 4.2 above. • The exception to delivery against LTP targets is resurfacing where funding limitations have impacted delivery. • Council is generally performing at or above its peer groups in value for money, efficiency and effectiveness, delivering works at a lower $/km.
A contract model of collaborative partnering delivered under alliance principles model allows for flexibility to change scope of works to best meet needs	• The cost-plus model allows Council and its alliance partners to focus on areas with most need. • Flexibility in resourcing – good for routine works as well as reactive and emergency response. • Works / scope can be changed to meet budgets.

Theme	Discussion
An alliance model can support innovation and trying new alternative / ideas	• In agreement between parties, and subject to available funding, the Principal and their service providers can work together to try new ideas – would be some reluctance to this in a traditional contract where scope is more fixed. • New and alternative ideas can often lead to a more efficient or cost-effective and better outcomes.
Feedback suggests that the current contract delivery model is working	• The current mix of contracts for physical works and professional services is appropriate for Southland and is working reasonably well.

4.4.2 Where are the opportunities for improvement?

Whilst it is generally accepted, through interviews and workshops, that the roading activity is being delivered to required standards, this review has identified several areas for improvement as summarised in the table below. The improvement actions have the potential for efficiencies in delivery of the roading activity if implemented.

Table 4 Where are the challenges and the opportunities for improvement?

Theme	Challenges / Improvement areas
Cost of delivery increasing	• This has an impact on what can be achieved but the alliance arrangements allow flexibility to respond. • This has been particularly so in Council not meeting its resurfacing targets. • How can the roading activity be delivered more cost-effectively / where are the potential cost-savings? • Need to prioritise on a 'best for network' basis.
Performance management provisions could be strengthened	• It is generally accepted that an overall good performance for the roading activity is based largely on trusted relationships. • KPIs were developed in the establishment stage of the alliance contracts but there is general agreement that these could be strengthened to allow for 'when things aren't going so well'. This needs to be reviewed as part of the new contracts. • Incentives can drive performance.
There are opportunities to deliver more in-house	• Increased in-house delivery can support control, ownership, institutional knowledge and succession planning. • Alliance Contract Managers do not have the capacity to be 100% 'on the ground' due to other competing demands such as corridor access, compliance and traffic management.

Theme	Challenges / Improvement areas
	• Increased in-house delivery will reduce the reliance on external service providers although access specialists would still be needed for some activities such as bridges / structures. • Increased in-house delivery will carry the risk of recruitment and retention – need to make any new roles attractive.
Geographic spread, location and length of network can have an impact on the supplier market	• Can be difficult to attract suppliers so need a model that ensures continued resourcing. • Whilst Council supports engagement of local resources, this needs to be balanced against cost, quality of delivery and other factors such as health and safety.
Potential opportunities to work with neighbours	• Options for shared services include (and are discussed in more detail later in this report: – Data management – Some physical works such as resurfacing – Traffic management • Benefits could include: – Cost-efficiencies – Consistency in delivery – Shared costs where a full FTE is not required for a specific activity • Council will need to demonstrate a balance in benefit to each council and the overall good of the region. • There is also the opportunity for general knowledge sharing through industry forums such as REG.
Professional services could potentially be rationalised	• Council has a number of separate professional services contracts as well as a panel in place. There is potential to rationalise these to reduce the number. • This would be best done with an increase in in-house delivery as above. • Examples raised include: – Parts of the core roading services contract such as GIS and forward works planning could be delivered in-house. – Project based work delivered under the core roading contract, such as valuations, could potentially be awarded as a separate contract either annually through the panel or on a term basis. – Resurfacing contract management could be largely delivered in-house although would still need access to specialists at times.

Theme	Challenges / Improvement areas
	This needs to be explored further and would be influenced by the ability to grow the in-house team.
Supply of roading metal across the District - are there better options / how do we manage risk?	• Whilst this is recognised as an ongoing issue and does have implications on delivery of the roading activity, particularly in the maintenance of unsealed roads, further investigation into options is beyond the scope of this review. • It is recommended that this be the subject of a separate review / business case.

5 Regional perspective

5.1 Neighbouring councils

SDC has a good relationship with its neighbouring councils on an informal and ad hoc basis. It is generally agreed that these relationships could be enhanced whilst recognising that under the current delivery models, this can be challenging.

Gore District Council (GDC) delivers its roading activity through six physical works contracts. As well as larger general maintenance contracts (routine maintenance, sealed repairs, vegetation control, road markings), this includes smaller contracts such as concreting works and mechanical cleaning. The works have been unbundled with a drive to engage the local market. The resurfacing contract is currently delivered jointly with Clutha District Council but this contract is due to expire late 2025.

Invercargill City Council (ICC) operates under a mix of in-house and outsourcing including an alliance for operations and maintenance, professional services provider for capital works and separate resurfacing and rehab contracts.

Both councils agree that there are good opportunities for coordinating of activities but would need to ensure that the contracts align. Shared arrangements in areas such as data management could also be of benefit alongside more informal opportunities such as training and knowledge sharing. Working closer together could also support more efficient response / emergency management.

Road safety education is delivered across Gore, Invercargill and Southland under a single contract managed through ICC.

SDC and ICC also have a joint Engineering Code of Practice which promotes consistent standards across both areas in subdivision development and land use.

Other neighbours: Queenstown Lakes, Clutha, Central Otago and Westland District Councils deliver their roading activities under a number of different contract models. The opportunity for any formal collective approach to delivery is less with these councils than with GDC and ICC, although the current knowledge sharing through REG and other forums should continue.

5.2 NZTA and the state highways

There are a number of state highways that pass through the Southland District. In particular, these include SH6 that runs north to south and SH96 that runs east to west. SH1, SHS 93, 94, 95, 97, 98 and 99 are also part of the Southland network. Currently delivery is through a Network Outcomes (NOC) model, although NZTA is procuring a new Integrated Delivery Model (IDM) which is anticipated to be in place by April 2026.

With local communities seeing the state highways and local roads as a single roading network, relationships are important between the two organisations to support effective engagement and communication with those communities.

6 Service delivery options

6.1 Overview of options assessment

The options for alternative service delivery arrangements have been assessed against the status quo. These include those options required under s17A as listed in Section 2.1.

A longlist of options was identified for professional services and physical works (O&M and capital works considered separately) and assessed against agreed weighted criteria. From this, a shortlist of options was identified and assessed in further detail against benefits and risks.

A challenge workshop with the Roading team was held on 27 May 2025 to review the initial strawman assessment of options completed by Morrison Low.

6.2 Assessment criteria

The following criteria has been agreed for assessing the service delivery options, both professional services and physical works.

The weightings applied demonstrate the importance of quality-of-service delivery and flexibility to respond to changing requirements and access to specialist expertise.

The criteria also acknowledge that cost is a key factor in delivery of physical works but quality of works and the ability to access specialists is more critical for professional services.

Table 5 Assessment criteria

Criteria	Weighting		Discussion
	Professional Services (%)	Physical works – O&M / Capex (%)	
Financial			
Establishment / set up costs	5	5	
Ongoing delivery costs	25	35	
Total financial	***30%***	***40%***	
Non-financial			
Ability to control / influence outcomes	20	20	Council's ability to directly influence the quality of the service provided and manage risk.
Flexibility to respond to changing requirements	15	20	To meet demand of communities / funding changes / legislative change.
Ease of access to expertise	20	5	To support the preferred model.
Resourcing risk	10	10	Internal staff and external suppliers / service providers.

Criteria	Weighting		Discussion
	Professional Services (%)	Physical works – O&M / Capex (%)	
Complexities around implementation	5	5	Is it achievable and sustainable and in line with Council's risk appetite?
Total non-financial	***70%***	***60%***	

6.3 Assessment of options – Professional services

6.3.1 Longlist assessment – professional services

The longlist of options was assessed against agreed assessment criteria. A summary of the assessment is provided in the table below with the full assessment included in Appendix B.

Table 6 Summary of longlist assessment – professional services

Option			Description	Rank	Assessment
Governance and Funding in-house	1. Hybrid Model	**1a –status quo**	Mix of in-house and outsourced delivery: • Contract management, network management, asset management delivered in-house. • Capex PS delivered through Panel. • Core roading PS contract. • Structures PS contract.	2	SHORTLISTED • Status quo works well although some current in-house vacancies. • With some service optimisation, the current model could improve overall delivery. • This model provides access to specialist skills that are needed from time to time.
		1b – enhanced status quo	initiatives to improve delivery under the current model explored further such as: • Increased in-house delivery. • Rationalisation / review of scope of current PS contracts. • Greater use of panels. • More collaboration with neighbouring councils.	1	SHORTLISTED • With some service optimisation, the current model could improve overall delivery. • This model provides access to specialist skills that are needed from time to time.
	2	**Delivery all in-house** (set up as a business unit or similar as per s25(5) of the LTMA 2003)	• All roading professional services delivered in-house - contract management, network management, design (minor capex and renewals), asset management. • SDC would employ all professional services staff.	4	NOT RECOMMENDED • Risks related to recruitment and retention and lack of ease of access to specialist expertise make this option less favourable than the hybrid model.

Option			Description	Rank	Assessment
	3	**Delivery by own CCO**	• Transfer of professional services to a newly formed CCO/CCTO with a board of directors / committee.	8	NOT RECOMMENDED • Complex model. • No benefits over in-house / hybrid model.
	4	**Delivery by another Local Authority**	• Transfer of professional services to another Local Authority. • SDC would provide strategic direction.	10	NOT RECOMMENDED • No benefits over in-house model which is generally well-resourced. • Complexities in governance and mgt. • Some loss of control if another TLA was to deliver professional services for SDC. • Likely more expensive model.
	5	**Delivery fully outsourced**	• Delivery of professional services fully outsourced. • SDC would provide strategic direction.	6	NOT RECOMMENDED • Fully outsourced not considered necessary where SDC has an in-house team. • Would be a more expensive model and SDC would lose some control.
Governance and funding through Joint Committee or other shared governance arrangement	6	**Delivery by Joint CCO**	• Similar to option 3 but with other councils as joint owners.	7	NOT RECOMMENDED • Complex model. • Would also unlikely be a preferred option of neighbouring councils. • Large set-up costs and complexities.
	7	**Delivery by another Local Authority**	• Delivery of professional services by neighbouring council. • Strategic direction set as a collective.	11	NOT RECOMMENDED • Loss of ownership and control. • May affect quality of delivery with differing priorities across councils.
	8	**By shared service agreement with another council(s)**	• Council enters into shared services agreement with neighbouring council/s to manage and provide professional services.	3	SHORTLISTED • This option has the potential to provide cross-boundary benefits of shared thinking and planning.

Option			Description	Rank	Assessment
			• Each council provides their own strategy, policy direction but enter into a formal shared services arrangement for professional services. • Could be some or all PS.		• Could also provide for capability and capacity gaps across participating councils. • May be some competing priorities to deal with and would need to agree levels of service. • Service Level Agreement between councils needed.
	9	**Delivery by another agency / outsourced**	• Delivery of professional services outsourced under a shared agreement. • Strategic direction set as a collective.	9	NOT RECOMMENDED • Potentially more expensive model. • Complexities in governance and management.
	10	**Delivery through alliance**	• PS incorporated into the Alliance contracts.	5	NOT RECOMMENDED • No significant benefits of including professional services in an alliance for routine O&M - more relevant for large scale capital works.

6.3.2 Shortlist assessment – Professional Services

The highest-ranking options from the longlist assessment, as below, were shortlisted for further consideration against benefits and risks to determine the recommended way forward.

Table 7 Professional services – shortlisted options assessment

Option	Benefits / Alignment with drivers *Cost-effectiveness / Value for Money* *Ability to control outcomes* *Flexibility to respond to changing needs* *Internal capability and capacity* *Ease of access to specialists / experts*	Assessment against risks *Council's ability to attract and retain staff* *Affordability* *Implementation and complexity of the service delivery model* *Lack of interest from the market*	Overall assessment
Enhanced status quo (Option 1b) *initiatives to improve delivery under the current model:* • *Increased in-house capability and capacity* • *Rationalisation of current contracts – reduced scope of core contract and increased delivery under panels*	High alignment: • Potential to give best value for money with service optimisation options introduced. • Collaborative and more direct relationships to support better network outcomes. • Delivering more in-house and rationalisation of contracts has the potential to deliver improvements in delivery and cost-savings. • Strengthening of the in-house team to fill capability and capacity gaps, at contract management, planning and operational levels, reducing reliance on external service providers, whilst recognising that they will continue to be an important part of overall delivery. • Ability to introduce flexibility into new contracts to provide for enhanced in-house team. • More in-house control will provide more flexibility.	• Council will carry a higher recruitment and retention risk: – More collaborative model with more opportunities likely to be more attractive for recruitment and retention of staff. • Getting the in-house / outsourced balance right – level of service vs cost to deliver. • Simple model to establish with minimal change and consequently minimal risk: – Any changes to be developed and initiated over 1-2 years to reduce risks associated with implementation.	RECOMMENDED Low risk with positive outcomes. Refer Section 6.6 for discussion

Option	Benefits / Alignment with drivers *Cost-effectiveness / Value for Money* *Ability to control outcomes* *Flexibility to respond to changing needs* *Internal capability and capacity* *Ease of access to specialists / experts*	Assessment against risks *Council's ability to attract and retain staff* *Affordability* *Implementation and complexity of the service delivery model* *Lack of interest from the market*	Overall assessment
Status Quo (Option 1a) *Professional services outsourced through:* • *Core Roading contract* • *Bridges / structures* • *Capital works panel* • *Reseals contract mgt*	Some alignment: • Easy access to specialists and ability to efficiently resource varying workloads including peak workloads. • No change to current governance / management.	• Status quo unlikely to improve overall cost-effectiveness. • Unlikely to see any cost-savings. • Limited ability to attract skilled staff – has impact on institutional knowledge / succession planning etc. • Limited ability to respond to change.	NOT RECOMMENDED - The status quo will not deliver the improvements desired.
By shared service agreement with another council(s) (Option 8) *Would apply to some services only*	Some alignment: • Potentially some regional benefits such as consistency in delivery. • Shared resourcing may deliver some efficiencies.	Medium risk: • More complex governance structure to implement. • Some potential for cost-savings in delivery but likely to be limited for SDC. • Would be some additional cost in set up and governance.	FUTURE POTENTIAL but subject to further discussion with neighbours and scoping of opportunities. Would also likely be influenced by in-house / outsource discussions.

6.4 Assessment of options – physical works (O&M)

6.4.1 Longlist assessment – physical works (O&M)

The longlist of options was assessed against agreed assessment criteria. A summary of the assessment is given in the table below with the full assessment included in Appendix B.

Table 8 Summary of longlist assessment – physical works (O&M)

Option			Description	Rank	Assessment
Governance and Funding in-house	1 - 3 x Alliance contracts	1a Status quo	• Operations and maintenance delivered under 3 separate alliance / collaborative contracts. • Separate traditional term contracts for road markings / streetlights. • Separate resurfacing contacts.	2	SHORTLISTED • Meets requirements but room for improvement through service optimisation to drive cost-effectiveness.
		1b Enhanced status quo	• Current delivery model with improvements implemented.	1	SHORTLISTED • With some service optimisation, the current model could improve overall delivery.
	2	Delivery in-house	• Not a viable option (LTMA section 25(4)).	Not scored - Not a viable option (LTMA section 25(4)) *'It is a condition of every procurement procedure that the Agency or an approved organisation must procure outputs from a provider other than the Agency or that organisation (as the case may require), or its employees'*	

Option			Description	Rank	Assessment
	3.Alternative outsourcing models	3a O&M physical works delivered under a traditional model	• Alliance disestablished and physical works contracts delivered under a traditional model.	8	NOT RECOMMENDED • Traditional model (M&V / lump sum) does not provide flexibility of current model. • Unlikely to be any benefits.
		3b O&M physical works delivered under a single contract	• All O&M works combined under a single contract (either as a collaborative / alliance approach under a traditional model).	4	NOT RECOMMENDED • Resourcing risk. • Negative impact on market.
	4	Delivery by CCO	• Council forms a CCO or CCTO for the delivery and management of all roading services. • Planning and administration would be undertaken by a centralised team within the CCO.	7	NOT RECOMMENDED • Complex model. • Large set-up costs and complexities for minimal benefit.
	5	Delivery by another Local Authority	• Neighbouring council delivers O&M works on behalf of SDC. • SDC sets strategic direction and undertakes planning.	10	NOT RECOMMENDED • Complex model that is likely to be more expensive and not support SDC priorities.
Governance and funding through	6	Outsourced delivery - joint contract with another Local Authority	• Works procured jointly with neighbouring council/s.	4	NOT RECOMMENDED • This model could deliver cost benefits but the likelihood of achieving this is low. • Current delivery models are not aligned. • Competing priorities.

Option			Description	Rank	Assessment
	7	Delivery by Joint CCO	• Similar to option 3 but with other councils as joint owners.	9	NOT RECOMMENDED • Complex model. • Would also unlikely be a preferred option of neighbouring councils. • Large set-up costs and complexities.
	8	Delivery by another TLA	• Physical works delivered by another TLA on behalf of SDC. • SDC provides strategic and planning input through joint agreement.	11	NOT RECOMMENDED • Complex model that is likely to be more expensive and may not support SDC priorities.
	9	Delivery through full Alliance	• Alliance between SDC, O&M Contractor and professional services provider under a true Alliance format.	3	SHORTLISTED • Shared goals and objectives • Potential for improved planning and programming of routine works. • Likely more benefit growing in-house team than full Alliance
	10	Delivery through PPP	• Public Private Partnership	6	NOT RECOMMENDED • Complex model with no benefits over status quo.

6.4.2 Shortlist assessment – Physical works (O&M)

The highest ranking options from the longlist assessment, as below, were shortlisted for further consideration against benefits and risks to determine the preferred way forward.

Table 9 Physical works (O&M) – shortlisted options assessment

Option	Benefits / Alignment with drivers	Assessment against risks	Overall assessment
	Cost-effectiveness / Value for Money *Ability to control outcomes* *Flexibility to respond to changing needs* *Internal capability and capacity* *Ease of access to specialists / experts*	*Council's ability to attract and retain staff* *Affordability* *Implementation and complexity of the service delivery model* *Lack of interest from the market*	
Enhanced status quo (Option 1a) *Whilst the contract model would remain unchanged, improvements would be made through increased resourcing (for SDC) and a review of contracts to drive performance*	High alignment: • Further builds on a model that is working - Potential to give best value for money with service optimisation options introduced. • In-house team will be strengthened to fill capability and capacity gaps and support further collaboration 'on the ground' in contract management. • Council continues to remain in control over the form of contract, contract duration, standards, and specifications	Low risk: • Will be a cost to additional resources and Council will carry a higher recruitment and retention risk but: – More opportunities likely to be more attractive for recruitment and retention of staff. – Additional resourcing costs in compliance, corridor management etc will largely be on-cost to the customer. • Simple model to establish, minimal change. • Some reluctance to change when current model is working – need buy in and time will be required to fully demonstrate effectiveness of the improvement initiatives.	**RECOMMENDED** Refer Section 6.5 for discussion and Section 7 for service delivery improvements

Option	**Benefits / Alignment with drivers** *Cost-effectiveness / Value for Money* *Ability to control outcomes* *Flexibility to respond to changing needs* *Internal capability and capacity* *Ease of access to specialists / experts*	**Assessment against risks** *Council's ability to attract and retain staff* *Affordability* *Implementation and complexity of the service delivery model* *Lack of interest from the market*	Overall assessment
Status Quo (Option 1a)	Some alignment: • Certainty with the status quo • Model is generally working to an acceptable level	Low risk: • Already in place and delivering against requirements but status quo unlikely to improve overall cost-effectiveness or deliver improvements.	NOT RECOMMENDED - The status quo will not deliver the improvements desired.
Delivery through a full Alliance *SDC, O&M Contractor*	High alignment: • Shared objectives for the network. • Less reliance on external resources with a full Alliance in place. • Consistency across the contract/s.	Medium risk: • More complex governance structure with 3rd party and change to full alliance model. • Hard to demonstrate benefits to include consultant in O&M alliance model. • Need high level of 'maturity' within each organisation to be able to deliver under an Alliance.	NOT RECOMMENDED - more complex arrangement and limited benefit

6.5 Assessment of options – physical works (capital works)

6.5.1 Longlist assessment – physical works capital

The longlist of options was assessed against agreed assessment criteria. A summary of the assessment is given in the table below with the full assessment included in Appendix B.

Table 10 Summary of longlist assessment – physical works (capital works)

Option			Description	Rank	Assessment
Governance and Funding in-house	1 - 3 x Alliance contracts	1a Status quo	• Capital works outsourced under multiple traditional contracts.	2	SHORTLISTED • Meets requirements but room for improvement through service optimisation to drive cost-effectiveness.
		1b Enhanced status quo	• Current delivery model with improvements implemented such as increased collaboration across parties, a review of contract models.	1	SHORTLISTED • An effective collaborative model can support best network outcomes. • Joint planning and programming can best meet Council's requirements whilst ensuring appropriate resources etc. • Service optimisation can help deliver efficiencies.
	2	Delivery in-house	• Not a viable option (LTMA section 25(4)).	Not scored - Not a viable option (LTMA section 25(4)) *'It is a condition of every procurement procedure that the Agency or an approved organisation must procure outputs from a provider other than the Agency or that organisation (as the case may require), or its employees'*	

Option		Description	Rank	Assessment
3.Alternative outsourced arrangements	3a Resealing contract (renewals) incorporated into alliance contracts	• Resealing contracts incorporated into alliance contracts.	4	SHORTLISTED to further explore (not uncommon to be part of O&M contract) • Resealing contract currently outside the alliance in an attempt to provide an open market environment. • Is typically different crews to the routine O&M of a largely unsealed network. • May make the contract more attractive. • Benefits of reseal repairs and resealing activities being delivered under same contract e.g. ease of access to resources.
	3b All physical works (O&M / capex) incorporated into a single contract	• O&M, road markings, possibly streetlights, renewals and capital works delivered as a combined contract. • Can still be delivered on a geographic split either as an alliance or a traditional contract.	5	NOT RECOMMENDED • No perceived benefit over the status quo - financial or non-financial. • Potential complexities of a single contract delivering O&M and capital works - different contractor capability needed.
4	Delivery by CCO	• Council forms a CCO or CCTO for the delivery and management of all roading services. • Planning and administration would be undertaken by a centralised team within the CCO.	9	NOT RECOMMENDED • Complex model. • Large set-up costs and complexities for minimal benefit.
5	Delivery by another TLA	• Neighbouring council delivers O&M works on behalf of SDC. • SDC sets strategic direction and undertakes planning.	11	NOT RECOMMENDED • Complex model that is likely to be more expensive and not support SDC priorities.

Option			Description	Rank	Assessment
Governance and funding through Joint Committee or other shared governance arrangement	6 - Outsourced - joint contract with another TLA/s	6a All works	• All capital works procured jointly with neighbouring council/s.	8	NOT RECOMMENDED • This model could deliver cost benefits but the likelihood of achieving this is low. • Current delivery models are not aligned. • Competing priorities.
		6b Selected works	• Works procured jointly with neighbouring council/s for selected works e.g. reseals.	3	SHORTLISTED • This model could deliver cost benefits. • Potential competing priorities to be managed.
	7	Delivery by Joint CCO	• Similar to option 3 but with other councils as joint owners.	10	NOT RECOMMENDED • Complex model. • Would also unlikely be a preferred option of neighbouring councils. • Large set-up costs and complexities.
	8	Delivery by another TLA	• Physical works delivered by another TLA on behalf of SDC. • SDC provides strategic and planning input through joint agreement.	11	NOT RECOMMENDED • Complex model that is likely to be more expensive and may not support SDC priorities.
	9	Delivery through full Alliance	• Alliance between SDC, O&M Contractor and professional services provider under a true Alliance format.	6	NOT RECOMMENDED • An alliance that also incorporates PS is more common in larger capital works contracts and unlikely to be of benefit for SDC.
	10	Delivery through PPP	• Public Private Partnership.	6	NOT RECOMMENDED • A high level of maturity is required across all parties. • More common in significant capital works projects. • Minimal perceived benefit to SDC.

6.5.2 Shortlist assessment – Physical works (capital works)

The highest ranking options from the longlist assessment, as below, were shortlisted for further consideration against benefits and risks to determine the preferred way forward.

Table 11 Physical works (capital works) – shortlisted options assessment

Option	Assessment of Benefits *Cost-effectiveness / Value for Money* *Ability to control outcomes* *Flexibility to respond to changing needs* *Internal capability and capacity* *Ease of access to specialists / experts*	Assessment against risks *Council's ability to attract and retain staff* *Affordability* *Implementation and complexity of the service delivery model* *Lack of interest from the market*	Overall assessment
Enhanced status quo (Option 1b) *Current delivery model with improvements implemented such as increased collaboration across parties, a review of contract models*	High alignment: • Potential to give best value for money with service optimisation options introduced (refer Section 7 below). • Ability to provide for local workforce development through procurement procedures. • Collaborative relationships, working together, to support positive network outcomes e.g. Joint planning and programming across parties can best meet Council's requirements whilst ensuring appropriate resources etc.	Low risk: • More collaborative model with more strategic direction likely to be more attractive for recruitment and retention of staff. • Governance structure and set up unchanged.	RECOMMENDED Refer to Section 7 for more consideration of delivery improvements.
Status quo (Option 1a)	Some alignment: • Certainty with the status quo. • Model is generally working to an acceptable level.	Low risk: • Already in place and delivering against requirements but status quo unlikely to improve overall cost-effectiveness or deliver improvements.	NOT RECOMMENDED - The status quo will not deliver the improvements desired.

Option	Assessment of Benefits	Assessment against risks	Overall assessment
	Cost-effectiveness / Value for Money *Ability to control outcomes* *Flexibility to respond to changing needs* *Internal capability and capacity* *Ease of access to specialists / experts*	*Council's ability to attract and retain staff* *Affordability* *Implementation and complexity of the service delivery model* *Lack of interest from the market*	
Outsourced through joint delivery with another TLA for selected works (Option 6b)	Some alignment: • Efficiencies of scale. • Consistency in approach.	Medium risk: • Some loss of control over local priorities - would need to agree levels of service for delivery. • Some complexities around sharing resources across 2 councils. • Scale of works across councils unlikely to deliver significantly on cost. • Some complexities in agreement programmes.	FUTURE POTENTIAL To consider on a case-by-case basis: What is the appetite from other councils / What are the viable options and what are the benefits to each council?
Resealing contract (renewals) incorporated into alliance contracts (Option 3a)	• Potential efficiencies of scale. • Improved alignment between planning / programming and delivery.	• Impact on contractor market. • Different works – different crews – would the work be sub-contracted (with associated mark ups).	FUTURE POTENTIAL Potential but needs further consideration: 1. Cost analysis – are there potential savings? 2. Impact on management of O&M contracts. 3. Market analysis for suppliers.

6.6 Recommended option

6.6.1 Overview

With the current model working reasonably well, the recommended option moving forward for the professional services and physical works (O&M and capital works) is the **'Enhanced Status Quo'** option. This will build on the current model to optimise services and improve overall outcomes. Governance and funding would continue to be delivered in-house under this option.

The sections below provide more discussion on the recommended approach.

6.6.2 Professional Services

For the Enhanced Status Quo option, Council would seek to:

- Increase its in-house delivery whilst maintaining its relationships with recognised professional services specialists.
- Rationalise the core roading contract and panel arrangements.
- Structures / bridges contract to be unchanged at this stage, recognising the need for expertise in this area.

The extent to which Council is able to grow its in-house team will influence changes to the professional services arrangements. The Core Roading Professional Services contract is due to expire in 2026 with provision for extensions to 2028. Hence the recommendation is that changes be introduced into the new contract, allowing Council to progressively grow its capability and capacity (refer Section 7 for more discussion).

The key benefits of this option are:

- Service optimisation initiatives (refer to Section 7 below for examples) have the potential to deliver improvements in delivery.
- Through expanding in-house capability and capacity levels, Council can grow its institutional knowledge, increase control over outcomes, including at a strategic level, and provide for succession planning.
- Building the in-house technical capability and capacity, where this can be demonstrated to provide efficiencies through reduced reliance on external service providers.
- Continued benefits of outsourcing and access to a wide range of specialists and the ability to vary workloads to meet demand / need.
- The in-house governance structure will not change and is not complex.

To minimise risks associated with this option:

- Review the various contracts to ensure that future needs are met:
  - Focus will be on the core roading contract and the panel arrangements (what could be better delivered in-house and how can the panel be better utilised).
  - Scope of bridges / structures contracts to remain more or less unchanged (specialist skills required) but reviewed for currency and any potential improvements.
- Introduce any in-house changes to support the improvements over an appropriate timeframe to allow for onboarding and upskilling of new staff.
- Affordability of any optimisation initiatives would need to be assessed on a case-by-case basis and additional funding requested through the Annual Plan / Long Term Plan processes.

6.6.3 Physical works – Operations and Maintenance

The '**Enhanced status quo'** is the recommended option for both the O&M delivery and delivery of capital works with the potential to give added value for money with service optimisation initiatives introduced:

- For O&M, Council would continue to outsource its contracts under the current format:
  - Collaborative partnering contracts for operations and maintenance delivered under the principles of an alliance and delivered under the same geographic split (three contracts).
  - Annual roadmaking contract delivered as a traditional contract on a three-year term (with provision for extension to a maximum of five years) – recommended that market engagement as part of procurement planning inform the decision to maintain separate contracts or combine into a single contract when the current arrangements expire. There was only one response for Western Contract and two for the Eastern Contract, with award of both contracts going to one contractor.
  - Streetlighting delivered as a traditional contract which is consistent with national trends.
- Council would increase capability and capacity in compliance and network management to allow the O&M contract managers to better concentrate on that work.
- Contracts would be reviewed to better drive performance.

The key benefits of this option are:

- Service optimisation initiatives (refer to Section 7 below for examples) have the potential to deliver improvements in delivery.
- The in-house governance structure will not change and is not complex.
- Council continues to remain in control over the form of contract, contract duration, standards, and specifications.

To minimise risks associated with this option:

- Review the various contracts to ensure that all needs are met and that there is incentive to deliver better outcomes.

6.6.4 Physical works – Capital works

The **'Enhanced status quo'** is the recommended option for both the O&M delivery and delivery of capital works with the potential to give added value for money with service optimisation initiatives introduced.

For capital works, Council would continue to deliver works as outsourced contracts but would seek to deliver improvements through, for example:

Increased collaboration between different contracts (e.g. with the O&M contractors).

- Seek to improve collaboration with Council's Project Delivery Team who are primarily responsible for the MSQA phase for capital works.

The key benefits of this option are:

- Service optimisation initiatives (refer to Section 7 below for examples) have the potential to deliver improvements in delivery.
- The in-house governance structure will not change and is not complex.

- Council continues to remain in control over the form of contract, contract duration, standards, and specifications.

To minimise risks associated with this option:

- Review the various contracts to ensure that all needs are met and that there is incentive to deliver better outcomes.

6.6.5 Alignment of delivery options

The recommended option for professional services and physical works is the 'Enhanced Status Quo' option which will build on the current model of outsourcing to better optimise services.

It is however noted that there should be alignment across the different work programmes to deliver the best outcomes. This is addressed through Section 7 below and through:

- Developing the in-house team to support a more strategic approach to programme delivery and provide more support to delivery.
- Build collaboration within Council to improve relationships, increase visibility across activities and support an organisation-wide approach to delivery.
- Identifying gaps within Council's in-house team to provide the best balance between in-house and outsourced resources and to improve customer service response.
- A review of future tenders / contracts for scope and scale to deliver 'best for network' and cost-effective outcomes.
- Enhance the existing relationships with neighbouring councils to further share knowledge and support a regional approach / shared arrangements where this is of benefit to all parties.

7 Opportunities to improve service delivery

7.1 Overview

The s17A review is a legislated requirement that considers the model of delivery for the roading activity, considering governance, funding, and service delivery.

As noted in Section 2.2, once the primary model of delivery has been selected, Council can optimise service delivery as part of their roading activities through increasing the effectiveness and efficiency of the service delivery. Through the workshops, review of documentation and interviews with stakeholders, several potential areas for improvement have been identified as below.

7.2 In-house delivery

7.2.1 What are our options?

Through the review, and in particular through discussion with the Roading Team, it is recognised that there is potential benefit in growing the in-house team, both in capacity and capability. With the right team, there is the potential to refine and downsize the scope of outsourced professional services which would see savings in budget and build up the in-house team to provide a more strategic focus as well as increasing control and ownership and support in building institutional knowledge to support better planning and programming.

The following areas would be the focus for further consideration:

- Increasing utilisation of internal resources in RAMM and GIS work areas. Developing in-house expertise in these areas will reduce dependency on external parties with potential cost-savings and will foster long-term resilience. Internal teams can also respond more efficiently to issues, requests, or changes.
- Additional resourcing in the RCA role such as compliance / regulatory, corridor management and traffic management would be:
  - Address the separation of the RCA role (auditing / compliance) and alliance contract management (delivery) roles.
  - Allow the O&M contract managers to have more time 'on the ground' managing the contracts and delivering responsive and effective input / decision-making and to ensure that the contracts continue to deliver as intended.
- Resealing contract management, currently fully outsourced (see discussion below).

The approach to recruitment and retention would need to be assessed to ensure that this is an attractive proposition. The option of cadetships could provide for succession planning as well as being an option for individual professional growth.

Council would need to be able to show cost-savings through in-house growth, and employment of staff. This would be demonstrated through reduced professional services input and ability to on-cost charges related to the RCA activities (through fees and charges).

The option of delivering more specialist professional services tasks, for example in-house geometric design and bridges / structures, could be investigated over time. At this stage, the focus would best be on routine tasks that would fully engage personnel.

As part of an in-house delivery review, it is suggested that the role of the Project Delivery Team be considered to support a more collaborative and seamless operation between the two SDC groups.

7.2.2 Where to now?

Table 12 Where to now – in-house delivery

When	What
Short term (6-12 months)	Further analysis of expanding the in-house team: • What roles do we need? • What are the costs, risks and benefits? • How can the relationship / alignment between the Roading Team and Project Delivery be improved for more efficient delivery of projects?
Medium term (next 12-24 months)	• Recruitment of additional staff and review of professional services contracts to reflect the in-housed resourcing, in particular: – Core roading professional services contract – Resealing contract management. • Recruitment of additional compliance and network management staff – refer to Section 7.4 below).
Long term – 24 months +	• Consider the potential opportunity to deliver a full in-house team: – Council would need to have the appetite for this option that would have a high resourcing risk as well as additional staff costs in a financially constrained environment.

7.3 Rationalisation of professional Services contracts

With a potential increase in in-house capability and capacity, there is the opportunity to rationalise the current professional services contracts and this should be investigated further alongside the in-house delivery review as discussed above.

7.3.1 Reduce scope of core contract

The core roading professional services contract includes but is not limited to:

- Capital works planning and programming
- Annual asset valuations
- Safety audits
- GIS and RAMM support
- Advisory services.

The current contract has been in place since 1 July 2023 and has a base contract of three years (to 30 June 2026) with provision for two one-year extensions to a maximum term of five years (to 30 June 2028).

There is the potential to deliver some of these tasks through an enhanced in-house team but it is recognised that this would take time. With the base contract due to expire 2026, the two extensions (if awarded) could provide for a gradual reduction in tasks as the in-house team is built up. This would reduce the risk of not having resource to deliver.

As discussed below, more project-based tasks, such as asset valuations, could be delivered through the panel or procured separately.

Options around in-house delivery and use of the panel will influence the scope of any future core roading contract and may result the dis-establishment of this contract.

7.3.2 Make better use of the panel contracts

It is understood that the panel arrangements are working for Council with easy access to those resources. However, it is also recognised that, due to the nature of the secondary procurement process (primarily price and capacity driven), works are generally delivered by only two of the panellist's (there are four organisations on the panel).

The volume of work delivered through the panel is also heavily reliant on funding for capital works projects.

To increase the use of the panel, project-based tasks currently delivered under the core contract could also be delivered through the panel.

7.3.3 Bridges and structures

With the associated specialist nature of the services, it is proposed that the current bridges and structures professional services contract remain in place as currently scoped. This may be an area to consider for more in-house delivery in the longer term.

7.3.4 Contract management of reseal contracts

Currently fully outsourced, the option of delivering this activity in-house is discussed in Section 7.4.2 below.

7.3.5 Where to now?

Table 13 Where to now – professional services

When	What
Short term (6-12 months)	In line with a review of in-house delivery, further investigate options for delivery of the professional services contract: • Could the scope of the core roading professional services contract be reduced with an increase in in-house delivery (acknowledging that expanding the in-house team will likely take at least 12 months to develop the roles and recruit). • Revisit the scope of the resealing contract management professional services contract in line with the in-house review above and 7.4.2 below).
Medium term (next 12-24 months)	• Core roading professional services contract to be extended to 2028 (on the basis that the consultant is meeting requirements) to allow the growth of the in-house team to be further assessed and implemented as appropriate. • Incorporate relevant changes into the new contract, to be procured late 2027/2028.

7.4 Physical Works Contracts

7.4.1 General

The current form of contracts for professional services and O&M are delivering positive outcomes but the form, scope and content should be reviewed prior to going to market.

It is noted that whilst long term contracts are generally preferred for term contracts to support high levels of investment by service providers, there is a maximum 5-year term under the NZTA Procurement Manual. Any proposal outside this requires formal approval from NZTA through a Procurement Strategy and it is noted that NZTA have been regularly granting approval for more than 5 years. Up to five years is considered appropriate for a professional services contract but for physical works, a longer contract better support contractor interest and investment.

Fixed term contracts need to be periodically reviewed to ensure efficiencies and value for money as well as supporting market interest at the tender box through:

- Is the number, scope, and scale of contracts right to provide a balance between efficiency, cost-effectiveness, market interest at the tender box and providing for broader outcomes such as engagement of local contractors whilst ensuring requirements (such as health and safety / quality assurance) are met and Council has the resources to manage multiple contracts.
- Do Key Result Areas (KRAs) and KPIs reflect what our communities want and do they incentivise continuous improvement? Performance management should be reviewed as part of the new contract development and procurement.

7.4.2 Resealing contracts

Both the professional services contract management and physical works delivery for the resealing contracts are currently outsourced.

The delivery model varies across councils with some including sealing works as part of the O&M contract, others not and the extent of in-house contract management dependent on the capability and capacity of the in-house team. Council does not currently have that capacity but it is considered an area that could potentially be progressively built up.

Areas to consider include:

- Professional services - as part of the in-house delivery review:
  - Planning and programming could be delivered in-house with appropriate resources including candidate site selection and assessment.
  - Could SDC provide the peer review role where contractors complete the design of the reseals?
  - Council could potentially deliver the procurement and MSQA works for reseals, either through the roading team or through Project Delivery (who currently carry out capital works MSQA tasks).
  - Would still need access to specialist design / QA input.
- Physical works:
  - Should they be part of the O&M alliance contracts? At this stage, it is recommended that the resealing contracts be retained as separate to the O&M contracts. Stand-alone reseal contracts, with the need for specialist contractors, will support more players in the market,

potentially leading to more competitive pricing and innovation. Council will also have more flexibility in setting their reseal programmes to suit changing budgets or priorities than if they are locked into a 10 year O&M contract. Combining them into the O&M contracts would provide limited benefits of scale.

- The option of a single contract, based on only two tenderers previously and both contracts awarded to one supplier, should be considered at the procurement planning phase through market engagement.
- Would joint procurement / delivery with neighbouring council provide benefits / overall value for money? At this stage, the timing does not align with neighbouring councils but if the appetite is there, this could be a future option.

7.4.3 Where to now?

Table 14 Where to now – physical works contracts

When	What
Short term (3-6 months)	The key action in the short term (next 3-6 months) is to review the current O&M contracts prior to procuring in the open market for a start date of 1 July 2026: • Contract: – Has scope changed? – How can the contracts be improved? – Strengthen performance management provisions. – Consider pain / gain within contract • Procurement: – Complete Procurement Plan to confirm method of approach to the market. – Prepare the RFx document.
Medium term (next 12 months)	• Recruitment of additional staff (compliance and network management) which will allow more availability for on-the-ground contract management. • Gap analysis – what skills and experience do we need and do we have that person in-house / can staff be better utilised? • Develop job description and start recruitment process.

7.5 Shared arrangements with neighbours

7.5.1 What are our options?

It is recognised that there is opportunity for more informal and formal collaboration between councils.

As noted in Section 5 above, there are some formal arrangements already in place.

However, there is more opportunity specifically in the roading activity. This could include:

- Sharing of resources in RAMM and data management (recognising that GDC has limited capability in this area).
- Sharing of compliance tasks (such as corridor and traffic management) to fully utilise staff (on the basis that party/ies increase in-house capability and capacity).

- Potential joint delivery and / or procurement of resealing contracts – this would require some realignment of end dates with. For example, GDC's contract expiry late 2025 but SDC's base contracts not due to expire until 2027.

7.5.2 Where to now?

Table 15 Where to now – shared arrangements

When	What
Medium term (next 12 months)	• Initiate discussion with the relevant councils (in particular with GDC and ICC) to understand: – What is the appetite for the councils to work together? – What are the political drivers? • What are the options and what are the risks and benefits of each to each party: – Physical works contracts e.g. resealing – would need to align contract end dates. – In-house services such as RAMM management / compliance roles.
Longer term (12 months +)	• Depending on the outcomes above, the following would need to be agreed through a shared service agreement or similar: – Cost sharing agreements. – Levels of service.

7.6 Gravel supply

The supply of gravel for the roading activity coupled with river management has been raised as an area of concern. This is outside the scope of this work but a review / study should be undertaken to understand the potential sources, the costs, consenting requirements and the risks and benefits of the options. The study should also engage with stakeholders including Environment Southland and local iwi. .

Whilst the scope would need to be fully explored, the following are areas that should be considered as part of any study:

- What and where are the potential sources of gravel – river / quarry?
- What are the cost implications for each option including extraction / quarrying and transport?
- What are the delivery options (including extraction, consenting, processing, quarry management etc):
  - Council owned and operated, supplied direct to the contractor at agreed rates.
  - privately owned and operated supplied direct to the contractor at negotiated rates.
  - privately owned and operated supplied with material purchased by Council and supplied to contractors.
- For works funded and subsidised by NZTA, what are the restrictions under s25 of the LTMA which requires '*procurement procedures that are designed to obtain the best value for money spent by the Agency and approved organisations*'.
- What are the consenting requirements?
- What would be the required specifications for the use of the gravel and does available material meet these?

Regional councils and local (territorial) councils have distinct statutory obligations around river management, primarily governed by the Resource Management Act 1991 (RMA) and the Local Government Act 2002.

Each option would come with risks and benefits which would need to be fully assessed, potentially through a business case format.

Such a study would need to be fully scoped but it could potentially require a full time resource over a fixed term of 12 month or more.

8 Summary of key findings and conclusions

Overall, the current delivery model is generally meeting requirements. Good relationships between Council and its service providers have supported a collaborative partnering approach which has resulted in Council generally meeting its levels of services and performing well when compared to its peer councils.

However, it is recognised that there is room for improvement to ensure a continued efficient and cost-effective service. As such, the preferred way forward is to implement an 'enhanced status quo' across all roading activities including in-house delivery alongside outsourced professional services and physical works. Alignment across the activities will also factor into the overall future direction, for example the ability to reduce outsourcing of professional services will be dependent on the ability for Council to grow its in-house team.

Growing in-house capability and capacity has been identified as a key area to support better outcomes with a subsequent growth in control and ownership, institutional knowledge and succession planning.

The key O&M contracts are performing reasonably well and it is recommended that the current model be continued, three collaborative partnering contracts delivered under alliance principles, using cost-plus terms. Additional in-house resourcing in compliance and network management would allow the contract managers to focus more on the contracts themselves, further building relationships and supporting best for network decision-making.

Rationalisation of the outsourced professional services is recommended but will be dependent on the ability for Council to grow its in-house team. In particular, some of the routine activities currently delivered under the core roading professional services contract would benefit from being delivered in-house such as GIS, RAMM data analysis and planning and programming. This would give more ownership and control to Council and build institutional knowledge which would best support network planning and programming decisions.

Specific to the resealing contract, the method of delivery varies across councils and there is real opportunity to re-visit this. Whilst there may be scale efficiencies of including it as part of the wider O&M contracts, this would reduce the market and would carry a greater resourcing risk. There is certainly scope to deliver the contract management in-house but access to specialists would need to be retained.

There is a general consensus that there are opportunities for Council to work with its neighbours, in particular Gore District and Invercargill City Councils. However, more work would need to be done to fully understand the appetite for each council, which activities would such arrangements suit and the risks and benefits and how formal shared arrangements could be delivered.

Overall, there are several opportunities for improvements but these will need to be aligned with the scope and timeframes of existing contracts to support a smooth transition for any change. Also, budget would also need to be approved to recruit additional in house resources.

Appendix A Stakeholder engagement

The table below lists the stakeholders we engaged with for the service delivery review.

Who / Role / Organisation
Internal
Cameron McIntosh – Chief Executive
Fran Mikulicic - Group Manager Infrastructure and Capital Projects
Hartley Hare – Strategic Manager, Transport
Ben Whelan – Roading Engineer
Roy Clearwater – Roading Asset Manager
Nick Lewis - Contract Manager
Shaun Holland – Contract Manager
Moira Tinnock – Contract Manager
Mike Duggan – Roading Engineer (RAMM)
Susan McNamara – Senior Management Accountant
Susan Mckenzie - Cycle Trail Manager
Donna Williams - Transport Administrator
External
Richard Horn / Quinn Stweart – Fulton Hogan (Foveaux Alliance)
Amy Williams / Dominic Elder – Downer (road markings)
Stephen Milne / Dylan Rabbidge – South Roads (Central and Waimea Alliances)
Bruce Andrew / Sreenath Venkataraman / Ian Sutherland – WSP (Professional services)
Gordon McDonald – NZTA (funding partner)
Ben Greenwood – Queenstown Lakes District Council
Doug Rodgers / Russell Pearson – Invercargill City Council
Henri Can Zyl / Murray Hasler – Gore District Council

Appendix B Options Assessment

Southland District Council Review of Roading Activity

Service delivery options - Professional Services		Governance and funding in-house						Governance and funding through Joint Committee or other shared governance arrangement				
		Hybrid model		Delivery all in-house	Delivery by own CCO	Delivery by another Local Authority	Delivery fully outsourced	Delivery by Joint CCO	Delivery by another Local Authority	By shared service agreement with another council(s)	Delivery by another agency / outsourced	Delivery through Alliance
		Status Quo	Enhanced status quo									
		1a	1b	2	3	4	5	6	7	8	9	10
Description of options		Mix of in-house and outsourced delivery. Contract management, network management, asset management delivered in-house Capex PS delivered through Panel Core roading PS contract. Structures PS contract	initiatives to improve delivery under the current model explored further eg - increased in-house delivery - rationalisation / review of scope of current PS contracts - more use of panels - more collaboration with neighbours	All roading professional services delivered in-house - contract management, network management, design (minor capex and renewals), asset management. SDC would employ all professional services staff.	Transfer of professional services to a newly formed CCO/CCTO with a board of directors / committee.	Transfer of professional services to another Local Authority. SDC would provide strategic direction	Delivery of professional services fully outsourced. SDC would provide strategic direction	Similar to option 3 but with other councils as joint owners.	Delivery of professional services by neighbouring council. Strategic direction set as a collective	Council enters into shared services agreement with neighbouring council/s to manage and provide professional services. Each council provides their own strategy, policy direction but enter into a formal shared services arrangement for professional services, Could be some or all PS	Delivery of professional services outsourced under a shared agreement. Strategic direction set as a collective	PS incorporated into the Alliance contracts.
	Weighting											
Financial criteria												
Establishment/procurement cost	5%	5	4	1	1	1	2	1	1	2	1	1
Delivery cost	25%	3	4	4	3	1	2	4	1	4	1	3
Financial score	**30%**	**1.0**	**1.2**	**1.1**	**0.8**	**0.3**	**0.6**	**1.1**	**0.3**	**1.1**	**0.3**	**0.8**
Financial Commentary		No change to current cost structure	Efficiencies through improvements may deliver cost-savings	Increase in staff costs would be offset by some reduction in prof services cost (eg profit margin). Costs in recruiting additional staff.	High establishment costs of a new entity and ongoing higher governance costs. Delivery costs similar to in-house delivery option	Establishment costs of new arrangements Delivery costs likely higher than status quo	High establishment / procurement costs. Likely increase in management and governance costs with separation. Likely higher costs over in-house option to deliver the works	Some potential for reduced operational costs but likely to be relatively high set-up and management costs and ongoing governance costs	High establishment costs and ongoing higher governance costs. Likely higher costs over in-house option to deliver the works	High establishment costs and ongoing governance costs with multiple agencies. Potential efficiencies of scale in delivery of the works	High establishment costs and ongoing higher governance costs. Likely higher costs over in-house option to deliver the works	High establishment costs and ongoing higher governance costs. Some costs in recruiting additional staff. Efficiency in delivery may lead to some savings
Non-financial criteria												
Ability to control / influence outcomes and manage risk	20%	3	4	5	4	2	3	2	2	2	3	3
Ease of access to expertise	20%	3	3	1	1	1	4	2	1	3	3	3
Flexibility to respond to changing requirements	15%	3	3	3	3	2	2	3	1	3	1	3
Resourcing risk (internal and external)	10%	3	3	1	1	5	3	3	3	5	3	3
Complexities around implementation	5%	5	5	1	1	1	2	1	1	2	1	1
Non-financial score	**70%**	**2.2**	**2.4**	**1.8**	**1.6**	**1.5**	**2.1**	**1.6**	**1.1**	**2.1**	**1.7**	**2.0**
Non-Financial Commentary		Status quo Works well and delivers to requirements but room for improvement to drive cost-effectiveness.	Current model is working well but there is room for further optimisation of the services e.g. a review of how the works are packaged up and whether some tasks could be delivered in-house increasing ownership and institutional knowledge, building succession etc	Ability to fully control the works but would be recruitment and retention risks and the ease of access to expert advice when needed would be reduced. Could technical experts be 'fully utilised'?	Complexities of establishing a CCO. Higher governance and ongoing management costs with minimal service delivery benefits over status quo.	Complexities around management of works and priorities. Would be some loss of ownership with less control over delivery, Little perceived benefit for SDC	Some loss of control Risks associated with non-performance for routine O&M related works	Complexities of establishing a CCO. Higher governance and ongoing management costs with minimal service delivery benefits over status quo. Generally require large scope of services to deliver benefits over status quo	Complexities around management of works and competing priorities. Would be some loss of ownership with less control over delivery, Resourcing risk would lie with TLA but this wouild mean Council has little contol over that resoucring. Little perceived benefit for SDC	May be some benefits as a collective but likely to be more benefit for smaller neighbouring councils with more need / less in-house capability and capacity etc. Could be benefit in sharing some works such as RAMM / GIS / reseals but further work would be required.	Complexities of establishing a joint CCO. Higher governance and ongoing management costs with minimal service delivery benefits over status quo. Generally require large scope of services to justify CCO/CCTO	Would be complexities associated with third party. Limited PS involvement in O&M work, delivered primarily in-house. Little perceived benefit. Benefit would be more 'connected' relationships between the 3 parties
Total score (out of 5)		**3.2**	**3.6**	**2.9**	**2.4**	**1.8**	**2.7**	**2.7**	**1.4**	**3.2**	**2.0**	**2.8**
TOTAL SCORE (%)		**64%**	**72%**	**57%**	**48%**	**35%**	**54%**	**53%**	**28%**	**63%**	**40%**	**56%**
Rank		**2**	**1**	**4**	**8**	**10**	**6**	**7**	**11**	**3**	**9**	**5**
Outcome		**Shortlisted**	**Shortlisted**	**Not recommended**	**Not recommended**	**Not recommended**	**Not recommended**	**Not recommended**	**Not recommended**	**Shortlisted**	**Not recommended**	**Not recommended**
Overall Commentary		Status quo works well although some current in-house vacancies. With some service optimisation, the current model could improve overall delivery. This model provides access to specialist skills that are needed from time to time.	Status quo works well although some current in-house vacancies. With some service optimisation, the current model could improve overall delivery. This model provides access to specialist skills that are needed from time to time.	Risks related to recruitment and retention and lack of ease of access to specialist expertise make this option less favourable than the hybrid model.	Complex model. No benefits over in-house / hybrid model	No benefits over in-house model. Would be some loss of control if another TLA was to deliver professional services for SDC	Fully outsourced not considered necessary where SDC has an in-house team. Would be a more expensive model and SDC would lose some control.	Complex model. Would also unlikely be a preferred option of neighbouring councils. Large set-up costs and complexities	Loss of ownership and control make this option not attractive. May affect quality of delivery when differing priorities across councils	This option has the potential to provide cross-boundary benefits of shared thinking and planning. Could also provide for capability and capacity gaps across participating councils May be some competing priorities to deal with - would need SLA	Potentially a more expensive model and would be some complexities in governance and management	no significant benefits of including professional services in an alliance for routine O&M - more relevant for large scale capital works

Southland District Council Review of Roading Activity

Service delivery options - Physical Works (O&M)		Governance and funding in-house							Governance and funding through Joint Committee or other shared governance arrangement				
		Status quo Alliance / Collaborative model	Enhanced status quo	Delivery all in-house	Alternative outsourcing models		Delivery by CCO	Delivery by another Local Authority	Outsourced delivery - joint delivery with another TLA	Delivery by Joint CCO	Delivery by another TLA	Delivery through full Alliance	Delivery through PPP
					O&M physical works delivered under a traditional model	O&M physical works delivered under a single contract							
		1a	1b	2	3a	3b	4	5	6	7	8	9	10
Description of option		Operations and maintenance delivered under 3 separate alliance / collaborative contracts	Current delivery model with improvements implemented	Council purchases plant and equipment and employs staff to provide O&M services.	Alliance disestablished and physical works contracts delivered under a traditional model	All O&M works combined under a single contract (either as a collaborative / alliance approach under a traditional model)	Council forms a CCO or CCTO for the delivery and management of all roading services. Planning and administration would be undertaken by a centralised team within the CCO.	Neighbouring council delivers works on behalf of SDC. SDC sets strategic direction and undertakes planning	Works procured jointly with neighbouring council/s	Council forms a joint CCO or CCTO with neighbouring council(s) for the delivery and management of all roading services. Planning and administration would be undertaken by a centralised team within the CCO.	Physical works delivered by another TLA on behalf of SDC SDC provides strategic and planning input through joint agreement.	Alliance between SDC, O&M Contractor and professional services provider under a true Alliance format	Public Private Partnership
	Weighting												
Financial criteria													
Establishment/procurement cost	5%	5	3		2	2	1	1	2	1	1	2	1
Delivery cost	35%	3	5		3	3	3	1	4	4	1	3	3
Financial score	**40%**	**1.3**	**1.9**		**1.2**	**1.2**	**1.1**	**0.4**	**1.5**	**1.5**	**0.4**	**1.2**	**1.1**
Financial Commentary		Status quo.	Potential for a more cost-effective model through implementation of improvements to delivery such as in-house capability and capacity, performance management		Some costs to set up a new model. Changes to delivery costs would likely be minimal	unlikely to be change to overall delivery costs as works delivered to a budget	High establishment costs for a CCO and ongoing higher governance costs. Minimal change to delivery costs - CCO would still have to tender on the open market	Costs likely to increase with another TLA delivering the works. Governance costs likely to increase with complexities and would be a cost to establishing a new model	Efficiencies of scale likely to have minimal savings in delivery costs for SDC There would be costs associated with a significant change in model - set up and costs associated with a more complex governance and management structure	High establishment costs for a joint arrangement and ongoing higher governance costs. Establishment costs in recruiting additional staff. Some efficiencies of scale in terms of delivery costs	High establishment costs. Likely increase in management and governance costs with separation from SDC. Although SDC would not employ staff, likely higher costs, paying another council to deliver the works	Some establishment costs to change alliance Minimal cost savings over current model where Alliance in place between SDC and contractor	High establishment costs and ongoing higher governance costs. Financial drivers may lead to some savings but limited with minimal change to who delivers
Non-financial criteria													
Ability to control / influence outcomes and manage risk	20%	3	5		2	2	2	2	2	1	1	3	3
Flexibility to respond to changing requirements	20%	3	3	Not assessed as not a viable option (LTMA section 25(4))	2	4	2	2	2	1	2	3	2
Resourcing risk (internal and external)	10%	3	3		2	2	3	4	3	3	3	3	3
Complexities around set up and ongoing implementation	5%	3	3		2	3	1	2	2	1	1	2	1
Ease of access to expertise	5%	3	3		3	3	3	3	3	3	3	5	5
Non-financial score	**60%**	**1.8**	**2.2**		**1.3**	**1.7**	**1.3**	**1.5**	**1.4**	**0.9**	**1.1**	**1.9**	**1.6**
Non-Financial Commentary		Status quo Works well and delivers to requirements but room for improvement to drive cost-effectiveness. Provides for a collaborative approach	Improvements could deliver efficiencies and potential costs savings such as reviewing extent of in-house delivery, performance management.		Terms typically M&V/LS with less flexibility to move activities around to best suit need. Relationship not typically as collaborative as the alliance model. Will be some complexities around procuring a different model	More resourcing risk for larger contract. Would likely have an impact on market. Ability to respond would be higher	Complexities of establishing a CCO. Higher governance and ongoing management costs with minimal service delivery benefits over status quo.	Complexities around management of works and priorities. Would be some loss of ownership with less control over delivery	May be some loss of control over the current arrangements if procured together. Would need all roading contracts to align in timeframes (don't currently). Potential complexities in management and governance	Complexities of establishing a joint CCO. Higher governance and ongoing management costs with minimal service delivery benefits over status quo.	Loss of control and local line of sight. Differing priorities. Likely complexities in governance structure where SDC does not actually provide the services	Benefits of including professional services into an O&M alliance are minimal over the status . Som e complexities with third party	Benefits over the status quo unlikely. More complex and formal governance structure Generally a preferred option for much larger scale works and capital works rather than O&M.
Total score (out of 5)		**3.1**	**4.1**		**2.4**	**2.9**	**2.4**	**1.9**	**2.9**	**2.4**	**1.5**	**3.0**	**2.7**
TOTAL SCORE (%)		**62%**	**82%**		**48%**	**57%**	**48%**	**37%**	**57%**	**47%**	**30%**	**60%**	**54%**
Rank		**2**	**1**		**8**	**4**	**7**	**10**	**4**	**9**	**11**	**3**	**6**
Outcome		**Shortlisted**	**Shortlisted**	**Discounted**	**Not recommended**	**Not recommended**	**Not recommended**	**Not recommended**	**Not recommended**	**Not recommended**	**Not recommended**	**Shortlisted**	**Not recommended**
Overall Commentary		Status quo Meets requirements but room for improvement through service optimisation to drive cost-effectiveness	Service optimisation can help deliver efficiencies. Joint planning and programming can best meet Council's requirements whilst ensuring appropriate resources etc.	n/a	Traditional model (M&V / lump sum) does not provide flexibility of current model	Resourcing risk Negative impact on market	Complex model . Large set-up costs and complexities for minimal benefit.	Complex model that is likely to be more expensive and may conflict with SDC priorities	This model could deliver cost benefits but the likelihood of achieving this is low. Current delivery models are not aligned. Competing priorities	Complex model. Would unlikely be a preferred option of neighbouring councils. Large set-up costs and complexities	Complex model that is likely to be more expensive and may not support SDC priorities	Potential for improved planning and programming of routine works. More benefit in growing in-house team to deliver in this space	No anticipated benefits over status quo. PPP more relevant for large scale capital works. Significantly more formal and complex governance arrangements over status quo

Southland District Council Review of Roading Activity

Service delivery options - Physical Works (Capex)		Governance and funding in-house							Governance and funding through Joint Committee or other shared governance arrangement					
		Status quo Capital works outsourced under multiple traditional contracts	Enhanced status quo	Delivery all in-house	Alternative outsourced arrangements		Delivery by CCO	Delivery by another Local Authority	Outsourced delivery - joint delivery with another TLA		Delivery by Joint CCO	Delivery by another TLA	Delivery through full Alliance	Delivery through PPP
					Resealing contract (renewals) incorporated into alliance contracts	All physical works (O&M / capex) incorporated into a single contract			for all works	for selected works				
		1a	1b	2	3a	3b	4	5	6a	6b	7	8	9	10
Description of option		Capital works out-sourced under a number of contracts	Current delivery model with improvements implemented such as increased collaboration across parties, a review of contract models	Council purchases plant and equipment and employs staff to provide O&M services.	Resealing contracts incorporated into alliance contracts	O&M, roadmarkings, possibly streetlights, renewals and capital works delivered as a combined contract. Can still be delivered on a geographic split either as an alliance or a traditional contract	Council forms a CCO or CCTO for the delivery and management of all roading services. Planning and administration would be undertaken by a centralised team within the CCO.	Neighbouring council delivers works on behalf of SDC. SDC sets strategic direction and undertakes planning	All capital works procured jointly with neighbouring council/s	Works procured jointly with neighbouring council/s for selected works eg reseals	Council forms a joint CCO or CCTO with neighbouring council(s) to deliver physical works. Planning and administration would be undertaken by a centralised team within the CCO.	Physical works delivered by another TLA on behalf of SDC. SDC provides strategic and planning input through joint agreement.	Alliance between SDC, O&M Contractor and professional services provider	Public Private Partnership
	Weighting													
Financial criteria														
Establishment/procurement cost	5%	5	3		3	2	1	1	1	2	1	1	1	1
Delivery cost	35%	3	5		3	3	3	1	4	4	4	1	3	3
Financial score	40%	1.3	1.9		1.2	1.2	1.1	0.4	1.5	1.5	1.5	0.4	1.1	1.1
Financial Commentary		Status quo.	Potential for a more cost-effective model through implementation of improvements to delivery such as in-house capability and capacity, performance management		Some cost to incorporating the resealing contracts into the alliance May be some benefits of scale but not likely to be significant	Some cost and complexity to incorporating capex contracts into the alliance but overall delivery costs likely to be similar.	High establishment costs for a CCO and ongoing higher governance costs. Minimal change to delivery costs - CCO would still have to tender on the open market	Costs likely to increase with another TLA delivering the works. Governance costs likely to increase with complexities and would be a cost to establishing a new model	Efficiencies of scale likely to have some savings in delivery costs. However, would be set up and costs associated with a more complex governance and management structure	Efficiencies of scale likely to have some savings in delivery costs. However, would be costs associated with set up and costs associated with a more complex governance and management structure	High establishment costs for a joint arrangement and ongoing higher governance costs. Establishment costs in recruiting additional staff. Some efficiencies of scale in terms of delivery costs	High establishment costs. Likely increase in management and governance costs with separation from SDC. Although SDC would not employ staff, likely higher costs, paying another council to deliver the works	Establishment costs minimal as Alliance with key parties already in place Minimal cost savings over current model where Alliance in place between SDC and contractor	High establishment costs and ongoing higher governance costs. Financial drivers may lead to some savings but limited with minimal change to who delivers
Non-financial criteria														
Ability to control / influence outcomes and manage risk	20%	3	3		3	3	2	1	2	3	1	1	3	3
Flexibility to respond to changing requirements	20%	3	3	Not assessed as not a viable option (LTMA section 25(4))	3	3	2	2	2	2	1	2	3	3
Complexities around implementation	10%	3	3		2	2	1	2	2	2	1	2	2	1
Resourcing risk (internal and external)	5%	3	3		2	2	3	4	3	3	3	4	3	3
Ease of access to expertise	5%	3	3		3	3	3	3	3	3	3	3	3	5
Non-financial score	60%	1.8	1.8		1.7	1.7	1.2	1.2	1.3	1.5	0.8	1.2	1.7	1.7
Non-Financial Commentary		Status quo Works well and delivers to requirements but room for improvement to drive cost-effectiveness. Provides for collaborative partnering	Current model is working well but there is room for further optimisation of the services e.g. improved planning and programming across parties, performance management,scope of contracts.		Resealing contract currently outside the alliance in an attempt to provide an open market environment. Is typically different crews to the routine O&M of a largely unsealed network. May make the contract more attractive. Benefits of reseal repairs and resealing activities being delivered under same contract eg access to resources	Combining O&M and capital works into a joint contract would have complexities. Different contractors for different activities (eg bridge renewals vs unsealed roads capex may) may require high level of sub-contracting	Complexities of establishing a CCO. Higher governance and ongoing management costs with minimal service delivery benefits over status quo.	Complexities around management of works and priorities. Would be some loss of ownership with less control over delivery	May be some loss of control over the current arrangements if procured together. Potential complexities in management and governance. Some efficiency of scale	Could deliver constistency May support market interest Some potential efficiencies of scale Would need to ensure local line of sight . Potential complexities in management and governance	Complexities of establishing a joint CCO. Higher governance and ongoing management costs with minimal service delivery benefits over status quo. Generally require large scope of services to justify CCO/CCTO	Loss of control and local line of sight. Differing priorities. Likely complexities in governance structure where SDC does not actually provide the services	Limited benefit over current and collaborative arrangements. Complexities in setting up. May give some benefits of cost efficiency. Generally a preferred option for much larger scale works.	Benefits over the status quo unlikely. More complex and formal governance structure Generally a preferred option for much larger scale works capital works
Total score (out of 5)		3.1	3.7		2.9	2.8	2.3	1.6	2.8	3.0	2.3	1.6	2.8	2.8
TOTAL SCORE (%)		62%	74%		57%	56%	46%	31%	55%	60%	45%	31%	56%	56%
Rank		2	1		4	5	9	11	8	3	10	11	6	6
Outcome		Shortlisted	Shortlisted	Discounted	Shortlisted	Not recommended	Not recommended	Not recommended	Not recommended	Shortlisted	Not recommended	Not recommended	Not recommended	Not recommended
Overall Commentary		Status quo Meets requirements but room for improvement through service optimisation to drive cost-effectiveness	An effective collaborative model can support best network outcomes. Joint planning and programming can best meet Council's requirements whilst ensuring appropriate resources etc. Service optimisation can help deliver efficiencies.	n/a	Separation of resealing contract from the alliance better allows for an open market environment for works that are limited in scope with a seasonal element. Limited anticipated cost saving in combining. Larger contract may make it more attractive. Benefits would include easy access to resources already engaged in the District through the O&M NEEDS FURTHER INVESTIGATION	No perceived benefit over the status quo - financial or non-financial. Potential complexities of a single contract delivering O&M and capital works - different contractor capability needed.	Complex model . Large set-up costs and complexities for minimal benefit.	Complex model that is likely to be more expensive and may conflict with SDC priorities	This model could deliver cost benefits but the likelihood of achieving this is low. Current delivery models are not aligned. Competing priories	This model could deliver cost benefits. Potential competing priorities to be managed / LOS agreed Would need SLA in place	Complex model. Would also unlikely be a preferred option of neighbouring councils. Large set-up costs and complexities	Complex model that is likely to be more expensive and may not support SDC priorities	An alliance that also incorporates PS is more common in larger capital works contracts and unlikely to be of benefit for SDC	A high level of maturity is required across all parties. More common in significant capital works projects Minimal perceived benefit to SDC

Page 1 of 1 Morrison Low 19/06/2025