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

Date:	**Monday, 29 September 2025**
Time:	**10am**
Meeting room:	**Council Chamber**
Venue:	**Level 2** **20 Don Street** **Invercargill**

Finance and Assurance Committee Agenda

MEMBERSHIP

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

IN ATTENDANCE

Group manager finance and assurance	Anne Robson
Committee advisor	Rachael Poole

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

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

Terms of Reference – Finance and Assurance Committee

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

	• the overall priorities of Council • the needs of the local communities • the approved budgets for the activity. The Finance and Assurance committee will have responsibility and delegated authority in the following areas: **Financial and performance monitoring** a) monitoring financial performance to budgets b) monitoring service level performance to key performance indicators. **Internal control framework** a) reviewing whether Council's approach to maintaining an effective internal control framework is sound and effective b) reviewing whether Council has taken steps to embed a culture that is committed to probity and ethical behaviour c) reviewing whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud. **Internal reporting** a) to consider the processes for ensuring the completeness and quality of financial and operational information being provided to Council b) to seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council. **External reporting and accountability** a) agreeing the appropriateness of Council's existing accounting policies and principles and any proposed change b) enquiring of internal and external auditors for any information that affects the quality and clarity of Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above c) satisfying itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie letters of representation), and recommend signing of the financial statements by the chief executive/mayor and adoption of the Annual Report, Annual Plans, Long Term Plans **Risk management** a) reviewing whether Council has in place a current, comprehensive and effective risk management framework and associated procedures for effective identification and management of the Council's significant risks b) considering whether appropriate action is being taken to mitigate Council's significant risks. **Health and safety**

	a) review, monitor and make recommendations to Council on the organisations health and safety risk management framework and policies to ensure that the organisation has clearly set out its commitments to manage health and safety matters effectively. b) review and make recommendations for Council approval on strategies for achieving health and safety objectives c) review and recommend for Council approval targets for health and safety performance and assess performance against those targets d) monitor the organisation's compliance with health and safety policies and relevant applicable law e) ensure that the systems used to identify and manage health and safety risks are fit for purpose, being effectively implemented, regularly reviewed and continuously improved. This includes ensuring that Council is properly and regularly informed and updated on matters relating to health and safety risks f) seek assurance that the organisation is effectively structured to manage health and safety risks, including having competent workers, adequate communication procedures and proper documentation g) review health and safety related incidents and consider appropriate actions to minimise the risk of recurrence h) make recommendations to Council regarding the appropriateness of resources available for operating the health and safety management systems and programmes i) any other duties and responsibilities which have been assigned to it from time to time by Council. **Internal audit** a) approve appointment of the internal auditor, internal audit engagement letter and letter of understanding b) reviewing and approving the internal audit coverage and annual work plans, ensuring these plans are based on Council's risk profile c) reviewing the adequacy of management's implementation of internal audit recommendations d) reviewing the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place. **External audit** a) confirming the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor at the start of each audit

	b) receiving the external audit report(s) and review action(s) to be taken by management on significant issues and audit recommendations raised within c) enquiring of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks. **Compliance with legislation, standards and best practice guidelines** a) reviewing the effectiveness of the system for monitoring Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and best practice guidelines as applicable b) conducting and monitoring special investigations, in accordance with Council policy, and reporting the findings to Council c) monitoring the performance of Council organisations, in accordance with the Local Government Act. **Business case review** a) review of the business case of work, services, supplies, where the value of these or the project exceeds $2 million (GST exclusive) or the value over the term of the contract exceeds $2 million (GST exclusive). **Insurance** a) consider Council's insurance requirements, considering its risk profile b) approving the annual insurance renewal requirements **Treasury** a) oversee the treasury function of Council ensuring compliance with the relevant Council policies and plans b) ensuring compliance with the requirements of Council's trust deeds are met c) recommend to Council treasury policies at least every three years. d) approve debt, interest rate and external investment management strategy. **Fraud Policy** a) receive and consider reports relating to the investigation of suspected fraud b) monitor the implementation of the Fraud Policy. **Power to recommend** The Finance and Assurance committee is responsible for considering and making recommendations to Council regarding: a) policies relating to risk management, rating, loans, funding and purchasing

	b) accounting treatments, changes in generally accepted accounting practice, and new accounting and reporting requirements c) the approval of financial and non-financial performance statements including adoption of the Annual Report, Annual Plans and Long Term Plans. The Finance and Assurance committee is responsible for considering and making recommendations to Council on business cases completed under the 'Power to act' section above.
FINANCIAL DELEGATIONS	Council authorises the following delegated authority of financial powers to Council committees in regard to matters within each committee's jurisdiction. **Contract acceptance:** • accept or decline any contract for the purchase of goods, services, capital works or other assets where the total value of the lump sum contract does not exceed the sum allocated in the Long Term Plan/Annual Plan and the contract relates to an activity that is within the scope of activities relating to the work of the Finance and Assurance committee • accept or decline any contract for the disposal of goods, plant or other assets other than property or land that is provided for in the Long Term Plan **Budget reallocation**. The committee is authorised to reallocate funds from one existing budget item to another. Reallocation of this kind must not impact on current or future levels of service and must be: • funded by way of savings on existing budget items • within the jurisdiction of the committee • consistent with the Revenue and Financing Policy.
LIMITS TO DELEGATIONS	Matters that must be processed by way of recommendation to Council include: • amendment to fees and charges relating to all activities • powers that cannot be delegated to committees as per the Local Government Act 2002 and sections 2.4 and 2.5 of this manual. Delegated authority is within the financial limits in section 9 of this manual.
RELATIONSHIPS WITH OTHER PARTIES	The committee shall maintain relationships with each of the nine community boards. Professional advisors to the committee shall be invited to attend all meetings of the committee including: • external auditor • internal auditor/risk advisor (if appointed) • chief financial officer. At each meeting, the chairperson will provide the external auditor and the internal auditor/risk advisor (if appointed) with an opportunity to discuss any matters with the committee without management being present. The chairperson shall request the chief

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

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1 Apologies

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

2 Leave of absence

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

3 Conflict of interest

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

4 Extraordinary/urgent items

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

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

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

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

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

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

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

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

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

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

5 Confirmation of minutes

5.1 Meeting minutes of Finance and Assurance Committee, 27 August 2025

6 Public participation

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

Finance and Assurance Committee

OPEN MINUTES

(UNCONFIRMED)

Minutes of a meeting of Finance and Assurance Committee held in the Council Chamber, Level 2, 20 Don Street, Invercargill on 27 August 2025 at 10am. (10.01am – 12.48pm)

PRESENT

Chairperson	Bruce Robertson
Deputy chairperson	Mayor Rob Scott
Councillors	Jaspreet Boparai
	Don Byars
	Paul Duffy
	Darren Frazer
	Julie Keast
	Christine Menzies
	Tom O'Brien
	Margie Ruddenklau
	Jon Spraggon (10.08am – 12.48pm)
	Matt Wilson

APOLOGIES

Cr Sarah Greaney
Cr Derek Chamberlain

IN ATTENDANCE

Group manager finance and assurance	Anne Robson
Committee advisor	Rachael Poole

1 Apologies

Apologies for non-attendance were received from Councillor Sarah Greaney and Councillor Derek Chamberlain, who was on an approved leave of absence and an apology for lateness was received from Cr Jon Spraggon.

Moved Chairperson Robertson, seconded Deputy chairperson Scott and **resolved:**

That the Finance and Assurance Committee accept the apologies.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of interest

There were no conflicts of interest declared.

4 Extraordinary/urgent items

There were no extraordinary/urgent items.

5 Confirmation of minutes

Resolution

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

That the Finance and Assurance Committee confirms the minutes of the meeting held on 25 June 2025 as a true and correct record of that meeting.

That the Finance and Assurance Committee confirms the minutes of the Extraordinary meeting held on 18 July 2025 as a true and correct record of that meeting.

6 Public participation

There was no public participation

Reports

7.1 Finance and Assurance Committee work plan for the year ended 30 June 2026

Record No: R/25/6/29203

GM finance and assurance, Anne Robson spoke to this report and update the Committee on changes to the workplan as reported.

Resolution

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

That the Finance and Assurance Committee:

a) **receives the report titled "Finance and Assurance Committee work plan for the year ended 30 June 2026"**

b) **notes amendments made to the workplan.**

Cr Spraggon arrived at 10.08am.

7.2 Community facilities contract renewal update

Record No: R/25/8/40873

Community facilities manager, Mark Day and GM customer and community wellbeing spoke to this report and gave an update on the procurement strategy for renewing community facilities maintenance contracts across Southland District.

The proposed procurement model includes a revised contract packaging structure based on both activity type and geographic area, allowing flexibility for both local and regional providers. A detailed review of current levels of service has been completed with all nine community boards, with feedback used to inform contract scopes and expectations.

Staff also sought Council's direction on whether direct procurement may be appropriate in limited, low value cases where local capacity is constrained and community board support is evident. Assurance given that any contracts awarded aligns to the procurement policy guidelines and that contractors either are or will be approved contractors.

Resolution

Moved Deputy chairperson Scott, seconded Cr Ruddenklau **and resolved:**

That Finance and Assurance Committee:

a) **receives the report titled "Community facilities contract renewal update".**

b) **determines that this matter or decision be recognised 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) have provided feedback and recommendations as appropriate to Council on the proposed procurement approach outlined in this report for the renewal of community facilities maintenance contracts.

e) have provided feedback and recommendations as appropriate to Council on the potential for direct procurement to be considered in specific instances where contract values are under $50,000, subject to market testing and community board support.

7.3 Capital delivery programme update - June 2025

Record No: R/25/8/39241

Programme delivery manager, David Connell and strategic manager transport, Hartley Hare spoke to the Committee and provided an update on the capital delivery programme to the end of the 2024/2025 year and outlined the quantum of programme completed, the extent of programme carried forward and the impacts with respect to the 2025/2026 programme.

Our initial assessment of the carry forward impact on an already large programme is likely to result in projects not fully delivered either through stretches on internal resourcing and or the external supply chain availability leading to further carry forwards in the future.

On this basis it is recommend that the size of the programme be reconsidered by staff and reported back.

Resolution

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

That the Finance and Assurance Committee:

a) receives the report titled "Capital delivery programme update - June 2025".

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) acknowledges staff, as part of the Capital Delivery Governance Group (CPDGG) will review the 2025/2026 project programme, in terms of what can be

delivered given the level of proposed carry forward work, and bring back a report in December 2025

e) request staff report to the committee on a quarterly basis on how the capital delivery programme is progressing, comparing planned timeframes with actual timeframes.

7.4 Draft unaudited Annual Report 2024/2025

Record No: R/25/7/31973

Staff sought feedback from the Finance and Assurance committee (the committee) and requested they endorse the release of the draft annual report (annual report) for the year ended 30 June 2025 for audit.

The final audited annual report is scheduled to be adopted on the 8 October 2025 to enable the current Council to complete this before the local body elections. To achieve this, Council's auditors are undertaking their work from the 25 August to the 19 September 2025, with their final opinion due around the 19 September 2025. The Committee will recommend the final annual report for adoption by Council at its 27 September meeting.

Any content which is yet to be finalised is shown in yellow highlighting. Any significant changes which occur subsequent to this report will be outlined to the committee when it is presented at the 27 August 2025 meeting.

Overall, the draft annual report shows an operating deficit of $6.2 million compared to the budgeted operating deficit of $6.4 million for the year ended 30 June 2025 before revaluations. Detailed information is provided in the financial results section. Any additional feedback can be given to GM finance and assurance manager, Anne Robson or Mayor Rob Scott.

Resolution

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

That the Finance and Assurance Committee:

a) receives the report titled "Draft unaudited Annual Report 2024/2025".

b) determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.

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

d) Endorses the draft unaudited annual report for the year ended 30 June 2025, including any amendments agreed at this meeting.

e) Approves the release of the draft unaudited annual report for the year ended 30 June 2025 for audit.

.

During the above discussion, Cr Byars left the meeting at 11.02am and returned at 11.05am.

Public excluded

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

Resolution

Moved Chairperson Robertson, seconded Deputy chairperson Scott **and resolved:**

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

C8.1 Manapouri wastewater treatment plant and pipeline business case and unbudgeted expenditure request

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Manapouri wastewater treatment plant and pipeline business case and unbudgeted expenditure request	s7(2)(i) - the withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

The public were excluded at 11.20am.

The meeting adjourned at 11.20am for a short break and reconvened at 11.34am in public excluded.

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

The meeting concluded at 12.48pm.

Confirmed as a true and correct record of a meeting of the Finance and Assurance Committee held on 27 August 2025.

DATE:

CHAIRPERSON:

Finance and Assurance Committee work plan for the year ended 30 June 2026

Record No: R/25/9/47243
Author: Rachael Poole, Committee advisor
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision ☐ Recommendation ☒ Information

Purpose

1. To update the Committee on the status of the work programme discussed and agreed at the 19 March 2025 meeting for the financial year ending 30 June 2026.
2. As noted at the meeting the adoption of the work plan does not preclude the Committee or staff from including additional reports as and when required.
3. As the year proceeds, the work plan will be updated to incorporate the actual dates reports are being presented where that differs to the work plan adopted. For the committee's information the "X" in red shows the date the report was presented, where this differs from what was approved in the work plan or if it is a new report that will be presented on an annual basis. If there is a black "X" on the same line as a red "X", the black "X" indicates the date agreed by the committee. The "X" in green reflects changes identified to the ongoing work plan since it was adopted. The "X" in blue reflects a report that has been removed permanently.
4. The report on the budget carry forward requests has been removed from the workplan as it was presented to Council.
5. Additions to the workplan, as requested by the committee are

    - in this meeting, the Update – Te Anau transfer station notifiable incident 2025.

    - a new quarterly update report on the capital delivery programme

6. To allow for the final signoff, the 17a review has also been moved from this meeting to December

Recommendation

That the Finance and Assurance Committee:

a) receives the report titled "Finance and Assurance Committee work plan for the year ended 30 June 2026"

b) notes amendments made to the workplan.

Attachments

A Finance and Assurance Workplan to 30 June 2026

Finance and Assurance Committee workplan to 30 June 2026

Content	27 Aug 2025	29 Sep 2025	Dec 2025	Feb 2026	Mar 2026	Jun 2026
2026/27 Annual Plan – Timetable		X				
2026/27 Annual Plan – accounting policies		X				
2026/27 Annual Plan – significant forecasting assumptions		X				
2026/27 Annual Plan – workshop (if required)						
2026/27 Annual Plan – Recommend draft annual plan to Council				X		
2026/27 Annual Plan – Recommendation adoption to Council						X
Quarterly Risk Report		X	X		X	X
Health & Safety Update including H&S events dashboard		X	X		X	X
Financial Monthly Report			X		X	X
Follow up on audit action points		X	X		X	X
Cyber security update		X	X		X	X
Interim Performance Report		~~X~~	X		X	
Capital deliver programme update			X		X	X
Budget carry forward requests 2024/25 into 2025/26		~~X~~				
2024/25 Annual Report – agree report ready for audit	X	~~X~~				
2024/25 Annual Report – management representation letter		X				
2024/25 Annual Report – recommend adoption by Council		X				
2024/25 Annual Report – final audit management report		X				
2025/26 Annual Report – Audit Timetable					X	
2025/26 Annual Report – accounting policies					X	
2025/26 Annual Report – Deloitte engagement and fee proposal letter					X	
2025/26 Debenture Trust Engagement Letter					X	
Analysis of actual results to forecast for year end 30 June 25		X				
Forecast Financial Position					X	
Financial Transactional Team Update Report to 30 June 2026		X				
Determine Finance & Assurance meeting Content 26/27					X	
Insurance - renewal approval		X				X

Content	27 Aug 2025	29 Sept 2025	Dec 2025	Feb 2026	Mar 2026	June 2026
Internal Audit Terms of Reference			X			X
Internal Audit Final Report			X			X
Commercial infrastructure – forestry harvest plan 2026/2027						X
Roading management and maintenance of current contracts renewals for Waimea, Central and Foveaux alliance.						X
Delivery of the project work programme 2025 - 26			X			
People and Culture update		X	X		X	X
B2B project update		X	X		X	X
Community facilities – mowing, gardening and cleaning contracts			X			
Update on 17a review		~~X~~	X			
Capital delivery programme update – June 2025	X					
Communities facilities contract renewal update	X					
Manapouri wastewater treatment plant and pipeline business case and unbudgeted expenditure request	X					
Update – Te Anau transfer station notifiable incident 2025		X				

Annual Report 2024/2025 representation letter

Record no: R/25/8/42676
Author: Jo Hooper, Financial Accountant
Approved by: Anne Robson, Group manager finance and assurance

☒ Decision ☐ Recommendation ☐ Information

Purpose

1 To review the representation letter required to be given to Deloitte to finalise the audit of the Annual Report 2024/2025 and request that the Mayor and chief executive sign this on behalf of Council.

Executive summary

2 The Annual Report 2024/2025 is complete and contains information, including financial information, that has been audited by Deloitte on behalf of the Auditor-General.

3 The audit is nearing completion. Before Deloitte present their audit report, they require Council to make a series of representations regarding the accounts and the information provided to them to conduct their audit.

4 A copy of the representation letter is attached for information and review.

The committee is being asked to consider the representations being asked of it and if in agreement request that the Mayor and chief executive sign the representation letter to Deloitte for the Annual Report 2024/2025.

Recommendation

That the Finance and Assurance Committee:

a) receives the report titled "Annual Report 2024/2025 representation letter".

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) authorise the Mayor and chief executive to sign the representation letter to Deloitte for the Annual Report 2024/2025 on behalf of Council.

Background

5 The Annual Report 2024/2025 is in the final stages, Deloitte are completing their audit on behalf of the Auditor-General with final minor work being undertaken.

6 The annual report document is included in this meeting agenda. Any further audit changes will be presented to Council at its October meeting, should the recommendation on this report be approved.

7 Deloitte has forwarded to staff, the proposed representation letter recommended for signing by the Mayor and Chief Executive (attachment A).

Issues

8 The matters referred to in the attached representation letter have been reviewed by Council staff and further information is below to support the request for it to be signed:

Letter of representation matter	Response	Staff member(s) responsible
General Responsibilities		
To the best of our knowledge and belief:		Executive leadership team: Cameron McIntosh Anne Robson Fran Mikulicic Jo Davidson Sam Marshall Adrian Humphries Vibhuti Chopra
The resources, activities under our control have been operating effectively and efficiently;	Council has a project and risk management framework and other appropriate reporting tools for monitoring budgets, auditing processes etc., to ensure that the activities it undertakes are operating efficiently and effectively. Council engages external legal services where required. Staff are provided with appropriate training and oversight to ensure compliance. Council has policies and internal controls in place to prevent and detect fraud or errors.	
We have complied with our statutory obligations including laws, regulations, and contractual requirements		
We have carried out our decisions and actions with due regard to minimising waste		
We have met Parliament's and the public's expectations of appropriate standards of behavior in the public sector (that is, we have carried out our decisions and actions with due regard to probity)		
Any decisions or actions have been taken with due regard to financial prudence		
We have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of Southland District Council) to prevent and detect fraud or error, and which enables the preparation of the financial statements and the statement of performance that are free from material misstatement whether due to fraud or error.		
Representations on the financial statements and the statement of performance		

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of performance, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:		

We have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of performance as required by New Zealand Public Benefit Entity Public Sector Standards and, in particular, that:
- the financial statements:
  - present fairly, in all material respects:
  - the financial position as at 30 June 2025; and
  - the financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Public Benefit Entity Public Sector Standards
- the statement of performance:
  - presents fairly, in all material respects, the performance for the year ended 30 June 2025, including:
  - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
  - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
  - complies with generally accepted accounting practice in New Zealand.
	To the best of our knowledge and belief, all transactions have been accurately reflected in the financial statements and statement of performance.
	Council's financial information is subject to continual monitoring and monthly reporting and review at a budget department level through to a higher level at Council.
	Council staff preparing the financial statements have a good understanding of accounting standards and keep abreast of changes thereof.
	The financial statements have been reviewed to reflect emerging best practice in financial reporting as recommended by Audit NZ through their most recent model Annual Report.
	The performance information includes independent surveys and information gathered through other reporting systems. To the best of our knowledge this represents a fair reflection of the Council's performance against these indicators.
		Group manager finance and assurance:
		Anne Robson

We believe the methods, significant assumptions, and data used in	Confirmed	Group manager finance and

making and supporting the accounting estimates and the related disclosures in the financial statements and performance information are appropriate to achieve recognition, measurement, or disclosure that is in accordance with the applicable financial reporting framework.		assurance: Anne Robson
We have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements.	Council staff are required to disclose any conflicts of interest at the start of each financial year or as they arise. Councilors are required to complete declarations of interest and provide updated information as needed. To the best of our knowledge all related party transactions have been recorded.	Group manager people and culture: Joanne Davidson
We have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of performance that require adjustment or disclosure	Staff are currently working through the appropriate disclosures. Changes will be made to this section as relevant matters arise.	Group manger finance and assurance: Anne Robson
We believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of performance as a whole. A list of the uncorrected misstatements is attached to this representation letter.	Confirmed and noted the attached.	Group manager finance and assurance: Anne Robson
We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with New Zealand Public Benefit Entity Public Sector Standards.	These have been disclosed to audit and identified in contingent liabilities within the Annual Report.	Group manager infrastructure and capital delivery: Fran Mikulicic Group manager regulatory services: Adrian Humphries Group manager finance and assurance: Anne Robson
Representations about the provision of information		
We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:		
We have provided you with:	Council staff have provided the audit team with all documents	Group manager finance and

- all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the statement of performance; and - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.	required for the audit, financial audit files and Council minutes. This has been supplemented with additional information and responses when required. Council staff were available to the Auditors for system testing.	assurance: Anne Robson
We have disclosed to you the results of our assessment of the risk that the financial statements and statement of performance may be materially misstated as a result of fraud.	Council uses software JDE as the base framework for its internal financial controls, this is supported through policies, exceptions reporting, internal and external auditing to ensure the risk of fraud is minimised. Allegations of fraud are investigated in accordance with Council's fraud policy. To the best of staff knowledge there have been no issues of fraud that could have a material effect on the financial statements and statement of performance.	Group manager finance and assurance: Anne Robson Group manager people and capability: Joanne Davidson
We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves: - management; - employees who have significant roles in internal control; or - others where the fraud could have a material effect on the financial statements and the statement of performance.		
We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements and statement of performance communicated by employees, former employees, analysts, regulators, or others.		
We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of performance.	Confirmed	Group manager finance and assurance: Anne Robson
We have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the	Confirmed	Group manager finance and assurance: Anne Robson

other information does not contain any material misstatements.		
We have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.	To the best of our knowledge all related party transactions have been recorded.	Group manager people and culture: Joanne Davidson Group manager finance and assurance: Anne Robson
Use of an expert		
We agree with the findings of the expert in evaluating the fair value of three waters assets and roading assets. In particular, we agree with the assumptions made and they appropriately reflect the intent and ability of those charged with governance to carry out specific courses of action on behalf of the Council, where relevant to the accounting estimate and disclosure. We have considered the qualifications of the expert and are satisfied that the expert is appropriately qualified to determine the amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to the expert with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have affected the independence or objectivity of the expert.	Staff have worked with Councils valuers to ensure that the supporting information for the valuation is appropriate. Staff are comfortable that the calculation of any depreciation expense is correct based on these valuations.	Group manager infrastructure and capital delivery: Fran Mikuliclic Group manager finance and assurance: Anne Robson
Going concern basis of accounting		
We confirm that, to the best of our knowledge and belief, the Southland District Council has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Council continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of performance for the year ended 30 June 2025. We have reached this conclusion after making	Confirmed	Group manager finance and assurance: Anne Robson Chief executive: Cameron McIntosh

enquiries and having regard to circumstances that we consider likely to affect the Southland District Council during the period of one year the date of this letter, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.		
We consider that the financial statements and the statement of performance adequately disclose the circumstances, and any uncertainties that we can reasonably be expected to be aware of concerning the adoption of the going concern basis of accounting by the Southland District Council.	Confirmed	Group manager finance and assurance: Anne Robson
Throughout the year, the Southland District Council has complied with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.	Confirmed	Group manager finance and assurance: Anne Robson
Publication of the financial statements and statement of performance and related audit report on a website		
The Council accepts that it is responsible for the electronic presentation of the audited financial statements and statement of performance.	Confirmed	Strategic communications and engagement manager: Louise Pagan
The electronic version of the audited financial statements and statement of performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of performance and audit report.	Council publishes the same version online as the final signed version. This is published by a communications staff member.	Strategic communications and engagement manager: Louise Pagan
We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.	Audited information is accompanied by an audit opinion. We understand the risk of potential misinterpretation in the absence of appropriate controls.	Strategic communications and engagement manager: Louise Pagan

We have assessed the security controls over audited financial and performance information and the related audit report, and are satisfied that procedures are adequate to ensure the integrity of the information provided.	Confirmed	Strategic communications and engagement manager: Louise Pagan
Where the audit report on the full financial statements and statement of performance is provided on a website, the financial statements and statement of performance are also provided in full.	Confirmed	Strategic communications and engagement manager: Louise Pagan

Uncorrected misstatements

9 The letter includes one uncorrected misstatement related to landfill post-closure costs being understated in the prior year (recognised as a liability). Only one year of inflation was added to closure costs in 2023/2024 when inflationary gains should have been added cumulatively. As a result, the closing value as at 30 June 2025 was understated. This has been corrected in 2024/2025 with an adjustment to the opening balance (1 July 2024) as shown below.

Closing balance 30 June 2024	**$8,186**
Opening balance adjustment	843
New opening balance	**$9,029**
FY25 provision movement	467
Closing balance at 30 June 2025	**$9,496**

Factors to consider

Legal and statutory requirements

10 Staff confirm that that matters in this report complies with Council's legal and policy requirements.

Community views

11 The community requires Council to present its annual report accurately. The audit process contributes to this. This representation to the auditor's forms part of the assurances of accuracy and therefore does not require community feedback.

Costs and funding

12 This report has no costs or funding implications.

Policy implications

13 There are no known policy implications.

Analysis

Options considered

14 The committee can decide whether or not to authorise the Mayor and chief executive to sign the representation letter to Deloitte for the Annual Report 2024/2025.

Analysis of Options
Option 1 – authorise the Mayor and chief executive to sign the representation letter to Deloitte for the Annual Report 2024/2025 on behalf of Council

Advantages	*Disadvantages*
• gives assurance to Council on adoption of the annual report • enables Deloitte to issue their audit report on the annual report • enables Council to complete its annual report and audit process and meet its legislative obligations	• none identified

Option 2 – does not authorise the Mayor and Chief Executive to sign the representation letter to Deloitte for the Annual Report 2024/2025 on behalf of Council

Advantages	*Disadvantages*
• if members are not comfortable with the draft annual report as presented, they have not attested to the accuracy.	• prevents Deloitte from issuing their audit opinion meaning that the annual report cannot be finalised, preventing Council from meetings its legislative obligations.

Assessment of significance

15 The matter is considered to be of low administrative significance, as it largely pertains to internal Council processes.

Recommended option

16 Option one - authorise the Mayor and the chief executive to sign the representation letter for the Annual Report 2024/2025.

Next steps

17 If the committee authorise the Mayor and chief executive to sign the representation letter, then staff will provide the letter for signing and email to Deloitte.

Attachments

A Draft representation letter for year ended 30 June 2025

SOUTHLAND DISTRICT COUNCIL

24 September 2025

M Hawken
Deloitte Limited
Chartered Accountants
PO Box 1245
Dunedin 9054

Representation letter for the year ended 30 June 2025

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and statement of performance of Southland District Council for the year ended 30 June 2025 for the purpose of expressing an independent opinion about whether:

The financial statements:

- present fairly, in all material respects:
  - the financial position as at 30 June 2025; and
  - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Public Benefit Entity Public Sector Standards.

The statement of performance:

- presents fairly, in all material respects, the performance for the year ended 30 June 2025, including:
  - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
  - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
- complies with generally accepted accounting practice in New Zealand.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In relation to the summary financial statements, we also confirm that the summary financial statements:

- fairly and consistently represents the information regarding the major matters dealt with in the annual report; and
- comply with requirements of PBE FRS-43: Summary Financial Statements.

Southland District Council
Te Rohe Pōtae o Murihiku
PO Box 903
15 Forth Street
Invercargill 9840
0800 732 732
sdc@southlanddc.govt.nz
southlanddc.govt.nz

General representations

To the best of our knowledge and belief:

- the resources, activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of Southland District Council) to prevent and detect fraud or error, and which enables the preparation of the financial statements and the statement of performance that are free from material misstatement whether due to fraud or error.

Representations on the financial statements and the statement of performance

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of performance, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of performance as required by New Zealand Public Benefit Entity Public Sector Standards and, in particular, that:
    - the financial statements:
        - present fairly, in all material respects:
            - the financial position as at 30 June 2025; and
            - the financial performance and cash flows for the year then ended; and
        - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Public Benefit Entity Public Sector Standards.
    - the statement of performance:
        - presents fairly, in all material respects, the performance for the year ended 30 June 2025, including:
            - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
            - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.

SOUTHLAND DISTRICT COUNCIL

  - complies with generally accepted accounting practice in New Zealand.

- we believe the methods, significant assumptions, and data used in making and supporting the accounting estimates and the related disclosures in the financial statements and performance information are appropriate to achieve recognition, measurement, or disclosure that is in accordance with the applicable financial reporting framework;
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of performance that require adjustment or disclosure; and
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of performance as a whole. A list of the uncorrected misstatements is attached to this representation letter.
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with New Zealand Public Benefit Entity Public Sector Standards.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the statement of performance; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- we have disclosed to you the results of our assessment of the risk that the financial statements and statement of performance may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements and the statement of performance.
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements and statement of performance communicated by employees, former employees, analysts, regulators, or others;

- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of performance;
- we have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements.
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Use of an expert

We agree with the findings of the expert in evaluating the fair value of three waters assets and roading assets. In particular, we agree with the assumptions made and they appropriately reflect the intent and ability of those charged with governance to carry out specific courses of action on behalf of the Council, where relevant to the accounting estimate and disclosure. We have considered the qualifications of the expert and are satisfied that the expert is appropriately qualified to determine the amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to the expert with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have affected the independence or objectivity of the expert.

Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, the Southland District Council has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Council continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of performance for the year ended 30 June 2025. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Southland District Council during the period of one year the date of this letter, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements and the statement of performance adequately disclose the circumstances, and any uncertainties that we can reasonably be expected to be aware of concerning the adoption of the going concern basis of accounting by the Southland District Council.

Throughout the year, the Southland District Council has complied with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

Publication of the financial statements and statement of performance and related audit report on a website

- the Council accepts that it is responsible for the electronic presentation of the audited financial statements and statement of performance.
- the electronic version of the audited financial statements and statement of performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of performance and audit report.

- we have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.
- we have assessed the security controls over audited financial and performance information and the related audit report, and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- where the audit report on the full financial statements and statement of performance is provided on a website, the financial statements and statement of performance are also provided in full.

The representations in this letter are made at your request and to supplement information obtained by you from the records of the Southland District Council and to confirm information given to you orally.

Yours faithfully

Mayor

Chief Executive

SOUTHLAND DISTRICT COUNCIL

Uncorrected misstatements

30/06, 2025 Amounts as Reported		Assets / Liabilities DR / (CR)	Equity DR / (CR)	Income Statement DR / (CR)
Description	**Account Balance**	-	-	-
2024 component of the adjustment for inflation applied to the landfill provision.	Landfill contingency expenses	-	-	(842,691)
	Retained Earnings	-	842,691	-
		-	**842,691**	**(842,691)**

Draft Annual Report 2024/2025 recommending adoption by Council

Record No: R/25/8/42678
Author: Nicole Taylor, Finance development co-ordinator
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision ☒ Recommendation ☐ Information

Purpose

1 To present the draft Annual Report 2024/2025 to the Finance and Assurance Committee (the committee) for their recommendation to Council to adopt at the 8 October Council meeting.

Executive summary

2 The annual report is a means for Council to account and report to the community on its performance for the preceding financial year. It compares and comments on the performance of Council against the budget and operating targets set in year one of the Long Term Plan (LTP) 2024-2034.

3 Council is required to develop and adopt an annual report within four months of the end of a financial year.

4 A draft of the unaudited annual report was presented to the committee on the 27 August 2025. Several changes have been made to the document since it was presented to the committee. The main changes include:

- inclusion of a share of results from associates in the financial results
- inclusion of the forestry revaluation
- completion of cashflow information and associated commentary/notes
- adjustment to the landfill post-closure provision to correctly account for inflation
- completion of financial benchmarks to include the operations control benchmark and correction to prior year graph data to match published reports.
- replacing water supply key performance indicators (15.3a-b) with eight new Department of Internal Affairs (DIA) mandatory measures (15.3 c-j) and align with reporting to Taumata Arowai about drinking water quality assurance rules. This has increased the total number of KPI's from 64 to 70. These changes, as well as a correction to the environmental services KPI (9.2) has resulted in a 1% drop in the proportion of performance targets achieved and 4% increase in the proportion of targets not achieved.

5 The remaining changes are minor, generally reflecting adjustments to financial information and associated commentary, and including suggested changes from Deloitte.

6 The net deficit advised at the August meeting was $6.2 million with this now at $5.8 million. As shown in the table below, the changes are related to the inclusion of the forestry revaluation, an adjustment to the landfill post-closure provision to correctly account for inflation and inclusion of a share income and expenditure from associates (WasteNet, Southland Regional Heritage Committee, Emergency Management Southland and Great South).

Change to surplus/(deficit)	Council 2024/2025 Actual ($000)
Operating surplus/(deficit) as at 27.8.25	**(6,155)**
Forestry revaluation adjustment	200
Share of associate surplus	885
Landfill post-closure inflation adjustment	(770)
Operating surplus/(deficit) as at 29.8.25	**(5,840)**

7 Of the seven financial prudence benchmarks reported, Council met five in 2024/25. The essential services and balanced budget benchmarks were not met due to capital expenditure being lower than budgeted and Council not fully funding depreciation on infrastructure assets.

8 The final draft annual report and draft summary document are attached to this report.

- **attachment A** Draft Annual Report 2024/2025 – Full Document
- **attachment B** Draft Summary Annual Report 2024/2025

9 As at the date of this report, Deloitte are finalising their work and expect to complete this before the meeting. Any further changes identified by Deloitte after this report will be communicated at the October Council meeting.

10 Mike Hawken, Audit Director of Deloitte will be at the committee meeting to provide an overview of the audit process, findings and to answer any questions.

11 The draft audit report provided by Deloitte has been received and included in the full document. This will be finalised once Council adopts the annual report in October.

12 The committee is asked to consider the annual report and recommend its adoption by Council, incorporating any further changes as necessary.

Recommendation

That the Finance and Assurance Committee:

a) receives the report titled "Draft Annual Report 2024/2025 recommending adoption by Council" dated 24 September 2025.

b) determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.

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

d) recommends that Council adopt the Annual Report 2024/2025 (attachment A), subject to any final amendments required.

e) endorses the Summary Annual Report 2024/2025 (attachment B), subject to any final amendments required.

f) delegates authority to the Chief Executive and Chair Finance and Assurance to approve any final amendments to the full and summary Annual Report 2024/2025 before adoption by Council.

Background

13 Council is required to develop and adopt an annual report within four months of the end of a financial year (31 October). The document compares and comments on the performance of Council against the budget and operating targets for 2024/2025, being the first year of the Long Term Plan (LTP) 2024-2034.

14 A draft of the unaudited Annual Report was presented to the committee on the 27 August 2025. Several changes have been made to the document since it was presented to the committee. The main changes relate to the inclusion of a share of results from associates in the financial results as well as the forestry revaluation. Cashflow information and associated commentary has also been included.

15 Other changes made in association with the audit team include:

- an adjustment to the landfill post-closure provision due to a correction to the inflation calculation for the prior year affecting the 1 July 2024 opening balance (previously at $8.2 million revised to $9.0 million)
- replacement of two water supply key performance indicators (KPI 15.3 a-b) with eight new mandatory measures to align with reporting to Taumata Arowai and meet the requirements for mandatory measures from Department of Internal Affairs (refer KPI 15.3 c-j)
- minor adjustments to calculations and commentary for two building solution KPI's (9.2, 9.3) to reconcile with the underlying data and water supply KPI (15.2) to update the calculations to use the 2024/2025 connection numbers.

16 Other changes include updates to the Mayor and Chief Executive introduction following on from the committee's discussion at their previous meeting and completion of the financial commentary to match the updated financial information.

17 The final audited annual report is scheduled to be adopted on the 8 October 2025 to enable the current Council to complete this before the local body elections. The committee is being asked to recommend the final annual report to Council for adoption.

18 The report and financial statements have been audited by Deloitte on behalf of the auditor general with the audit team carrying out their review from 25 August to the 19 September 2025. Staff received a draft of Deloitte's audit report on 22 September 2025.

19 The summary annual report document, although not required to be adopted by Council, is included for the committee to review **(attachment B)**. The summary largely reflects the content of section one of the full document, including key district and community board highlights, performance and project overview and summary financial information. The summary is currently undergoing audit with this expected to be completed by Council's 8 October 2025 meeting. While formal adoption of the summary is not required, subject to audit clearance, staff may also include the summary in the agenda to be approved by Council alongside the full annual report.

20 The full annual report and summary (once adopted) will be made available to the public via Council's website, by placing printed copies in libraries and service centres and having printed copies available for distribution on request. The availability of the annual report will be advertised.

Status of the report and audit

21 As at the date of this report, Deloitte have completed their fieldwork and are finalising the review of both the full and summary documents. A separate report titled Deloitte Management Report

for the Year Ending 30 June 2025 is included in the committee agenda. This report outlines the results and insights from the audit that Deloitte considers relevant for the committee's attention.

22 While staff are not expecting any substantive changes to the annual report document, there may be minor adjustments to commentary or disclosures as a result of the final review over the coming days. Final changes from audit are expected to be updated in the documents prior to the meeting, so that final audit clearance can be provided at the meeting. Any further material changes made to these documents will be outlined at the meeting.

Issues

Overview of results

Performance targets

23 As noted above, key performance indicators for the water supply activity have been updated to match the DIA mandatory measures which has increased the total number of indicators from 64 to 70. Overall, 62% (43) of targets were achieved, 10% (7) were mostly achieved (missed by 5% or less), 20% (14) were not achieved, 4% (3) were not measured and 4% (3) established a baseline target for future years. Of the 14 targets not met, contributing factors included budget and resource limitations, environmental conditions beyond Council's control, and various technical and process-related challenges.

24 In this reporting period, staff have continued to improve on the percentage of building and resource consents completed within the 20 days. It only takes one application in the year for Council not to meet this standard however, processing times have improved to 94% for building (70.1% in 23/24) and 93% for resource consents (29.28% in 23/24).

Table 1: KPI achievement by activity group

Activity	Achieved	Mostly achieved (missed by 5% or less)	Not achieved	Not measured	Baseline established	Total
Community Leadership	3	2	-	1	-	6
Community Resources	5	2	1	1	3	12
Environmental Services	6	1	3	-	-	10
Transport	6	-	2	1	-	9
Stormwater	8	1	-	-	-	9
Sewerage	8	-	1	-	-	9
Water Supply	7	1	7	-	-	15
Total	**43**	**7**	**14**	**3**	**3**	**70**

25 The KPIs not measured or establishing a baseline included:

- KPI 6.1: Percentage of SDC playgrounds that meet NZ standards over the next 3 years. The report notes that this level 3 assessment will be carried out in 2025/2026. It also notes that level 1 and 2 assessments have still been carried out during the year to identify any defects and that compliance is likely to have improved due to equipment replacement that has occurred during the year.
- KPI 12.6: Footpath condition - The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths. The assessment was not conducted this year due to reduced NZTA funding. However, given the low likelihood of significant deterioration during the period, the associated risk is considered minimal. The previous assessment for footpaths in 2023/23 was 96%.
- KPI 1.1.2: Percentage of the community partnership fund and district initiatives fund granted to organisations to achieve the outcomes proposed in the funding application. As this

indicator is newly established and linked to the new SmartyGrants system, data was not available in 2024/2025. It is anticipated that the first meaningful data will be available in the second quarter of the 2025/2026.

- KPI 2.1: Council halls are fit for purpose. The baseline has been established at 100% with a new survey of hall users undertaken via the booking system (SpacetoCo).
- KPI 5.1: The library network will increase the digital proportion of lending year on year. The baseline has been established at 12%.
- KPI 5.2: The library and service network will increase programme participation numbers year on year. The baseline has been established at 6,879 participants attending a one-off or recurring library event.

Projects

26 The Annual Report 2024/2025 includes information about projects, their completion status and actual cost versus budget.

27 The LTP included 150 projects scheduled for delivery in 2024/2025, with a total budget of $70.4 million. Over the course of the year, Council and community boards approved several changes to the programme. These included:

- carrying forward projects from the prior year that were underway but not yet completed ($11.4 million added)
- adjusting project budgets for changes in scope or costs or new projects added ($0.2 million added)
- revising the timing of delivery for some projects ($17.4 million removed).

28 As a result, the revised programme expanded to 181 projects with a reduced total budget of $64.6 million.

29 The graph and table below provide a breakdown of the revised programme and actual expenditure by activity. Over the year 49% of the revised projects were completed, 20% were in progress, 18% incurred costs but were rescheduled to another year with another 11% rescheduled with no costs incurred and 2% cancelled. More information about the projects is included in the section two (our activities) with a full list included in section four (other information).

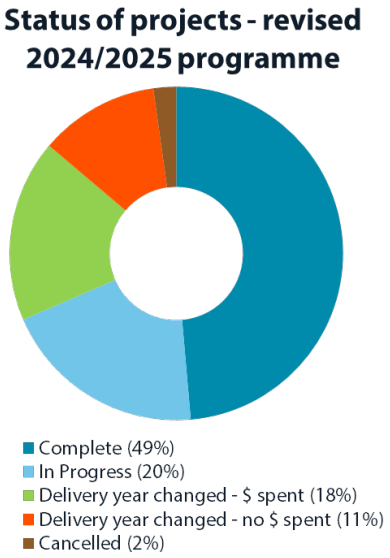


Table 2: Project status and actual spend by activity group

Number of projects and actual costs by activity group	Complete	In Progress	Delivery year changed - $ spent	Delivery year changed - no $ spent	Cancelled	Total
Community resources	**53**	**19**	**13**	**16**	**2**	**103**
Actual expenditure	$1,584,030	$4,474,138	$730,514	-	$7,950	$6,796,632
Transport	**16**	**7**	**6**	**3**	**1**	**33**
Actual expenditure	$17,682,684	$230,879	$66,041	-	-	$17,979,604
Stormwater	**3**	**1**	**2**		**1**	**7**

Number of projects and actual costs by activity group	Complete	In Progress	Delivery year changed - $ spent	Delivery year changed - no $ spent	Cancelled	Total
Actual expenditure	$779,805	$124,686	$114,845	-	$986	$1,020,322
Sewerage	**7**	**1**	**6**			**14**
Actual expenditure	$1,530,467	$11,718,559	$1,608,529	-	-	$14,857,555
Water supply	**7**	**5**	**4**	**2**		**18**
Actual expenditure	$2,273,593	$1,535,216	$168,395	-	-	$3,977,204
Corporate services*	**2**	**3**	**1**			**6**
Actual expenditure	$473,901	$6,629	$52,308	-	-	$532,838
Total	**88**	**35**	**33**	**21**	**4**	**181**
Actual expenditure	$24,324,481	$18,043,165	$2,787,574		$8,936	$45,164,156
**Council has various corporate services that are considered internal activities. These corporate services are funded through internal charges which are spread over the seven activity groups.*						

30 On 27 August 2025 a 'Capital delivery programme update – June 2025' was presented to the Finance and Assurance committee. This report outlined the work completed during 2024/2025 and the 2025/2026 proposed programme combining the work carried over and the work in the annual plan for 2025/2026. It outlines the risks due to the size of the 2025/2026 project programme. The programme for 2025/2026 is to be reviewed and a report is due back to the committee in December 2025 to outline what can be delivered in 2025/2026. This may result in work being moved to 2026/2027 or later years.

Financial results

31 The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The accounting policies for the year ended 30 June 2025 were approved at the Finance and Assurance Committee meeting in March 2025.

32 Overall, the draft annual report shows an operating deficit of $5.8 million compared to the budgeted operating deficit of $6.4 million for the year ended 30 June 2025.

33 The net deficit is slightly lower than the $6.2 million advised at the committee's August meeting due to the inclusion of the forestry revaluation, an adjustment to the landfill post-closure provision to correctly account for inflation and inclusion of a share of income and expenditure from associates (WasteNet, Southland Regional Heritage Committee, Emergency Management Southland and Great South).

Change to surplus/(deficit)	2024/2025 Actual ($000)
Operating surplus/(deficit) as at 27.8.25	**(6,155)**
Forestry revaluation adjustment	200
Share of associate surplus	885
Landfill post-closure inflation adjustment	(770)
Operating surplus/(deficit) as at 29.8.25	**(5,840)**

34 A summary of key financial information is set out below. An explanation of the key financial variances for each activity group is also detailed in the activity funding statement (FIS) commentaries in the annual report.

Statement of comprehensive revenue and expenditure

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

	Council 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Council 2024/2025 Budget ($000)	Variance Actual to Budget ($000)	Variance Actual to Budget %
Total revenue	109,677	113,799	119,826	(6,027)	(5%)
Total expenditure	(115,597)	(120,481)	(126,205)	5,724	(4%)
Share of associate's surplus/(deficit)	102	843	-	843	
Net surplus/(deficit)	**(6,818)**	**(5,840)**	**(6,379)**	**539**	**(8%)**
Movement in fair value reserve	1,219	3,428	-	3,428	
Movement in asset revaluation reserve	100,585	26,396	64,543	(38,147)	(59%)
Comprehensive revenue and expense	**94,987**	**23,985**	**58,164**	**(34,179)**	**(59%)**

36 Overall, the actual operating deficit is slightly lower than budgeted due to the share of associate surplus which is not included in the budget. Revenue was $6.0 million (5%) lower than budget and operating expenses were $5.7 million (4.5%) lower than budget.

37 Revenue ($113.8 million) was $6.0 million under budget primarily due to:

- grants and subsidies being lower than budgeted, primarily due to a reduction in the roading programme to align with the NZTA funding approved after the adoption of the LTP. This resulted in capital project reductions and delays totalling $4.9 million, and operational cost reductions of $2.6 million. Additionally, the timing of the spatial plan has been deferred to 2025/2026, resulting in the carry forward of $0.5 million in expected grant income. These reductions have been partially offset by $0.2 million in government 'Better Off' funding carried forward from 2023/2024 to support community-run projects
- the reclassification of investment income as gains on assets at fair value resulted in investment income being $1.5 million below budget. However, this was partially offset by $0.8 million of joint venture revenue recognized through gain from investments in associates
- the forestry revaluation was lower than expected ($1.2 million). This was offset by unbudgeted property asset sales ($1.0 million) and vested asset income ($3.4 million)
- minor variances were recorded across the remaining income lines, contributing to a total variance of $0.7 million. These included lower-than-expected revenue from rates penalties, rates adjustments, internal rates, community housing rental income and building consents.

38 Expenditure ($120.5 million) was $5.7 million under budget primarily due to:

- NZTA expenditure was lower due to the reduction in the approved programme; including a reduction in pavement maintenance, structure maintenance, network and asset management, road safety southland programme and fuel costs ($2.4 million)
- employee related expenses were lower than budgeted due to the timing of vacancies and subsequent appointments and the transfer of labour costs where appropriate to capital projects ($1.3 million)
- expenditure for community resources was $1.9 million below budget, primarily due to lower-than-anticipated maintenance and project costs across parks and reserves, transfer stations, halls, and public conveniences. Some maintenance projects are proposed to be carried forward. Additionally, costs were reduced by consolidating reviews of reserve management plans
- delays to the Environmental Services township spatial planning project and the replacement of the building control software contributed to $0.7 million in reduced expenditure

- the remediation of the closed landfill in Otautau has been delayed to the next financial year while alternative funding sources are explored, with $0.7 million carried forward
- finance costs (related to interest) were $0.5 million less than budget due to the debt being lower than the anticipated on external borrowings
- the remaining variance relates to lower corporate service expenditure from delays implementing the new financial system, lower than expected managed investment fund fees and employee related costs, partially offset by associate expenses which are not included in the budget.

39 Of these costs, $4.7 million will be carried forward into the 2025/2026 year.

40 Financial assets measured at fair value increased by $3.4 million, primarily due to gains in the value of managed funds held with Milford and Westpac (BTNZ) as at 30 June 2025 ($2.5 million), and an increase in the value of emissions trading units ($929,000). The average return across the balanced funds was approximately 9.5%, compared to a budgeted return of 5.5%. The unrealised portion of this return, not required for operational funding, has been credited to a separate reserve. This reserve will be adjusted annually to reflect any gains or losses on the managed funds.

41 Gains/(losses) on property, plant, and equipment revaluations were $38.1 million lower than budgeted, with actual gains of $26.4 million compared to a budget of $64.5 million. This is primarily due to differences between the BERL inflation assumption applied to asset values at the time of the budget (2.9% for roading and 3.6% for three waters) and the actual change as a result of the revaluation (1.25% for roading and 2.42% for three waters).

Statement of financial position

42 The statement of financial position (also referred to as the balance sheet) records the assets Council owns, and how those assets are financed. Total assets refer to what Council owns, for example infrastructure assets. Total liabilities represent what Council owes to third parties, for example accounts payable. Total equity is the net community assets (total assets less total liabilities).

43 Key items in the statement of financial position are:

	Council 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Council 2024/2025 Budget ($000)	Variance Actual to Budget	
				($000)	%
Total assets	2,309,841	2,386,148	2,439,427	(53,279)	(2%)
Total liabilities	63,687	116,008	133,383	(17,375)	(13%)
Total equity	**2,246,155**	**2,270,140**	**2,306,043**	**(35,903)**	**(2%)**

44 Total assets were $2.39 billion, which is $53.3 million below the budget. This variance was primarily due to lower infrastructure revaluations and deferral of capital projects ($74 million) offset by higher cash and cash equivalents ($22.8 million).

45 Total liabilities were $116.0 million, $17.4 million below budget. This is primarily due to lower external borrowings resulting from the deferral of capital projects ($15.6 million). Trade and other payables were also $3.3 million lower than budgeted, reflecting reduced operating costs. These reductions were partially offset by a $1.5 million increase in the provision for landfill post-closure costs, due to a correction of prior year balances and the deferral of work on the Otautau landfill.

Statement of cashflows

46 The statement of cash flows summarises the cash Council received and dispersed, categorised under financial reporting rules into three main areas:

- operating cashflows: cash related to day-to-day operating activities
- investing cashflows: cash received from sale of assets and spent on capital assets
- financing cashflows: cash received from borrowings and used to repay debt.

47 Overall, Council's cash position increased by $18.4 million to $23.8 million at 30 June 2025. The table shows the changes in cashflow across three categories (operating, investing, financing).

	Council 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Council 2024/2025 Budget ($000)	Variance Actual to Budget ($000)	%
Operating cashflow inflow/(outflow)	25,423	32,738	29,766	2,972	10%
Investing cashflow inflow/(outflow)	(46,159)	(70,083)	(62,938)	(7,145)	11%
Financing cashflow inflow/(outflow)	14,000	55,755	30,498	25,277	83%
Net cashflow increase/(decrease)	**(6,736)**	**18,430**	**(2,674)**	**21,104**	**(789%)**
Opening cash balance	**12,128**	**5,392**	**3,674**	**1,718**	**(47%)**
Closing cash balance	**5,392**	**23,822**	**1,000**	**22,822**	**2,282%**

Net operating cashflows were $21.1 million higher than budget. Operating cashflows were $3.0 million higher budget, largely due to lower payments to staff and suppliers. Investing cash outflows were $7.1 million higher than budget, reflecting the implementation of Council's investment strategy, partially offset by lower capital expenditure. Financing cashflows were higher than budget, to support the implementation of Council's investment strategy and manage expected operational cash flows. We initially anticipated to end the year with around $10 million in cash. However, delays in some spending (now carried forward to 2025/26), along with earlier-than-expected receipts from NZTA funding, forestry income, and asset sales, meant our June debtors were lower and cash on hand was higher. As a result, our year-end cash position was approximately $13 million higher.

Financial Prudence Benchmarks

48 Of the seven financial prudence benchmarks reported, Council met five in 2024/2025 as shown.

Financial prudence benchmarks	Budget 2024/25	Actual 2024/25	Benchmark 2024/2025	Performance 2024/25
Rates affordability benchmark	13.18%	13.23%	14.00%	Met
Debt affordability benchmark - net debt	55%	80%	175%	Met
Debt servicing benchmark	3.5%	3.3%	10%	Met
Essential services benchmark	157%	65%	100%	Not Met
Balanced budget benchmark	95%	92%	100%	Not Met
Operations control benchmark	> 100%	110%	100%	Met
Debt control benchmark	< 100%	45%	100%	Met

49 Council has not met the essential services benchmark due to the reduced NZTA roading programme and a lower level of capital expenditure completed. Council meets this benchmark if capital expenditure on network services equals or is greater than depreciation on network services.

50 Council has not met the balanced budget benchmark. This is primarily due to Council not fully funding its depreciation. This benchmark is met if Councils total revenue exceeds its total operational expenditure.

Other Financial Matters of Interest

Infrastructure revaluation

51 The revaluation of roading and three waters assets has resulted in a $26.4 million increase in value over the prior year as shown in the summary table.

52 Council undertakes a revaluation of its roading and water and waste assets annually. The practice for the three waters has been to do a comprehensive review every three years and in the intermediary years increase the values using standard industry indices. For roading, indices have principally been used annually because Council does not actively build or substantially renew some components of the roads on a regular basis and therefore does not have the information on which to base a revaluation.

Infrastructure revaluation for 2024/2025 with prior year comparison Asset group	Revaluation		
	2023/2024 Actual $M	2024/2025 Actual $M	2024/2025 Budget $M
Roading	88.8	17.0	49.6
Three waters	11.3	9.4	14.9
Total revaluation movement	**100.6**	**26.4**	**64.5**

53 Overall the roading revaluation increased by 1.25% this year against a budgeted increase of 2.90%, compared to 5.81% last year.

Roading revaluation

54 In undertaking the roading revaluation, Council provided recent contract rates for resurfacing and rehabilitation works. These rates were adjusted using the latest NZTA infrastructure cost indices to reflect values as at 30 June 2025. For other asset categories, such as bridges and footpaths, NZTA indices were used to escalate overall asset values, as Council did not undertake sufficient construction work in these areas to provide updated data. Overall, the increase in asset values aligns with contract price movements during the year, such as the rising cost of bitumen.

55 The NZTA indices used were to 31 March, with an allowance made for the June quarter. Deloitte have not indicated any issues with this approach given the limited movement in actual costs over the year.

56 As a further note, since last year, Council has implemented the national Asset Management Data Standard within its asset database. This has meant that Council now describes its assets in line with this standard. The standard is being rolled out across all road controlling authorities. Although not significant, it has resulted in changes to some data tables used for the valuation.

Three waters revaluation

57 Overall, the three waters revaluation increased by 2.42% this year against a budgeted increase of 3.6%, compared to 3.02% last year.

58 This year, a full review of reticulation unit rates was undertaken, with plant and equipment asset values adjusted using the relevant cost price index. All rates were benchmarked against Council's recent contract rates and those of three comparable local authorities. An allowance of 15% for on-costs (design, supervision and consenting) was applied to each contract.

Infrastructure Depreciation

59 In line with the revaluation increase, annual depreciation has also increased by $0.7 million (1.8%) as shown in the summary table below.

Infrastructure depreciation for 2024/2025 compared to 2023/2024 Asset group	Annual depreciation Actual 2023/2024 $M	 Actual 2024/2025 $M
Roading	**28.8**	**29.3**
Total three waters	**9.4**	**9.6**
Stormwater (not funded)	1.1	1.2
Wastewater	5.0	5.1
Water Supply	3.3	3.3
Total annual depreciation	**38.2**	**38.9**

60 Given that Council funds its annual depreciation, this is a positive outcome for future rating requirements. It means the current funding of depreciation in 2025/2026 is at 69% for wastewater and 77.5% for water, higher than what was planned at 65%.

Forestry Valuation

61 The review of the forestry valuation has been completed with the results included in the report. There has been no change to the draft valuation information provided to the committee in August.

62 Overall the completed valuation has resulted in an overall increase in the forestry asset of $0.2m (1.5%) which is recorded as a gain in other revenue.

Forestry revaluation for 2024/2025 with prior year comparison	Forestry valuation Actual 2023/2024	 Actual 2024/2025
Discount rate	7.5%	7.5%
	$M	**$M**
Fair value of tree crop	13.3	13.5
Land value	2.5	2.5
Total forestry estate value	**15.8**	**16.0**

63 The main factors driving the $0.2 million increase in value were increases for growth ($1.4 million) and increased woodflow ($0.16 million). These increases were offset by decreases for harvest ($0.84 million) and decreases for cartage and harvesting costs ($0.65 million).

Emissions Trading Scheme (ETS)

64 Council recognises ETS credits on the statement of financial position as at 30 June 2025. The statement reflects an asset, being the number of units held, multiplied by the value of the units at 30 June 2025. ETS credits increased by $929,000 over the prior year. This is shown through the financial assets at fair value through other revenue and expense lines on the statement of comprehensive revenue and expense.

ETS credit with prior year comparison	ETS credits Actual 2023/2024	 Actual 2024/2025
Units	113,231	113,231
$ per unit	$50.50	$58.70
Total ETS credits	**$5.7m**	**$6.6m**

65 In addition, 41.7 hectares of trees that have been harvested were not replanted at balance date (temporarily un-stocked). As staff expect the land to be replanted during both 2025 and 2026, no

allowance has been made for any deforestation liability, which is estimated at $1.7 million and would be incurred if the trees were not replanted within four years.

Internal Loans

66 Internal loans are $79.1 million as at 30 June 2025, an increase of $11.8 million from the prior year as outlined in the table below.

Summary of internal loan balances as at 30 June 2025	Opening 1 July 2024 $M	Closing 30-Jun-25 $M	Movement $M
Community leadership	0.0	0.0	0.0
Community resources	8.9	11.0	2.1
Environmental services	0.2	0.1	(0.1)
Transport	10.1	6.4	(3.7)
Stormwater	2.7	3.6	0.9
Sewerage	24.4	36.3	11.9
Water Supply	19.3	21.6	2.3
Corporate services	1.7	0.0	(1.7)
Total internal loans	**67.3**	**79.1**	**11.8**

67 Included in the balance is a $3.2 million repayment of internal loans from the District Operations Reserve, which Council resolved to undertake as part of preparing the Annual Plan 2025/2026. Overall, 42 internal loans were repaid that had remaining terms between one and eight years. These loans were from activities that are generally funded from Councils district general rate and which form the District Operations Reserve.

68 Interest was charged on internal loans at 5.67% in accordance with the annual plan. A summary of new loans against the annual plan is shown in the table below.

Summary of new internal loans for 2024/2025	2024/2025 Actual $M	2024/2025 Budget $M
Community leadership	-	-
Community resources	4.6	4.2
Environmental services	-	0.2
Transport	0.3	3.6
Stormwater	1.0	3.2
Sewerage	12.6	17.1
Water supply	3.1	2.4
Corporate services	-	0.9
Total new internal loans	**21.5**	**31.6**

69 Loan movements varied from budget across a number of activities:

- transport loans were lower than budget, with the airport runway resealing postponed due to poor weather and a district roading loan not being required following reductions to the subsidised roading programme to match lower approved NZTA funding
- stormwater loans were $2.2 million below budget, with projects in Te Anau and Edendale/Wyndham delayed due to consent and procurement processes
- sewerage loans were lower due to delays in projects awaiting final government standards and extended design timelines for the Manapouri project
- water supply loans were higher than budget as an additional loan was needed to fund the Riverton bridge repairs not covered by insurance
- loans for corporate services were under budget due to delays implementing a new financial management system and pending decisions on digitising Council records.

Reserves

70 Reserves at the 30 June 2025 increased by $3 million to $46.7 million compared to a budget decrease of $3.8 million. The actual movement for the year was $6.8 million higher than budget.

	Actual 2024/2025 $M	Budget 2024/2025 $M
Opening Balance 1 July 2024	43.6	
Movement	3.0	(3.8)
Closing Balance 30 June 2025	**46.7**	

71 $1.6 million of the variance related to roading rates collected for the full programme that were not used after the programme was scaled back to match approved NZTA funding. $1.8 million related to unbudgeted revenue from the sale of Luxmore land with a further $2.6 million related to a higher than expected return on managed funds that was not required for operational funding.

72 Of the $6.8 million, $5.4 million is still required to fund carry forwards as approved by Council on 27 August 2025. This effectively means that reserves have principally gone up by the higher return on managed funds.

Managed Funds

73 Council has previously made the decision to invest its general reserve funds into managed funds. With the returns from this used to offset rates and pay 2% interest on reserves. As part of the LTP 2024-2034, Council budgeted for a conservative 5.5% return less 1% fees. The actual return is around 9.5% with fees of around 0.8%. This means that additional unrealised funds have been received. At this stage as noted previously, the excess funds of $2.6 million have been transferred to a separate reserve for tracking purposes and to acknowledge the increased value of the fund.

74 Currently Council has invested $35 million into the managed funds of Milford and BTNZ (Westpac). As part of forecasting it had been expected that no further funds would be required to be invested as it was expected that the reserves would be around $35 million after considering restricted reserves. However, based on the above actual result (and after accounting for approved carry forwards), the committee will need to consider the final amount to be invested. A separate report will be prepared for a future meeting to address this point.

Factors to Consider

Legal and statutory requirements

75 Section 98 of the Local Government Act (LGA) 2002 requires Council to adopt an annual report within four months of the end of the financial year (31 October 2025).

76 The act also requires Council to publish a summary of the annual report within one month of the annual report being adopted. Staff have prepared a summary document (attachment B) which largely reflects the content of section one of the full document. The final audited summary document will be available online along with the annual report following adoption by Council.

77 Part 3 of Schedule 10 also outlines a number of disclosures that are required to be included in the annual report. These have been considered and incorporated into the document attached.

Statement of compliance

78 Clause 34 of Schedule 10 of the LGA requires that a statement of compliance be included in the annual report. This statement must confirm that the statutory requirements relating to the

preparation of the report have been met, and it must be signed by both the chief executive and the mayor.

79 The key statutory requirements for preparing the annual report are set out in Part 6, Section 98, and Part 3 of Schedule 10 of the Act. These provisions primarily require that the financial statements be prepared in accordance with Generally Accepted Accounting Practice (GAAP) and that specific disclosures are included in the report. Accordingly, the statement of compliance confirms that the required information has been provided, the report has been adopted within the four-month statutory timeframe, and it has been audited. It is important to note that the statement does not extend to confirming that the Council has met all of its statutory obligations in relation to prior decision-making processes.

80 The summary annual report has been completed in conjunction with section 98 (4) b of the LGA.

Community views

81 The community expects Council to adopt an annual report in accordance with the requirements of the LGA. The report is an important accountability document in terms of explaining the actual performance of the organisation relative to the objectives that were set via the LTP and annual plan.

82 The annual report and summary (once adopted) will be made available to the public via Council's website, by placing printed copies in libraries and service centres and having printed copies available for distribution on request. Availability of the report will be advertised.

Costs and funding

83 The total audit fee for the annual report is $192,883 (excluding GST) plus actual disbursements estimated at $17,000. This is an increase on the prior year of 2.66%. Council allowed $193,764 for the audit fee in its 2025/2026 budget with an additional $17,938 for disbursements.

84 Along with Council's own review and quality assurance processes of the information in the annual report, the independent review undertaken by the auditors helps to ensure that the public can rely on the information provided. In general, auditors provide an opinion as to whether Council has complied with Generally Accepted Accounting Practice (GAAP) and that the annual report fairly reflects Council's financial position, results of operations and cashflows, and levels of service and reasons for any variance.

Policy Implications

85 Council's policies relating to the basis upon which the annual report is prepared are outlined in the statement of accounting policies contained in the report itself.

Analysis

Options Considered

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

Analysis of Options

Option 1 – Recommend to Council adoption of the Annual Report 2024/2025, including any adjustments agreed by the committee at this meeting.

Advantages	*Disadvantages*
• compliance with Council's legislative requirements and Council's committee delegations	• None identified

• the committee has an opportunity to review the report and satisfy itself that the report is complete and that it has been prepared on an appropriate basis. • the document provides information to the public on the performance to budget and against key performance indicators.	

Option 2 – Do not recommend adoption of the Annual Report 2024/2025

Advantages	*Disadvantages*
• there are no advantages of this option.	• The adoption of the annual report could be delayed further and may be unable to be adopted before the elections.

Assessment of Significance

87 The decision to adopt the annual report is of low administrative significance in terms of the Council's Significance and Engagement Policy given that the report reflects activities and performance of Council over the prior year.

88 The report is of interest to the community as it provides information about how Council has performed and meets its financial and non-financial commitments, ensuring services are delivered efficiently and effectively. It provides the public with confidence that Council is fulfilling its responsibilities and performing well.

Recommended Option

89 The recommended option is Option 1 – Recommend adoption of the Annual Report 2024/2025 including any adjustments agreed by the committee at this meeting.

Next Steps

90 The annual report will be presented to Council for adoption at its meeting 8 October 2025.

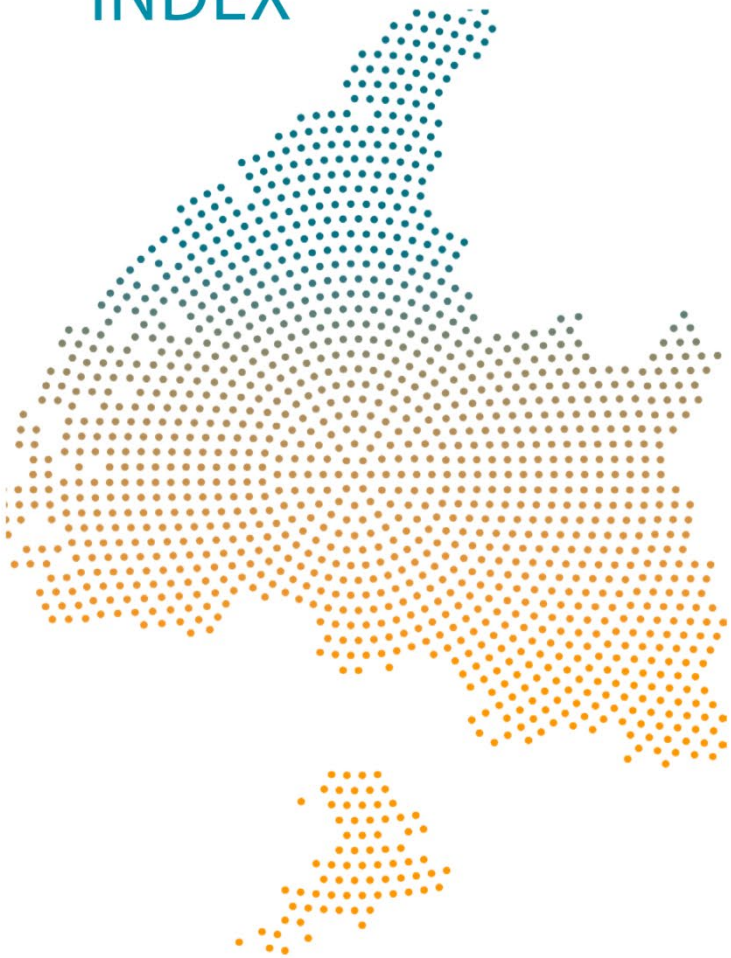
91 Once the annual report and summary are adopted, and the signed representation letter is provided to Deloitte, the final audit opinion(s) will be issued. This will be included in the final annual report and summary, which will be published online with printed copies distributed to area offices.

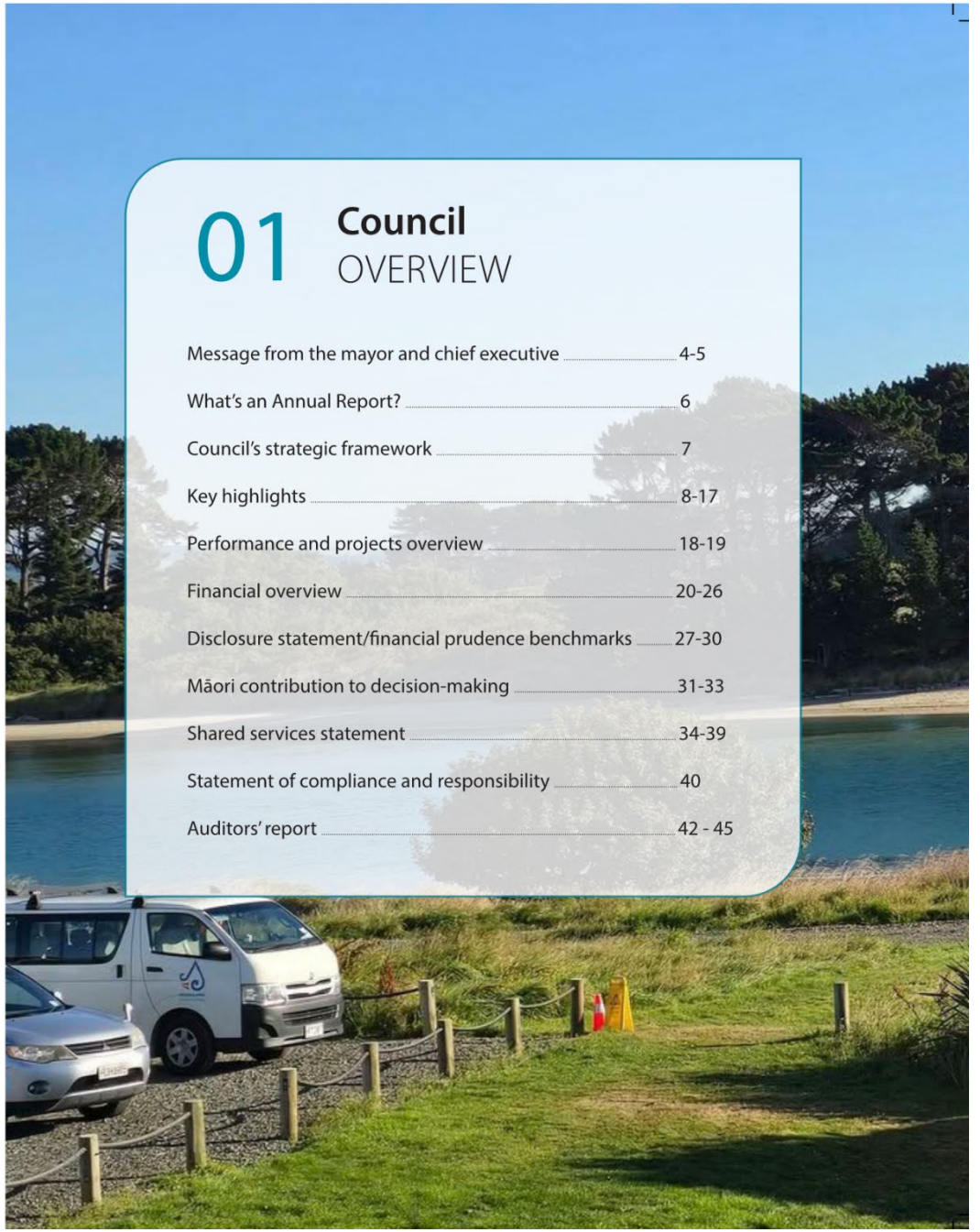
Attachments

A Draft Annual Report 2024/2025
B Draft Summary Annual Report 2024/2025


SOUTHLAND DISTRICT COUNCIL
ANNUAL REPORT
2024/2025

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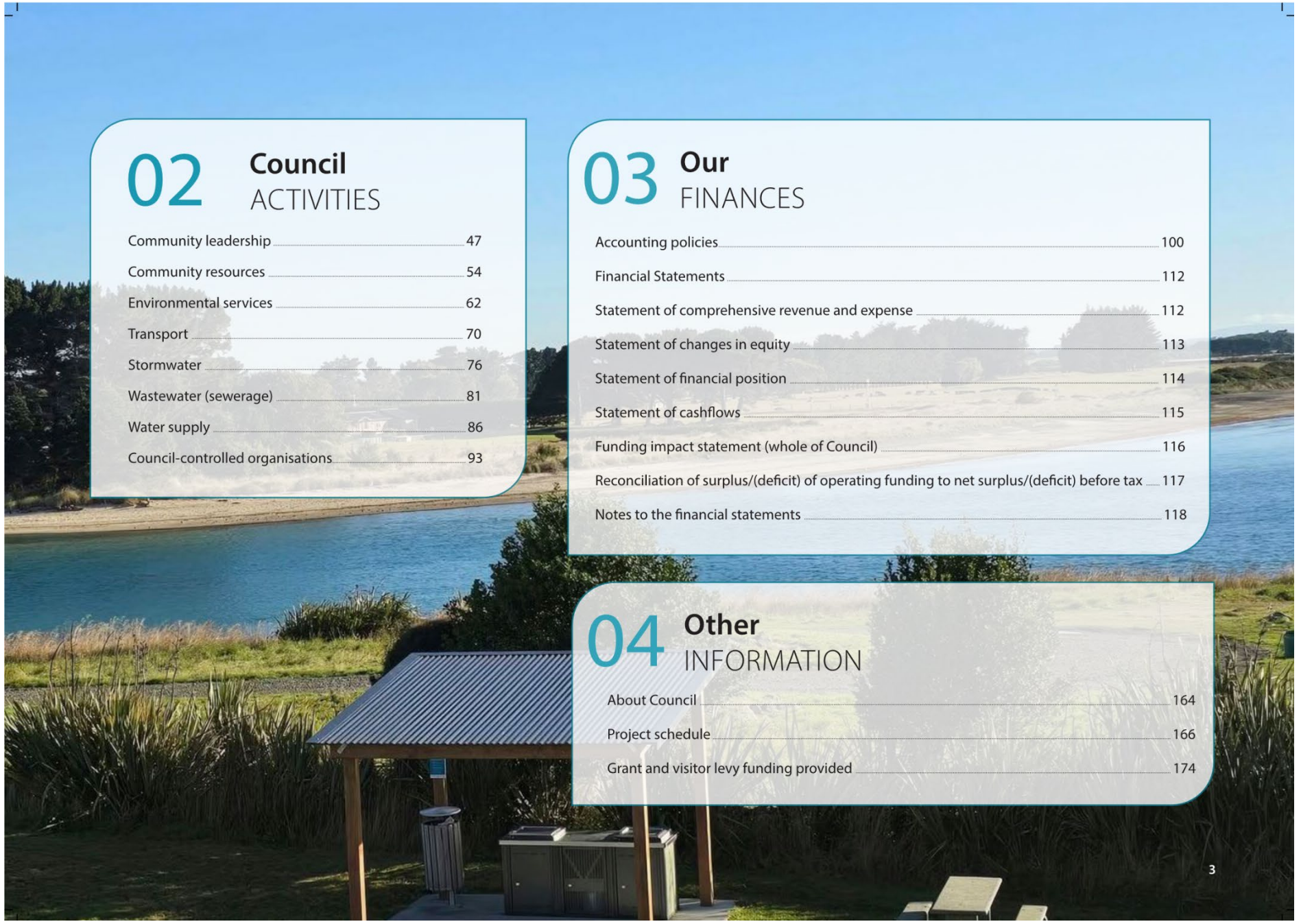
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A MESSAGE FROM

Mayor Rob Scott and chief executive Cameron McIntosh.





It's been a year of both challenge and achievement for Southland District Council. While external pressures – particularly around infrastructure funding and continuous national reform – have tested our resilience, they've also highlighted the strength of our people and our purpose.

It might seem to the casual observer that every annual report, annual plan or long-term plan we present is dominated by the work we do around our core infrastructure, and that would be right. We are very much an infrastructure-based council. The greatest percentage of our expenditure annually goes towards maintaining or upgrading the infrastructure in our geographically vast district.

One of the most significant challenges in the past year to achieving our full scheduled work programme has been the funding for our roads and bridging from the National Land Transport fund.

Our community through consultation requested a three-year roading programme totalling $174 million. Unfortunately, the NZ Transport Agency Waka Kotahi (NZTA) approved only $124 million for the programme, leaving a significant shortfall. This has meant reducing levels of service in certain areas.

Despite all this, our transport team still delivered two new bridges, regravelled 534km of unsealed roads, resealed 112km of sealed roads, and renewed 5.7km of sealed roads. These achievements reflect our determination to keep Southland connected.

We finalised our Water Services Delivery Plan, that is both compliant and financially sustainable, under the government's Local Water Done Well reforms. We confirmed an in-house delivery model, which was backed by strong community support and reflects the high performance of our water services team.







While Council approved our Water Services Delivery Plan in time for it to be submitted to the Department of Internal Affairs, at the time of its adoption the national standards around disposal of treated wastewater were still not confirmed, and therefore the possible financial impact on our township schemes and ratepayers remains uncertain.

The impact on our work programme of this uncertainty meant that we were put in the position of having to pause scheduled upgrades of our wastewater treatment plants until the new standards are known.

Council delivered 88 projects across the district, and another 35 are progressing, in various activity areas. From the solar energy solution for Stewart Island/ Rakiura to the revitalisation of Lions Park Playground in Te Anau, and the restoration of Tuatapere Railway Station, our nine community boards have led projects that will provide lasting benefits for our communities.

We also saw progress on long-term governance reform, with the Local Government Commission agreeing to investigate the proposal to reorganise Southland's councils. This is a bold step toward more efficient, community-focused local government.

> We're proud of what we've achieved in the 2024/2025 year. Together with our people, for our future. It's our Southland.

COUNCIL VISION

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

COUNCIL MISSION

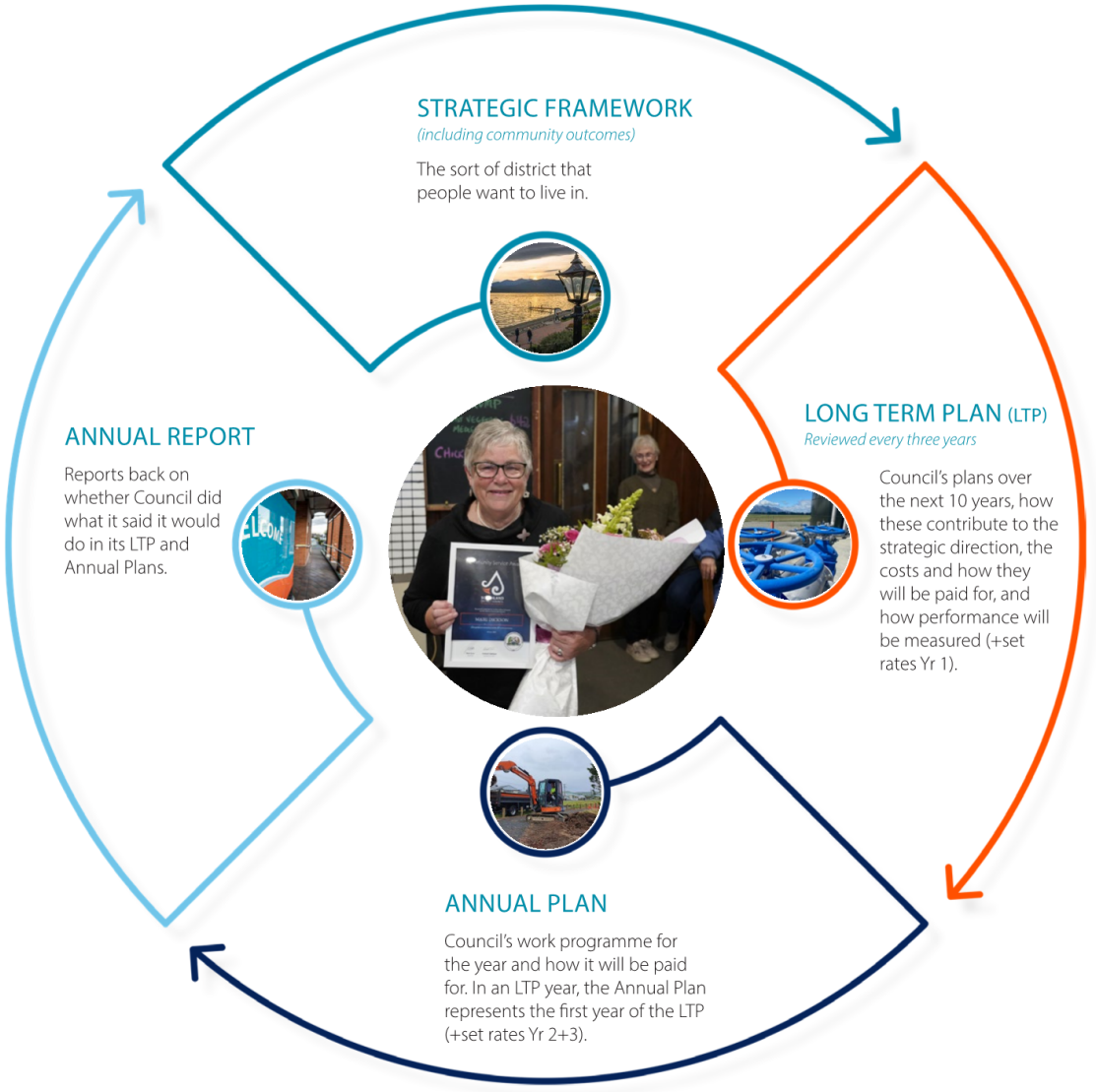
Working together for a better Southland.

WHAT IS AN ANNUAL REPORT

This Annual Report tells you and us how well we did against what we said we were going to do in year three of the Long Term Plan (LTP) 2024 - 2034, how much it cost to do this and how we paid for it.

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

This document reports on Council's activities during the year 1 July 2024 to 30 June 2025.



OUR STRATEGIC FRAMEWORK

The table below sets out Council's approach to planning and the strategies and proposals that are set out in the Long Term Plan 2024-2034, as well as the key priorities we intend to focus on.

WELLBEING

	ENVIRONMENT	CULTURE	ECONOMIC	SOCIAL
				
COMMUNITY OUTCOMES	Communities committed to the protection of our land and water	Communities with a sense of belonging for all	Communities with the infrastructure to grow	Communities that are connected and have an affordable and attractive lifestyle
STRATEGIC PRIORITIES	▸ Connected and resilient communities. We collaboratively engage with our partners and communities, along with investing in agile and sustainable practices, to support a vibrant and thriving Southland ▸ Ease of doing business. We transform the customer experience through partnership, technology and continuous improvement ▸ Providing equity. We enable all residents to be able to access the same services and tools as part of a fair society ▸ Robust infrastructure. We deliver innovative and sustainable community focused infrastructure and facilities for the future ▸ Thinking strategically and innovatively. We look for solutions outside of the norm and are not afraid to do something that we have not done before, and we think long term about the solutions we are providing, while having the flexibility and agility to change direction as necessary.			

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KEY HIGHLIGHTS/ EXECUTIVE SUMMARY

WATER SERVICES DELIVERY PLAN FINALISED

Council confirmed its business plan for future delivery of water services this year.

Under central government's Local Water Done Well reforms, councils were required to determine and implement a financially sustainable model for the delivery of water services by 30 June 2025, then submit a full Water Services Delivery Plan (WSDP) to the Department of Internal Affairs (DIA) by 3 September 2025.

Following extensive public consultation in April and May 2025 we decided to deliver our future water services through an in-house business unit, building on our strong in-house delivery foundations.

The local water done well plan strives to set out:

The plan, prepared following consultation, was adopted by Council in August 2025. The WSDP outlines our commitment to delivering safe, reliable, and financially sustainable three waters services – drinking water, wastewater, and stormwater – across the district.

It is a legislative requirement and serves as a forward-looking blueprint for how Council will meet both regulatory obligations and community expectations under the Local Government (Water Services Preliminary Arrangements) Act 2024.



The plan achieves full compliance and financial sustainability by mid-2028.

Under the delivery model:

- Council retains ownership, governance, and operational control
- water revenues and expenses are ringfenced by activity
- in-house delivery is supplemented by contracted services.

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REORGANISATION PROPOSAL

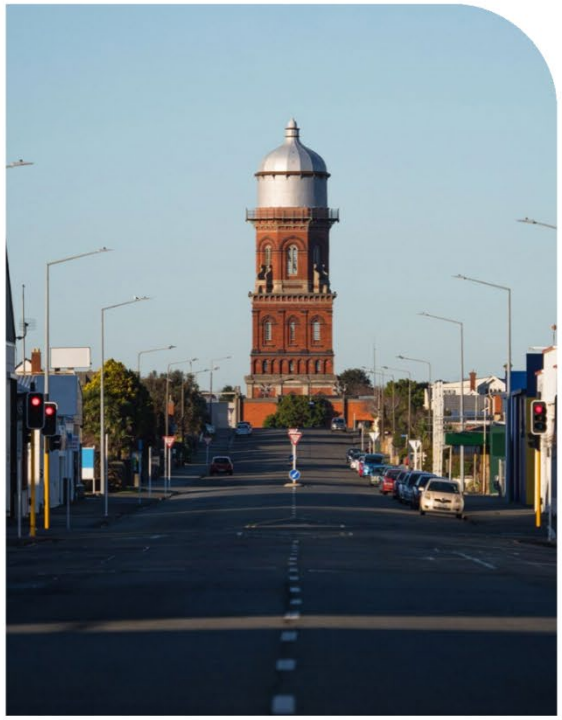
The Local Government Commission will investigate a reorganisation of councils in the Southland region.

Southland District Mayor Rob Scott made the proposal in August last year to reorganise local government in Southland into two unitary authorities – one rural based and one for Invercargill city. Southland District Council then decided to progress the suggestion by lodging a formal proposal with the Local Government Commission (LGC).

The commission consulted with Gore District Council, Invercargill City Council, Southland District Council and Southland Regional Council (Environment Southland), as the local authorities that would be affected by the reorganisation initiative, before deciding whether to undertake an investigation.

LGC also engaged with Te Ao Mārama Incorporated, on behalf of Ngāi Tahu ki Murihiku.

The commission announced in early July 2025 that it had agreed to undertake an investigation in relation to Southland District Council's reorganisation initiative, noting that it met the aims of the Local Government Act by aiming to improve democratic local decision-making, increase efficiency and effectiveness in service delivery, and strengthen regional collaboration and representation.





The commission said the initiative sets out potential benefits for the Southland region, and some concerns of the other affected councils may be able to be addressed in design of an investigation process.

"Each council and Ngāi Tahu ki Murihiku will have the opportunity to feed into development of the investigation process document, which may assist in allaying some concerns," the LGC decision said.

"On balance, there is sufficient potential to improve local government in the Southland region to justify the commission deciding to undertake a reorganisation investigation."

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SOLAR SOLUTION FOR STEWART ISLAND ENERGY

Power consumers on Stewart Island/Rakiura will soon have cheaper, renewable electricity.

Associate Minister of Regional Development Mark Patterson announced a suspensory loan of $15.35 million to the Rakiura Energy Solutions project at a public meeting on the island in June. The suspensory loan, from the Regional Infrastructure Fund, will enable the construction of a 2 megawatt solar farm and a 4 megawatt battery, as well as upgrades to the electricity supply network.

The Rakiura Energy Solutions project is being run by Southland District Council and the Stewart Island/Rakiura Community Board, working closely with SIESA and PowerNet. It is needed to reduce the cost of electricity for the island's community and reduce their reliance on the current high-cost diesel generators.

The loan is needed as the small size of the community – 494 permanent electricity connections – means it is unable to pay for any large developments, and Council also has a small rating base and is unable to fund a major capital project.

Island consumers currently pay 85 cents per kilowatt hour for their electricity. This is about 240% more for than mainland New Zealanders pay.

Contracts for the solar farm are expected to be in place by the end of 2025. It is anticipated that construction and upgrades will begin at the start of 2026, with the project completed and the network integration fully commissioned by the end of 2027.

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Lower power prices will enable economic development opportunities in marine farming and tourism, currently constrained by the high cost of diesel generation.





COUNCIL BUYS OFFICE BLOCK

Southland District Council's Invercargill-based staff will be back in one building in the near future.

For nearly five years, since the original county council building in Forth Street was found to be earthquake prone, Council operations have been separated over three buildings, creating many challenges.

Improvements to the Forth Street building had been budgeted for since 2015. However, Council did not spend any money on that project (except emergency repairs following storms) until the viability of upgrading the building was established. When Henderson House came onto the market, buying and refurbishing it was seen as the more cost-effective option. The building will need a refit to make it suitable and the budgeted figure for this is $15.75 million, which has been in the LTP since 2018.

Importantly, relocating to Henderson House also means Council's office will no longer be situated in a potential flooding zone.

This move does not alter Council's intention to pursue a reorganisation of councils in Southland. A central base for staff will still be required, and the new location offers potential for future expansion if the structure of local government in the south changes.





COMMUNITY BOARD HIGHLIGHTS

ARDLUSSA COMMUNITY BOARD

- Speed warning signs were installed in the Waikaia township as well as a new school pedestrian crossing to improve safety for students and families.
- Funding support was also provided to the Waikaia Helipad project.
- Work started on the project to replace the Balfour hall roof.
- The Balfour playground was upgraded, and work began on a project to investigate subdividing a section of Council-owned land in Balfour to create a number of residential freehold sections to encourage development of the town.
- In Riversdale, additional lighting was installed around the community centre to improve visibility of the nearby playground, carpark, public toilets, recycling centre and self-contained camping area.





NORTHERN COMMUNITY BOARD

- The Mossburn playground was upgraded, and a review of levels of service for mowing, gardening and spraying were completed.
- Road naming for the St Thomas Estate in Garston was approved by the board.
- The interior of the Five Rivers hall got a refurbishment.
- In Athol new picnic tables were installed at the static railway display and the old saleyards site, and a new public toilet and water tanks were installed. The community helped to design the new wrap for the toilets.



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FIORDLAND
COMMUNITY BOARD





Considerable progress was made on the development of the Te Anau Basin Development Plan, a masterplan to guide the future growth and development of the area.

Various community engagement activities were carried out during the year to get input into the plan with workshops, surveys, hui and meetings held.

- The final draft plan, presented to the community board in December 2024, identifies several areas of focus with projects around town centre revitalisation, lakefront improvements, visitor accommodation, residential and play space improvements as well as tourism and business diversification.
- The board also carried out further engagement with the community to understand in more detail what improvements were most desired along the Te Anau lakefront. The feedback helped identify key themes that will inform the design direction and scope of works for future lakefront developments.
- A major redevelopment of Lions Park Te Anau was also completed, creating a destination playground with modern play equipment and improved landscaping.



- The boat ramp at Te Anau Downs was also replaced during the year.
- Work also started on the project to install a pontoon on Lake Manapouri with the Department of Conservation (DOC) granting concession for the new diving pontoon, which will allow recreational activities. New safe boating signage was installed in conjunction with DOC and Environment Southland, and the alcohol-free areas have had new signage installed in collaboration with Te Anau police.

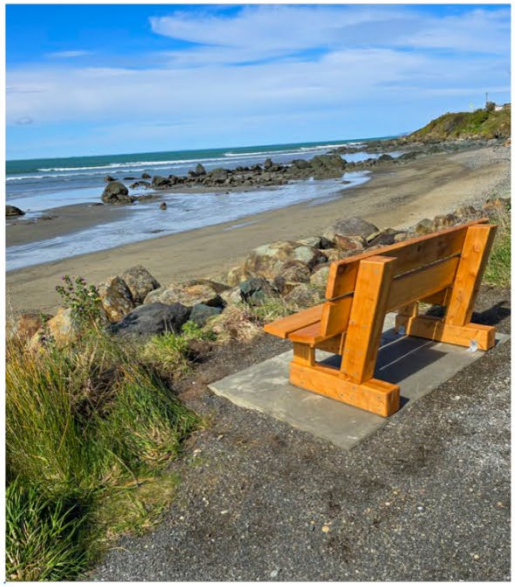
COMMUNITY BOARD HIGHLIGHTS

ŌRAKA APARIMA COMMUNITY BOARD





- Public feedback from engagement held during the year will inform the scope of works for stage two of the Taramea Bay redevelopment in Riverton. This follows the completion of stage one, which included a new public toilet and changing room block and the child/toddler play area, which was also opened in the year.
- The Colac Bay foreshore playground was renamed to honour George Tasman Dawson, a local hero recognised for his bravery in 1914 after saving 10 lives following a locomotive accident.
- The board hosted the Tunatuna portable pump track in Riverton over summer and celebrated the launch of matariki pou at Cosy Nook and Howell Point.
- During the year, a King's memorial seat was installed along the Riverton waterfront to honour local family members who tragically lost their lives when their boat capsized on the Riverton bar in 2024.



ŌRETI COMMUNITY BOARD



- Planting was carried out at Anzac Oval, in Winton.
- Kōwhai Reach Esplanade Reserve, at Kauana, had its new picnic and outdoor classroom area officially opened. Review of levels of service for mowing, gardening and spraying were completed.
- Scope and budget were approved for the Winton CCTV camera project.
- Trees were removed for the Wallacetown Community Centre to create additional space to enable the jump track to be expanded for local youth and improve sunlight to an area that is presently shady and damp.



TUATAPERE TE WAEWAE COMMUNITY BOARD

The board worked with the community to better understand the types of recreation and facilities people would like to see at Monkey Island, near Orepuki, and at the Jack and Mattie Bennett Playground in Tuatapere.



Feedback was collected through surveys, workshops and meetings, and will help shape the design and scope of future projects in these areas.

Work began on the refurbishment of the Tuatapere Railway Station following the release of Better Off grant funding from the Department of Internal Affairs.

The refurbishment, which is being led by the Tuatapere Railway and Heritage Trust Board, aims to revitalise the historic rail precinct including:

- restoration of the station buildings,
- creation of an information centre and café,
- installation of historic rail displays.

Additional projects included:

- replacing fencing at Clifden Domain,
- contributing funding to the ring fence at the Tuatapere domain,
- and refurbishing Orepuki's historic railway water tank.



STEWART ISLAND/RAKIURA COMMUNITY BOARD

The government announcement of a $15.35 million suspensory loan was good news for island power consumers and the culmination of a lot of work by the Rakiura Energy Solutions run by the board in conjunction with Southland District Council, SIESA and PowerNet.

A Healthy Homes initiative has the goal of delivering a wraparound service supporting residents in keeping their homes warm and dry, while also connecting them with government subsidies and financial support.



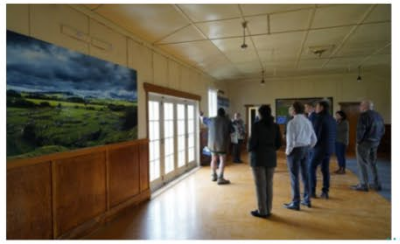


- A revision of Council's Roading Bylaw 2008 was adopted. It outlines new parking restrictions and a one-way system in Oban township.
- A review of levels of service for mowing, gardening and spraying was completed.
- The Mayors Taskforce for Jobs initiative held its first job hub on Stewart Island/Rakiura, with the help of from Great South's business support team.

COMMUNITY BOARD HIGHLIGHTS

WALLACE TAKITIMU COMMUNITY BOARD





- Progress has continued on the redevelopment of the Otautau camping ground with both resource and building consents granted and water and sewage connections installed.
- Several community drop-in sessions were held in Otautau, Ohai and Nightcaps during the year to provide an opportunity for local residents to speak to the board about local issues and projects.
- The Tunatuna portable pump track was installed in Otautau with an activation day held to mark its arrival.
- Trees were removed at the Drummond recreation reserve.
- In Ohai, the recycling container was moved from Birchwood Road to Hastings Street to reduce noise disturbances for nearby residents. Following discussions, Te Oruanui Marae at Ohai reopened after Council sold the old rugby club building to the new marae group for $1.
- The Otautau War Memorial restoration project continued with a structural assessment completed.
- Free hire was approved for the Ohai and Nightcaps halls to encourage greater use by residents.



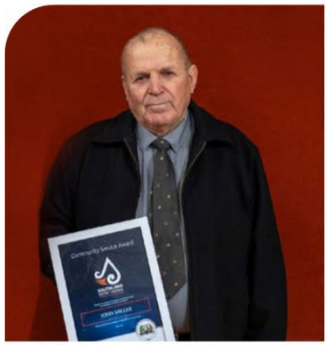
WAIHŌPAI TOETOE COMMUNITY BOARD



- The Edendale Recreation Reserve playground was refurbished, and community engagement was carried out about upgrades for the Wyndham and Tokanui playground upgrades.
- The old Wyndham museum building in Balaclava Street was demolished.
- A review of levels of service for mowing, gardening and spraying was completed
- Development of Doctors Square in Wyndham was carried out.



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HONOURING
OUR COMMUNITY HEROES



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



Those honoured (from left) were:

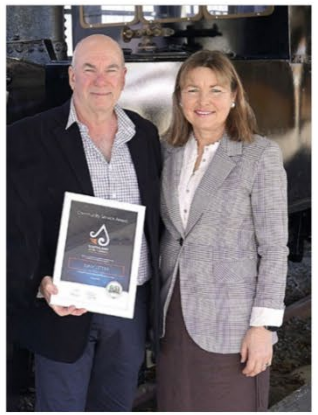
- JD (John) Miller (Riversdale)
- Jeanna Rodgers (Lumsden)
- Mairi Dickson (Waikaia)
- Michael McLees (Blackmount, posthumous award)
- Judy Matthews (Te Anau)
- John Titter (Lumsden)
- Gay Munro (Gorge Road)
- Anna Star (Te Anau)
- Andre Bekhuis (Otautau)













PERFORMANCE AND PROJECTS OVERVIEW

Council activities are grouped into seven activity areas. Each group includes performance measures and key performance indicator (KPI) targets for 2024/2025 set in the Long Term Plan 2024–2034, along with associated capital and maintenance projects.

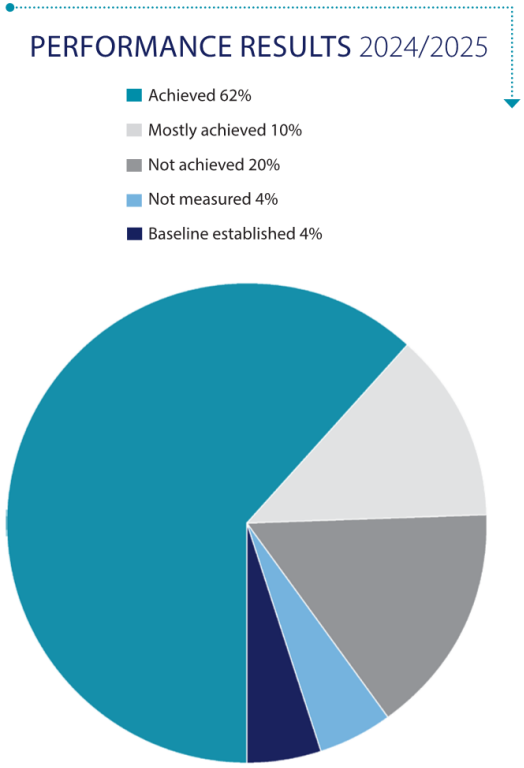
The following section provides an overview of Council's performance against the targets as well as progress on the project programme.

Key performance indicators

Of the 70 KPIs, 43 (62%) were achieved, 7 (10%) were mostly achieved (missed by 5% or less), 14 (20%) were not achieved, 3 (4%) were not measured and 3 (4%) established a baseline target for future years. Of the 14 targets not met, contributing factors included budget and resource limitations, environmental conditions beyond Council's control, and various technical and process-related challenges. More information about the KPIs are reported on in section two (our activities).

KPIs

Activity group performance results	Achieved	Mostly achieved (missed by 5% or less)	Not achieved	Not measured	Baseline established	Total
Community leadership	3	2	-	1	-	6
Community resources	5	2	1	1	3	12
Environmental services	6	1	3	-	-	10
Transport	6	-	2	1	-	9
Stormwater	8	1	-	-	-	9
Sewerage	8	-	1	-	-	9
Water supply	7	1	7	-	-	15
Total	**43**	**7**	**14**	**3**	**3**	**70**



PROJECTS

The Long Term Plan included 150 projects scheduled for delivery in 2024/2025, with a total budget of $70.4 million. Over the course of the year, Council and community boards approved several changes to the programme.

These included:

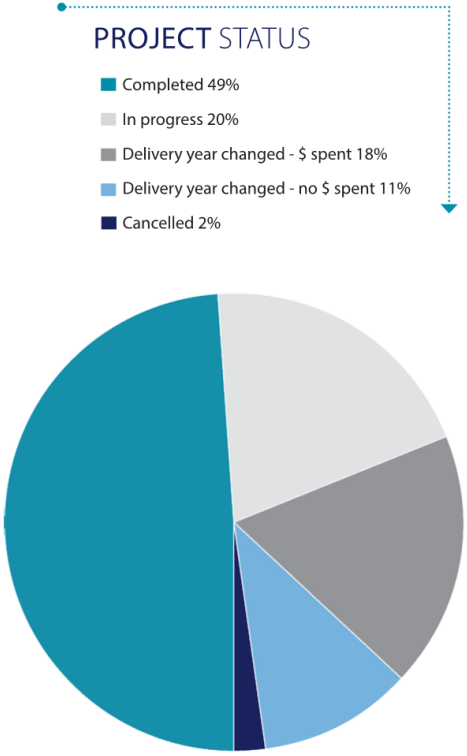
- carrying forward projects from the prior year that were underway but not yet completed ($11.4 million added)
- adjusting project budgets for changes in scope/costs or adding projects ($0.2 million added)
- revising the timing of delivery for some projects ($17.4 million removed).

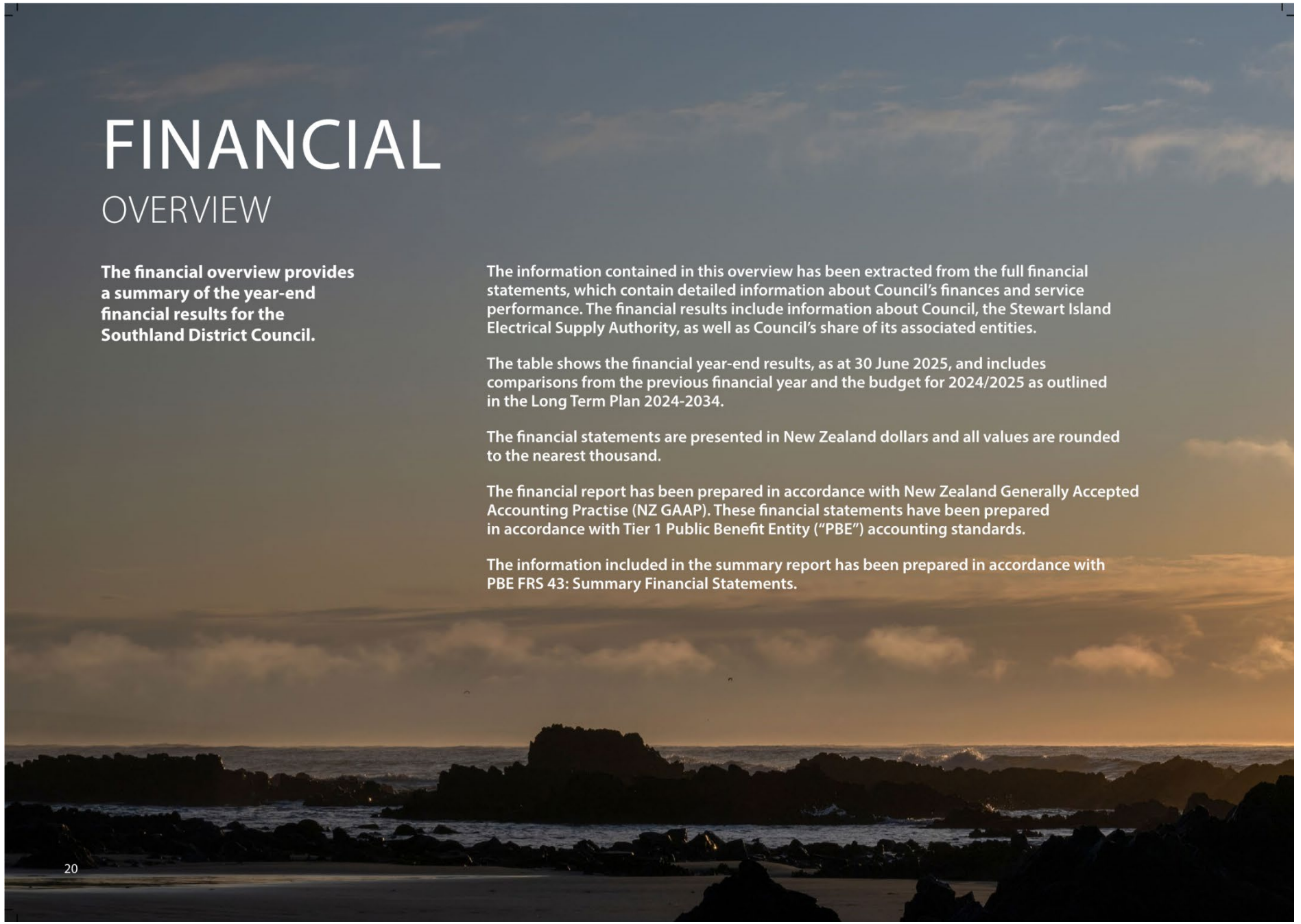
As a result, the revised programme expanded to 181 projects with a reduced total budget of $64.6 million.

The table and graph below provide a breakdown of the revised programme and actual expenditure by activity. Over the year 49% of the revised projects were completed, 20% were in progress, 18% incurred costs but were rescheduled to another year with another 11% rescheduled with no costs incurred and 2% cancelled. More information about the projects is included in the section two (our activities) with a full list included in section four (other information).

Activity group projects status	Completed	In progress	Delivery year changed - $ spent	Delivery year changed - no $ spent	Cancelled	Total
Community resources	53	19	13	16	2	103
Actual expenditure	*$1,584,030*	*$4,474,138*	*$730,514*	-	*$7,950*	*$6,796,632*
Transport	16	7	6	3	1	33
Actual expenditure	*$17,682,684*	*$230,879*	*$66,041*	-	-	*$17,979,604*
Stormwater	3	1	2		1	7
Actual expenditure	*$779,805*	*$124,686*	*$114,845*	-	*$986*	*$1,020,322*
Sewerage	7	1	6			14
Actual expenditure	*$1,530,467*	*$11,718,559*	*$1,608,529*	-	-	*$14,857,555*
Water supply	7	5	4	2		18
Actual expenditure	*$2,273,593*	*$1,535,216*	*$168,395*	-	-	*$3,977,204*
Corporate services*	2	3	1			6
Actual expenditure	*$473,901*	*$6,629*	*$52,308*	-	-	*$532,838*
Total	**88**	**35**	**33**	**21**	**4**	**181**
Actual expenditure	*$24,324,481*	*$18,043,165*	*$2,787,574*		*$8,936*	*$45,164,156*

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





FINANCIAL

OVERVIEW

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

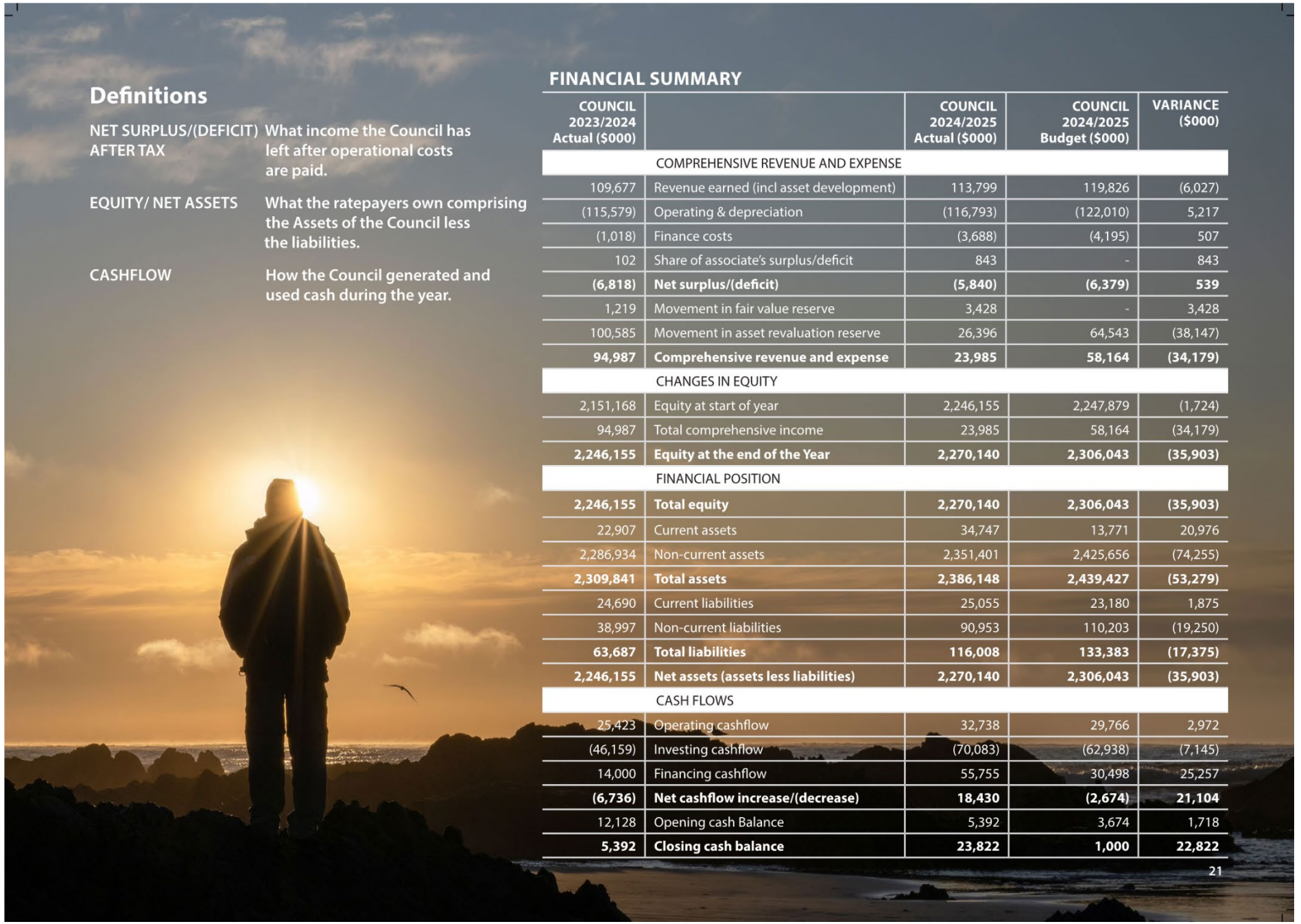
The information contained in this overview has been extracted from the full financial statements, which contain detailed information about Council's finances and service performance. The financial results include information about Council, the Stewart Island Electrical Supply Authority, as well as Council's share of its associated entities.

The table shows the financial year-end results, as at 30 June 2025, and includes comparisons from the previous financial year and the budget for 2024/2025 as outlined in the Long Term Plan 2024-2034.

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

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

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



Definitions

NET SURPLUS/(DEFICIT) AFTER TAX What income the Council has left after operational costs are paid.

EQUITY/ NET ASSETS What the ratepayers own comprising the Assets of the Council less the liabilities.

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

FINANCIAL SUMMARY

COUNCIL 2023/2024 Actual ($000)		COUNCIL 2024/2025 Actual ($000)	COUNCIL 2024/2025 Budget ($000)	VARIANCE ($000)
	COMPREHENSIVE REVENUE AND EXPENSE			
109,677	Revenue earned (incl asset development)	113,799	119,826	(6,027)
(115,579)	Operating & depreciation	(116,793)	(122,010)	5,217
(1,018)	Finance costs	(3,688)	(4,195)	507
102	Share of associate's surplus/deficit	843	-	843
(6,818)	**Net surplus/(deficit)**	**(5,840)**	**(6,379)**	**539**
1,219	Movement in fair value reserve	3,428	-	3,428
100,585	Movement in asset revaluation reserve	26,396	64,543	(38,147)
94,987	**Comprehensive revenue and expense**	**23,985**	**58,164**	**(34,179)**
	CHANGES IN EQUITY			
2,151,168	Equity at start of year	2,246,155	2,247,879	(1,724)
94,987	Total comprehensive income	23,985	58,164	(34,179)
2,246,155	**Equity at the end of the Year**	**2,270,140**	**2,306,043**	**(35,903)**
	FINANCIAL POSITION			
2,246,155	**Total equity**	**2,270,140**	**2,306,043**	**(35,903)**
22,907	Current assets	34,747	13,771	20,976
2,286,934	Non-current assets	2,351,401	2,425,656	(74,255)
2,309,841	**Total assets**	**2,386,148**	**2,439,427**	**(53,279)**
24,690	Current liabilities	25,055	23,180	1,875
38,997	Non-current liabilities	90,953	110,203	(19,250)
63,687	**Total liabilities**	**116,008**	**133,383**	**(17,375)**
2,246,155	**Net assets (assets less liabilities)**	**2,270,140**	**2,306,043**	**(35,903)**
	CASH FLOWS			
25,423	Operating cashflow	32,738	29,766	2,972
(46,159)	Investing cashflow	(70,083)	(62,938)	(7,145)
14,000	Financing cashflow	55,755	30,498	25,257
(6,736)	**Net cashflow increase/(decrease)**	**18,430**	**(2,674)**	**21,104**
12,128	Opening cash Balance	5,392	3,674	1,718
5,392	**Closing cash balance**	**23,822**	**1,000**	**22,822**

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FINANCIAL SUMMARY

The Council revenue was $6.0 million lower than budgeted due principally to the reduction in the NZTA funding as a result of the lower than expected roading programme approved for Council ($7.5 million).

The investment of Council's reserves in a managed fund has also led to the unrealised gain of $2.5 million being shown as part of the movement in fair value reserve rather than as interest and dividends in the budget ($1.5 million). This has been offset by additional income ($3.0 million) made up from assets vested to Council in relation to infrastructure and parks and reserves ($3.4 million) and offset by a lower forestry revaluation asset disposals ($0.4 million).

Operating and depreciation expenditure was $5.2 million under budget for the year. This is due to the reduced operational roading programme approved by NZTA ($2.4 million), lower than budgeted operating and project maintenance costs, some of which will be carried forward to 2025/2026 ($1.7 million). Additionally, lower employee-related costs and underspending on several operational projects, such as spatial planning, landfill remediation, and new software implementation, contributed to a total reduction in expenditure of $1.2 million. Interest costs were also $0.5 million lower than budgeted. As a result, Council's net deficit was $0.5 million less than budgeted.

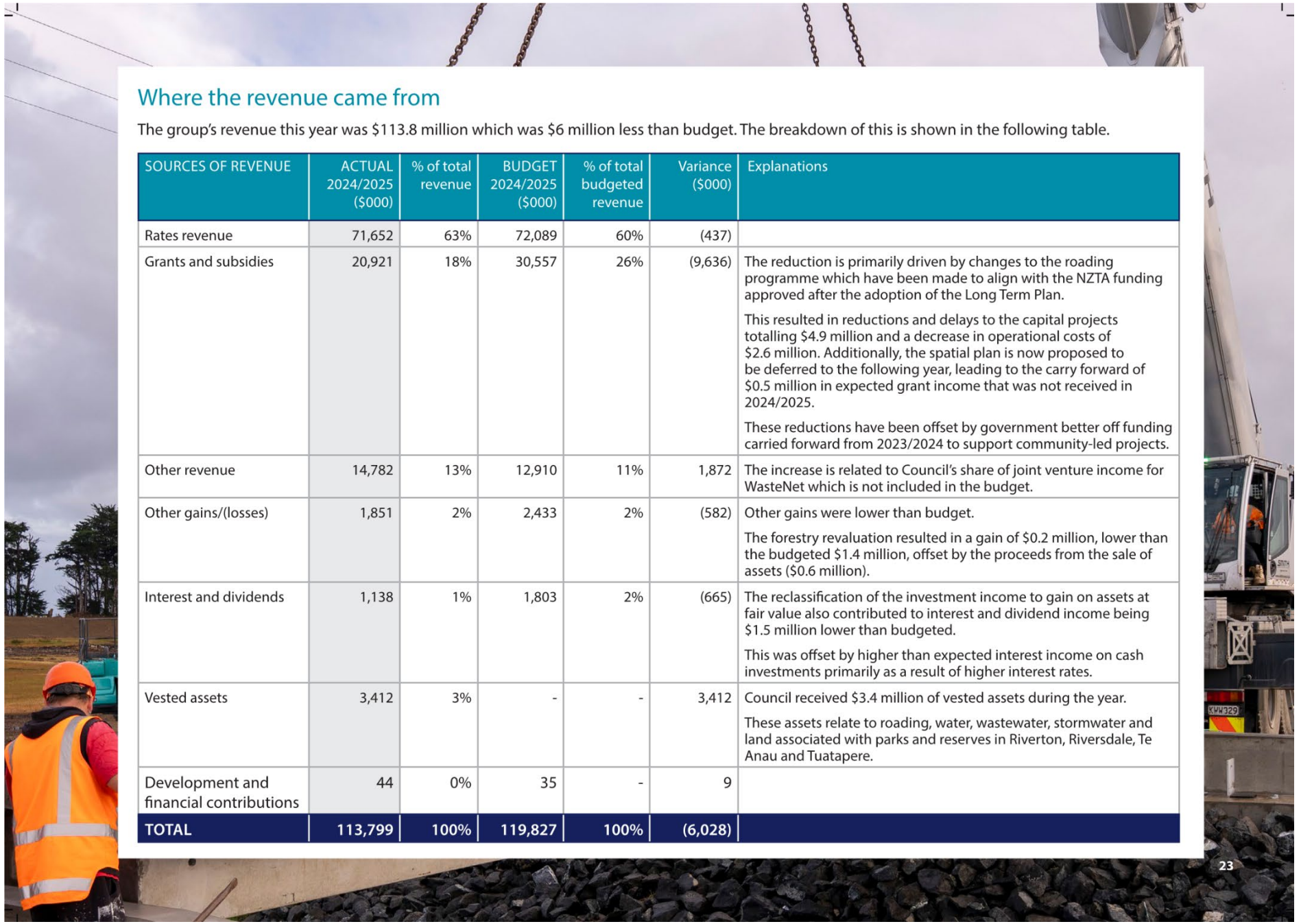
Council continues to maintain a strong financial position with $2.3 billion in net assets. Net assets are $36 million lower than budgeted, due mainly to the revaluation of Council's infrastructure assets coming in lower than expected.



Council's operating cashflows were $2.9 million higher than budget largely as a result of lower payments to staff and suppliers. Investing cash outflow was $7.1 million higher than budgeted largely due to Council implementing its investment strategy offset by lower than expected capital expenditure.

Financing cashflows were higher than budget, to support the implementation of Council's investment strategy and manage expected operational cashflows.

Further explanations of financial statement variances from budget can be found in note 36 of the financial statements.



Where the revenue came from

The group's revenue this year was $113.8 million which was $6 million less than budget. The breakdown of this is shown in the following table.

SOURCES OF REVENUE	ACTUAL 2024/2025 ($000)	% of total revenue	BUDGET 2024/2025 ($000)	% of total budgeted revenue	Variance ($000)	Explanations
Rates revenue	71,652	63%	72,089	60%	(437)	
Grants and subsidies	20,921	18%	30,557	26%	(9,636)	The reduction is primarily driven by changes to the roading programme which have been made to align with the NZTA funding approved after the adoption of the Long Term Plan. This resulted in reductions and delays to the capital projects totalling $4.9 million and a decrease in operational costs of $2.6 million. Additionally, the spatial plan is now proposed to be deferred to the following year, leading to the carry forward of $0.5 million in expected grant income that was not received in 2024/2025. These reductions have been offset by government better off funding carried forward from 2023/2024 to support community-led projects.
Other revenue	14,782	13%	12,910	11%	1,872	The increase is related to Council's share of joint venture income for WasteNet which is not included in the budget.
Other gains/(losses)	1,851	2%	2,433	2%	(582)	Other gains were lower than budget. The forestry revaluation resulted in a gain of $0.2 million, lower than the budgeted $1.4 million, offset by the proceeds from the sale of assets ($0.6 million).
Interest and dividends	1,138	1%	1,803	2%	(665)	The reclassification of the investment income to gain on assets at fair value also contributed to interest and dividend income being $1.5 million lower than budgeted. This was offset by higher than expected interest income on cash investments primarily as a result of higher interest rates.
Vested assets	3,412	3%	-	-	3,412	Council received $3.4 million of vested assets during the year. These assets relate to roading, water, wastewater, stormwater and land associated with parks and reserves in Riverton, Riversdale, Te Anau and Tuatapere.
Development and financial contributions	44	0%	35	-	9	
TOTAL	**113,799**	**100%**	**119,827**	**100%**	**(6,028)**	



Rates by activity

The following table shows the breakdown of how rates were allocated. More information about the activities which fit under each of these groups is included in section two of the report.

HOW RATES ARE ALLOCATED ACROSS ACTIVITY GROUPS	ACTUAL 2024/2025 ($000)	% of total rates
Community leadership	9,546	13%
Community resources	15,370	21%
Environmental services *	6,101	9%
Sewerage	8,553	12%
Stormwater	1,496	2%
Transport	22,944	32%
Water Supply	7,642	11%
TOTAL	**71,652**	**100%**

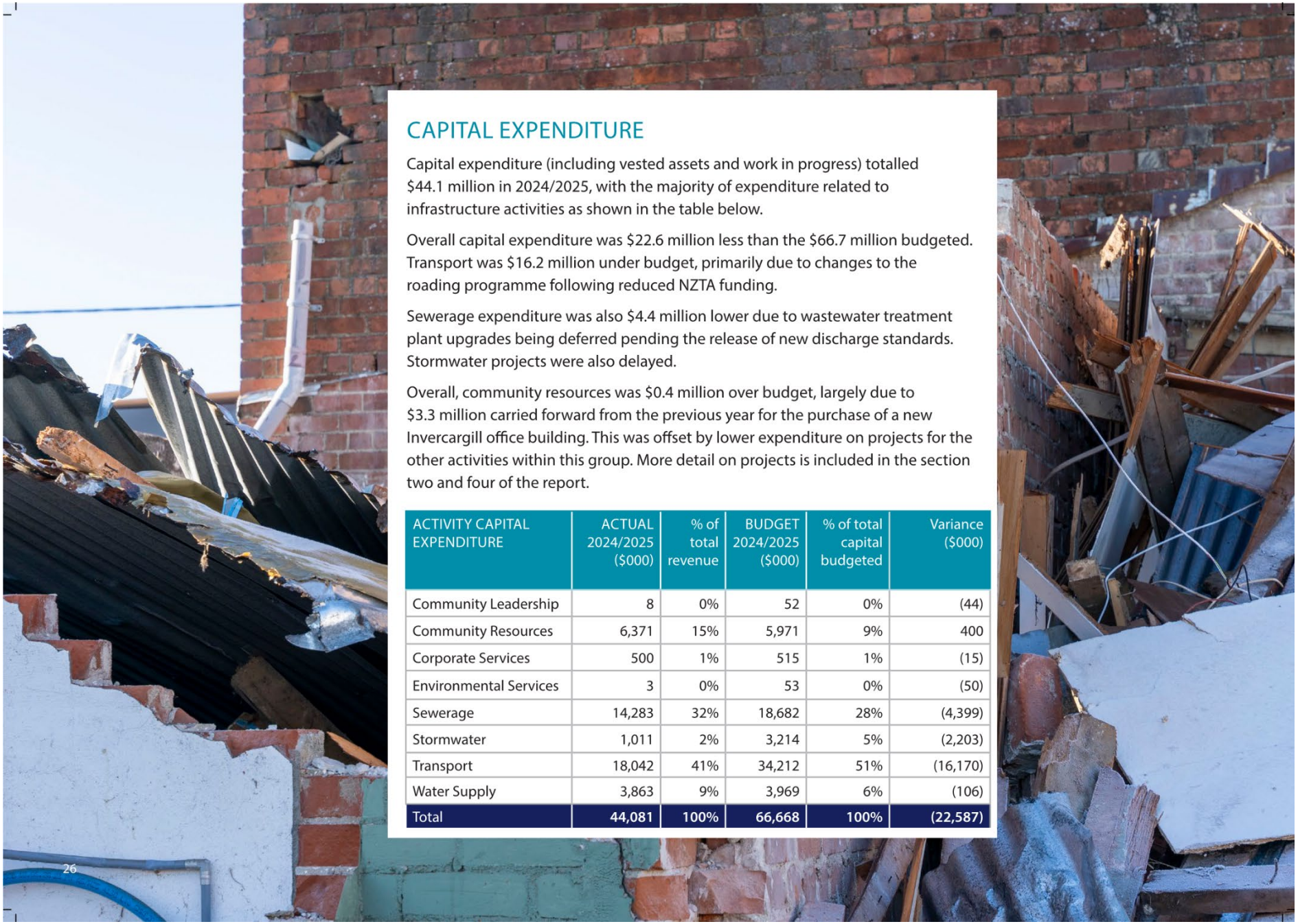
** Environmental services are partially funded by rates to reflect the public good component of the activities, which help to maintain public safety, hygiene and environmental protection. These activities include emergency management, building control, animal services, resource planning, environmental health and monitoring and compliance.*

Operational expenditure

Group operating expenditure totalled $120.5 million, with 41% relating to roading and transport services. Overall operating expenditure was under budget by $5.7 million. The breakdown of this is shown in the following table.

ACTIVITY OPERATIONAL EXPENSES	ACTUAL 2024/2025 ($000)	BUDGET 2024/2025 ($000)	Variance ($000)	Explanations
Other Council Expenditure	55,719	59,315	(3,596)	Operational costs within the NZTA approved roading programme were $2.4 million lower than budgeted. Overall, maintenance costs across Council were also below budget, both in day to day operations and projects planned, some of which will be carried forward to 2025/2026 ($1.7 million). Several costs have been deferred to 2025/2026, including the spatial planning project and building control software, ($0.7 million), future-proofing work at the Otautau landfill while alternative funding sources are explored ($0.9 million) and the implementation of the new financial system ($0.7 million). Additional underspends include managed investment fund fees and other staff related costs ($0.8 million), offset by an increase in cost of routine maintenance and cleaning ($0.7 million).
Depreciation and Amortisation	41,315	41,654	(339)	The main reason actual costs were less than budgeted is that inflation was lower than expected. This reduced the cost to replace infrastructure assets which in turn led to lower annual costs of using those assets.
Employee Benefit Expenses	19,759	21,041	(1,282)	This variance was due to several factors, including the timing of new staff appointments following vacancies, deferred recruitment and the allocation of staff costs to capital projects in accordance with accounting requirements.
Finance Costs	3,688	4,195	(507)	Debt levels were lower than planned and as a result interest costs were less than budgeted.
TOTAL	120,481	126,205	(5,724)	





CAPITAL EXPENDITURE

Capital expenditure (including vested assets and work in progress) totalled $44.1 million in 2024/2025, with the majority of expenditure related to infrastructure activities as shown in the table below.

Overall capital expenditure was $22.6 million less than the $66.7 million budgeted. Transport was $16.2 million under budget, primarily due to changes to the roading programme following reduced NZTA funding.

Sewerage expenditure was also $4.4 million lower due to wastewater treatment plant upgrades being deferred pending the release of new discharge standards. Stormwater projects were also delayed.

Overall, community resources was $0.4 million over budget, largely due to $3.3 million carried forward from the previous year for the purchase of a new Invercargill office building. This was offset by lower expenditure on projects for the other activities within this group. More detail on projects is included in the section two and four of the report.

ACTIVITY CAPITAL EXPENDITURE	ACTUAL 2024/2025 ($000)	% of total revenue	BUDGET 2024/2025 ($000)	% of total capital budgeted	Variance ($000)
Community Leadership	8	0%	52	0%	(44)
Community Resources	6,371	15%	5,971	9%	400
Corporate Services	500	1%	515	1%	(15)
Environmental Services	3	0%	53	0%	(50)
Sewerage	14,283	32%	18,682	28%	(4,399)
Stormwater	1,011	2%	3,214	5%	(2,203)
Transport	18,042	41%	34,212	51%	(16,170)
Water Supply	3,863	9%	3,969	6%	(106)
Total	**44,081**	**100%**	**66,668**	**100%**	**(22,587)**

DISCLOSURE STATEMENT FINANCIAL PRUDENCE BENCHMARKS

PURPOSE

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

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

RATES AFFORDABILITY BENCHMARK

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

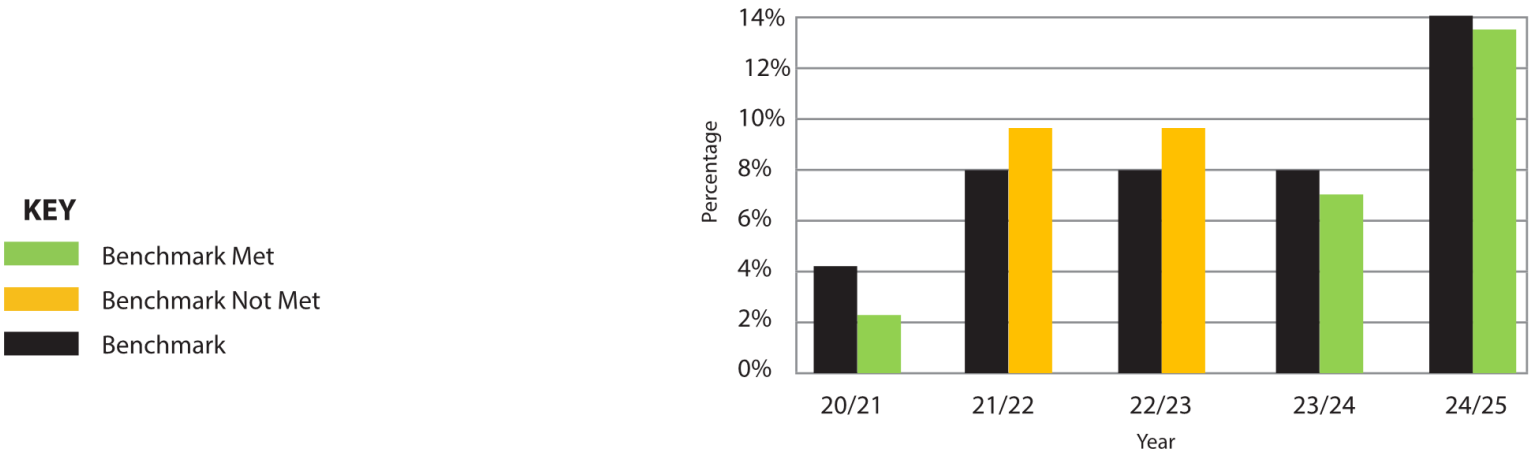
Figure 1 compares Council's actual rates increases with its self-imposed limit. This benchmark looks at the year-on-year percentage increase in rates revenue.

Actual results for the 2020/2021 financial year is compared against the benchmarks set in the 2018-2028 Long Term Plan.

Actual results for the 2021/2022, 2022/2023 and 2023/2024 financial years are compared against the benchmarks set in the 2021-2031 Long Term Plan.

Actual results for 2024/2025 are compared against the benchmarks set in the 2024-2034 Long Term Plan.

TABLE 1 – TOTAL RATES INCREASE



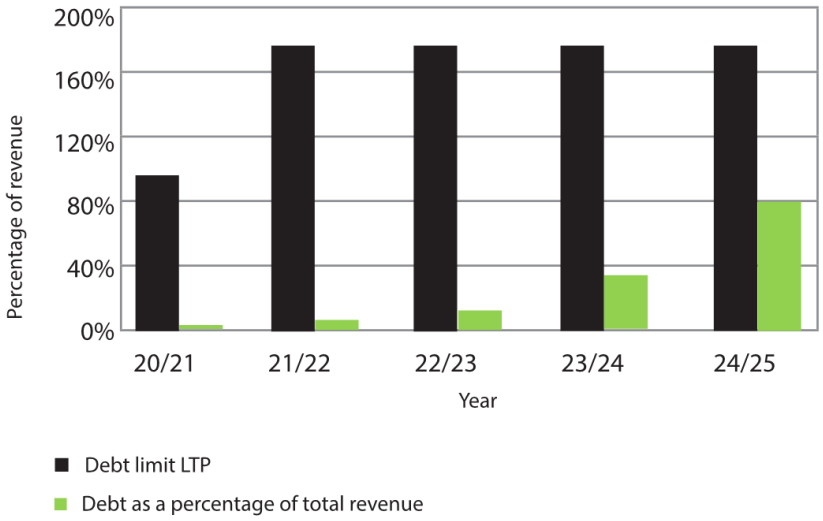
DEBT AFFORDABILITY (NET DEBT)

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

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

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

TABLE 2 DEBT AFFORDABILITY (NET DEBT)



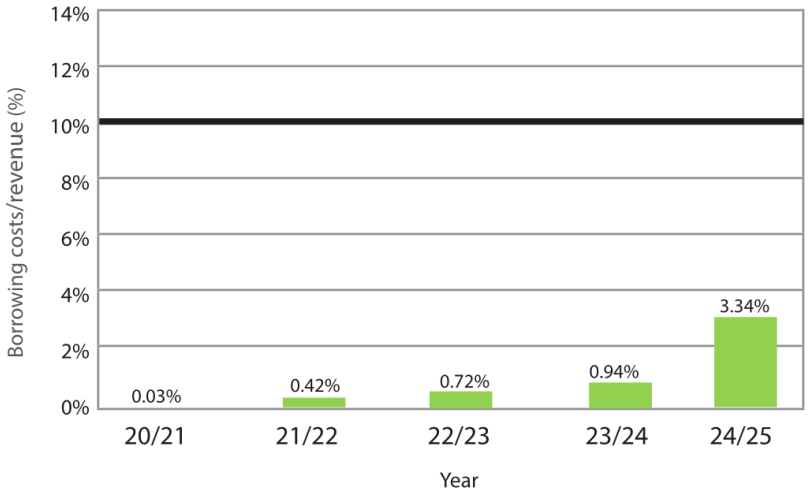
DEBT SERVICING BENCHMARK

This benchmark is calculated by taking Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets and revaluations of property plant or equipment).

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

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

TABLE 3 DEBT SERVICING



ESSENTIAL SERVICES BENCHMARK

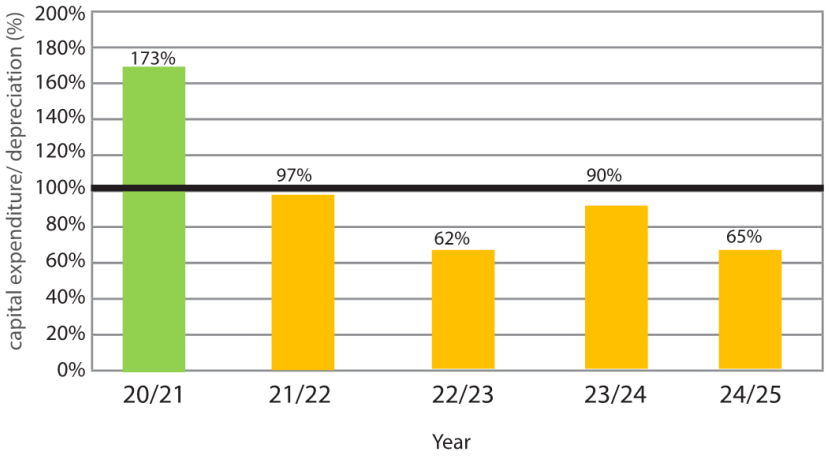
Council meets this benchmark if its capital expenditure on infrastructure assets equals or is greater than depreciation on the same assets.

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

This limit is set by legislation.

Previously, Council did not meet the benchmark due to lower capital expenditure and higher depreciation, which resulted from increased asset values following revaluation. This year, capital expenditure was further reduced due to changes to the roading programme, which has also negatively impacted the result.

TABLE 4 ESSENTIAL SERVICES



BALANCED BUDGET BENCHMARK

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

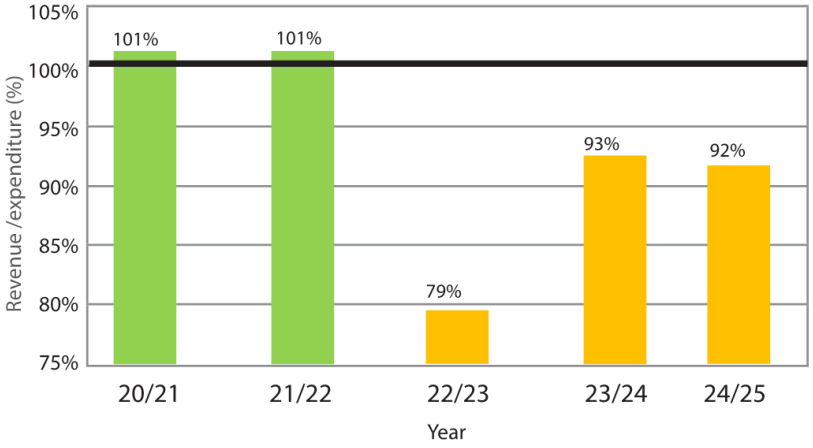
Table 5 displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and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

This limit is set by legislation.

As forecasted in the LTP Council did not meet its balanced budget benchmark in 2024/2025 due to three key factors as follows:

- the phased approach to funding depreciation on key district assets along with the decision not to fully fund depreciation across all assets
- an increase in depreciation expense resulting from higher asset valuations following revaluation
- the partial use of depreciation reserves to help fund interest repayments on capital renewal loans, particularly for water and wastewater. Council is planning to phase out this practice by 2026/2027.

TABLE 5 BALANCED BUDGET



OPERATIONS CONTROL BENCHMARK

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

Council met this benchmark in 2025.

DEBT CONTROL BENCHMARK

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

Table 7 displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt is $44m calculated by:

- financial liabilities totalling $95.9m, less
- liquid financial assets comprising Cash $9m, Term Deposits $1.2m, Borrowers Notes $3.8m and Balanced Fund Investments $37.6m.

This limit is set by legislation.

Council meets this benchmark in 2024/2025 with 67% due to the actual level of debt at balance date being significantly less than what was planned in the 2024/2025 Long Term Plan.

TABLE 6 OPERATIONS CONTROL

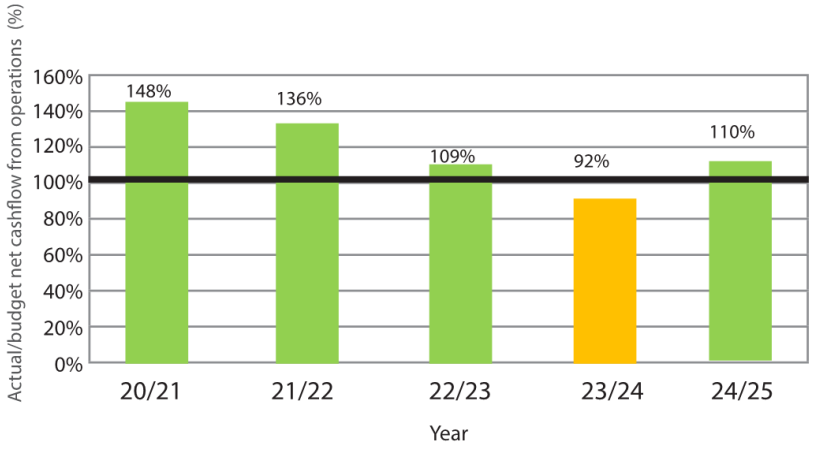
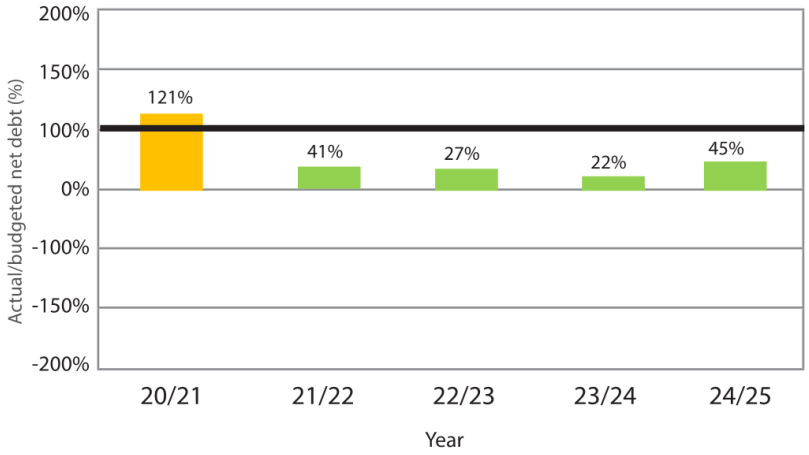


TABLE 7 DEBT CONTROL



Māori contribution to decision-making

Southland District Council values its relationship with Māori and acknowledges the importance of tikanga Māori. Within Murihiku/Southland Ngāi Tahu are recognised as tangata whenua and represented through the four Papatipu Rūnanga o Murihiku. Ngā matawaka (other Māori who are not Ngāi Tahu) are also recognised.



Council formally received its Māori name in 2005. Te Rohe Pōtae o Murihiku was gifted to us at a naming ceremony at Takutai o te Tītī marae, Oraka Colac Bay. Links between Council and tangata whenua are strong and emphasise the importance of Council's partnership with Ngāi Tahu. Te Rohe Pōtae o Murihiku acknowledges Council's role as an all-embracing shelter (umbrella/lid) for the district.

Māori contribution to decision-making

Early in 2025 elected members and executive leadership from Council met with each of the Papatipu Rūnanga o Murihiku. Waihōpai and Awarua welcomed Council onto their marae with a formal pōwhiri. Hokonui hosted Council with a hui and presentation of their activities at their runanga office, and Council hosted Oraka Aparima at our chambers in Don Street, Invercargill.

The purpose of these hui was manyfold: introductions and whakapapa korero, acknowledgement of the mana of the people at place, recognition of the special place that papatipu hold within Murihiku and to demonstrate the sincerity of the commitment that Council has to its relationships with Papatipu Māori.

The korero that followed each of these engagements reaffirmed the richness of the relationship and the mutual offers of support going forward, promising a future of collaboration and support for the place of Murihiku and for all who live here.





Charter of understanding

Seven local authorities are signatories to a Charter of Understanding with Te Ao Mārama Incorporated (TAMI). Southland District Council, Invercargill City Council, Gore District Council, Environment Southland, Queenstown Lakes District Council, Clutha District Council and Otago Regional Council are the local authorities, with TAMI signing on behalf of the four Rununga o Murihiku, and Ngā Matawaka.

The Charter of Understanding is designed to help develop and promote local government relationships with Māori in the southern part of New Zealand.

Southland District Council is an active participant in this relationship and considers it to be more of a partnership. Council refers to the document as the basis for its ongoing interactions, including the conduct of councils and rūnanga within the context of the Local Government Act 2002 and Resource Management Act 1991.

This document also assists in developing the capacity of Māori to contribute to a wide range of local government issues and provides the principles and opportunities, the foundation for consultation, and assists councils, through TAMI, to consult with all Māori (mana whenua and matawaka) living in Southland. The Local Government Act 2002 specifies that responsibilities of councils in relation to Māori are with all Māori, not solely the local iwi. The role of TAMI as a conduit for all Māori is important in terms of Māori contribution to decision-making in the Southland district.

Te Tangi a Tauira (the Cry of the People) is a document that articulates Ngāi Tahu values along with their Ki Uta Ki Tai (Mountains to the Sea) perspective as kaitiaki of Murihiku. This is their guiding values document that sits alongside the statutory documents referenced within the charter, to ensure that iwi values are embedded into Council plans and policies and within district consent applications and activities.

Te Rōpū Taiao is the joint management committee, in place to give effect to the Charter of Understanding and the obligations of the parties to the charter.

This collaborative structure meets four times a year and is made up of representatives from the councils in Southland and Otago, the four Papatipu Rūnanga of Murihiku and ngā matawaka (other Māori who are not Ngāi Tahu). Minutes of these hui are reported back to participant councils.

Fostering Māori capacity

In August 2024 Council created the position of kaitakawaenga kaupapa Māori. Establishment of this role was primarily focused on strengthening relationships at a strategic level with iwi and the four rūnanga and also with Te Ao Mārama.

Te Rohe Potāe o Murihiku Tikanga Māori Rōpū is made up of staff wanting a safe space to embrace Te Ao Māori. The rōpū continues to meet regularly, guided by a steering group, and further supports the organisation to meet the cultural development needs of staff and councillors by offering opportunities to learn and participate in te reo and Tikanga Māori practices.

This includes the provision of Te Tiriti training opportunities for internal team members, organising and running activities for staff to participate in – for example, the staff Matariki breakfast – and delivering on practices such as karakia and waiata at Council events.

Over the past 12 months, TAMI and Council have collaborated on several projects.

The collaboration continues as these specific projects develop and new initiatives emerge. Recent examples of this include:

- Southland District spatial planning
- reviews of the Reserve Management Plan and Charter of Understanding
- masterplans for Curio Bay and Golden Bay
- plan changes for Blue Sky Meats, Code of Practice and Landscapes
- one-off projects including the Matariki pou wayfinding project and Ulva Island wharf
- submission on Representation Review
- Rakiura Energy Solutions project
- emergency response for Bluecliffs/Waiau
- the Freedom Camping Bylaw.
- TAMI assisted Council with general advice and guidance for document reviews, cultural assessments, email discussions, site visits, and hui (both online and kanohi ki te kanohi [face to face]).



COLLABORATION ACROSS COUNCILS AND MANA WHENUA

Council participates in relevant shared service arrangements via the Southland Triennial Agreement and a Memorandum of Understanding with the other local authorities locally and nationally.

There are a variety of other collaborative arrangements in place with local councils and mana whenua.

The following are examples of some of those collaborations.

BUILDING CONTROL

Eleven building control authorities (BCAs):

- Southland District Council
- Invercargill City Council
- Gore District Council
- Clutha District Council
- Dunedin City Council
- Central Otago District Council
- Mackenzie District Council
- Queenstown Lakes District Council
- Timaru District Council
- Waimate District Council
- Waitaki District Council

continue to work closely together on building control matters under the Southern Cluster Building Group, sharing information and exchanging staff to support each other at busy times.

These BCAs meet regularly both as a BCA managers' group and a quality assurance leaders' group under the Southern Building Controls Group.

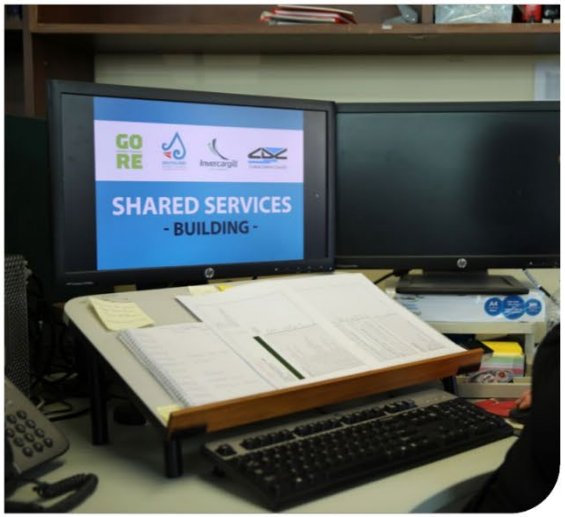
They have developed a collaborative environment for consistency in processes as well as shared regulation forms and continuous improvement ideas.

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











EMERGENCY MANAGEMENT SOUTHLAND

Emergency Management Southland (EMS) is a shared service provided by:

- Invercargill City Council
- Southland District Council
- Environment Southland
- Gore District Council.

EMS plays a vital role in building community resilience by strengthening preparedness, response, and recovery capabilities across the region. This includes public education initiatives, emergency response planning, and the delivery of targeted training to ensure a well-prepared pool of personnel across councils and partner agencies.

In 2024/2025, Southland did not experience any major emergencies that required full activation of the Emergency Coordination Centre (ECC). However, EMS responded to several smaller events, including a magnitude 6.8 earthquake and tsunami, as well as flood monitoring.

To support emergency readiness across councils and partner agencies, EMS delivered over 40 training sessions, including CIMS4, foundation, and induction courses during the year. Collaboration remained a key focus, with EMS facilitating 20 stakeholder engagement sessions throughout the year. These included meetings with the Emergency Services Coordination Committees, Fiordland Hazard Working Group, and Welfare Coordination Group. A significant development was the continued success of the Mana Whenua Emergency Facilitator role, piloted in partnership with Ngāi Tahu and Te Ao Mārama. The facilitator has enhanced cultural responsiveness and supported marae-based emergency planning, contributing to several inter-agency events including the Awarua Peninsula fire, the Southland earthquake and tsunami, and Otago flooding.

REGIONAL CLIMATE CHANGE WORKING GROUP

Following a Regional Climate Change Hui 4 July 2022; Environment Southland, Te Ao Mārama, Gore District Council, Invercargill City Council and Southland District Council have established a regional climate change inter-agency working group (RCCWG).

This governance-level group has been meeting regularly since February 2023.

The purpose of this working group is to effectively and collaboratively progress and communicate a joined-up approach to developing and executing a regional climate change strategy and framework for action for Murihiku Southland. This is a key step towards Murihiku Southland mitigating and adapting to the regional impacts of climate change.

The development of the Regional Climate Change Strategy by the RCCWG was approved by all agencies between August and October 2024. Subsequent to this, the RCCWG have been developing the first Regional Framework for Action which has aggregated all of the planned individual climate change actions from across the agencies and identified leading agencies on various projects.

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



INFORMATION TECHNOLOGY



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

Collaboration and communication between all participating councils remain strong, with each member freely sharing their council's technology journey, upcoming projects, and opportunities to align services.

The councils continue to support each other with information on emerging trends, risks, and resolutions to new issues.

One Shared Services initiative during the past year was the SouthMaps project.

This work is partially a replacement for Environment Southland's Public Beacon platform, SouthMaps also incorporates information and shared maps that aggregate data from all the Southland Councils to give a combined dataset for users.

SouthMaps has been designed to complement Great South's DISH site, but for Geospatial data. It is intended to host more shared maps/data as time progresses. This project is looking to be released publicly in September 2025.



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TE RŌPU TAIAO

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

The Councils continued to fund and support Te Ao Mārama Inc during the 2024/2025 year in order to meet statutory obligations and also ensure that Mana Whenua perspectives are incorporated into workstreams.

The four papatipu rūnanga and the participant councils also continued to meet through Te Rōpu Taiao hui, which allow for exchange of information and identification of opportunities to work together.



SOUTHLIB LIBRARY CONSORTIUM

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

The SouthLib consortium provides free reciprocal membership of any public library in the Otago and Southland regions to permanent residents living anywhere in the regions. This means that the more than 321,000 people living in Otago and Southland have free access to 42 public library branches, mobile services and a collection of more than 1.3 million items. All libraries in the consortium are mostly fine-free for adults, and completely fine-free for children and young people, largely due to a Public Libraries of New Zealand (PLNZ) campaign in 2022 to help all public libraries remove late fees.





Fine Free Aotearoa is a step-by-step guide to help library managers, council members, and communities build a better and brighter future through engagement with their local library. Public libraries are a valuable part of our social infrastructure, a place to be connected, to learn, to access trusted information, and a platform to ensure our communities get the best out of life. Going fine-free opens doors for everyone, not just those who can afford it.

Library users in the consortium issued a total of 3,004,482 items during the year.

A range of opportunities and collaborations between the districts regularly take place and these include integrated holiday and reading programmes, while requests and holds able to be placed across boundaries. Authors visits are co-ordinated to minimise costs/travel and accommodation. Attendance at library programmes and events throughout the Southland and Otago region has seen more than 98,000 attendees. E-resource collections across the consortium are growing steadily and 525,711 e-items were issued to users across the region.

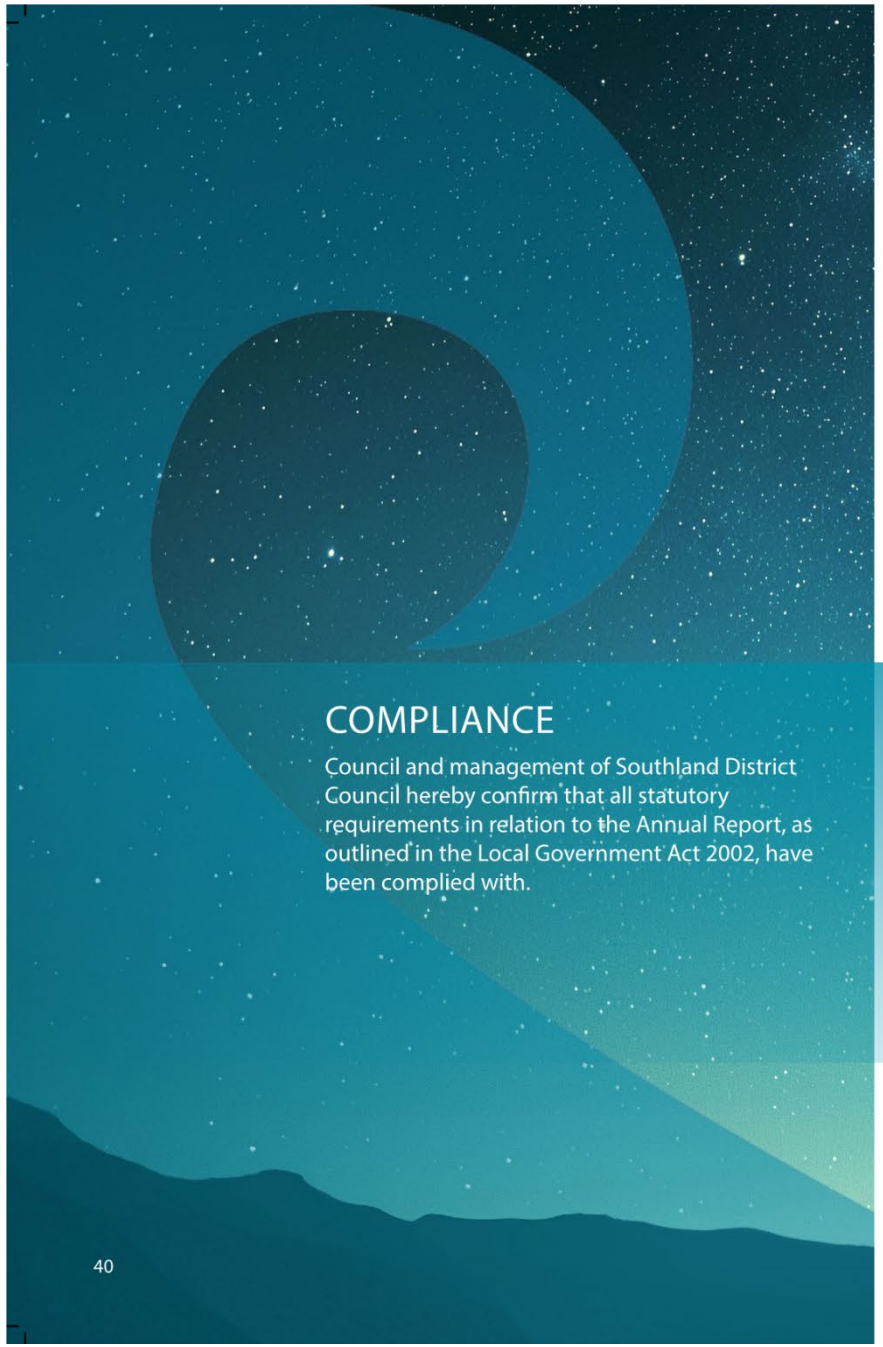
The National Library, Aotearoa Public Network Kaharoa (APNK) in collaboration with New Zealand continues to provide free and facilitated access to the internet and computer technology with 65,150 free internet connections accessed by Southland users during the year.

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

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

Please note: The latest available data is from the 2023/2024 reporting year and is sourced from PLNZ data.





STATEMENT
OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

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

RESPONSIBILITY

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

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

In the opinion of Council and management of Southland District Council, the annual financial statements for the year ended 30 June 2025 fairly reflect the financial position and operations of Southland District Council.

Rob Scott
MAYOR

Cameron McIntosh
CHIEF EXECUTIVE

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Independent Auditor's Report

Deloitte.

To the readers of Southland District Council's annual report for the year ended 30 June 2025

The Auditor-General is the auditor of Southland District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 8 October 2025. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 100 to 180.
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2025;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 119 to 120, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the statement of service performance on pages 28 to 64:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2025, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
    - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages […] to […], presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages […] to […], presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

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Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages […] to […], which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of Matter – future of water delivery

Without modifying our opinion, we draw attention to pages 162 to 163, which outlines that in response to the Government's Local Water Done Well reforms, the Council has decided to directly deliver water, wastewater and stormwater services from 14 August 2025.

There is some uncertainty as the proposal is yet to be accepted by the Secretary for Local Government.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the *"Responsibilities of the auditor for the audited information"* section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

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Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

DRAFT

- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages […] to […] and […] to […], but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.

DRAFT

Mike Hawken
for Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand


COUNCIL ACTIVITIES

Community leadership

What's included in the activity?

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

What we do

Community leadership is a core function of Council and contributes to building a strong local government system to support communities and help embed intergenerational wellbeing and local democracy. It plays a vital role in shaping a district-wide approach to wellbeing while recognising the value of people, culture, heritage and places/spaces and building the capacity and capability for communities to have greater resilience to change.

Community leadership takes a strengths-based approach to the District and its communities. This means focusing on current social and community networks, but also focussing on individuals, whanau and communities. There is an emphasis on building strong networks and relationships with new and existing partners and stakeholders. The activity is also about understanding the aspirations of mana whenua. Through relationships, Council can help respond to a wide range of issues, challenges and opportunities through planning, investment, decision making, and agreed actions. This activity also facilitates regional development.

Community leadership helps bring people together to build strong, connected, and resilient communities. By working with local groups, national partners, and regional stakeholders, Council supports community-led development and ensures local voices are heard. This work includes:

- **fostering strong partnerships** with local organisations, iwi and key national and regional stakeholders
- **funding local initiatives** through district initiative and community board partnership funding, district heritage funding, and the Stewart Island Rakiura visitor levy
- **supporting representation and advocacy** to strengthen local democracy, including elections, community boards, and partnerships with groups like the Milford Community Trust, Whakamana Te Waituna Charitable Trust, and Predator Free Rakiura
- **backing regional development through Great South**, which promotes economic growth, business attraction, and quality visitor experiences in line with the regional long term plan – Beyond 2025.

Together, these efforts improve wellbeing, encourage local leadership, and help communities thrive now and for future generations.

How we did

What happened in the year

Representation and advocacy

- we facilitated and supported 97 formal meetings enabling decision making that meet the needs and aspirations of our communities (excluding joint committees)

- we administered and responded 172 Local Government Official Information Act (LGOIMA) requests during the year, supporting accessibility to information available at council
- completion of the representation review project. The Local Government Commission issued its final decision on Council's representation arrangements (effective after the 2025 Local Government Election) in January 2025
- a by-election process was conducted to fill a vacancy on the Oreti Community Board
- actively monitored and, where appropriate, participated in the extensive national reform agenda, including preparing and lodging submissions
- the mayor, on behalf of Council, advocated to central government on a range of matters, including matters relating to roading costs and health services.

Community and futures (community development, engagement and planning)

Over the past year, Council has continued to strengthen its connection with communities across the District. By fostering meaningful relationships and engaging proactively, the team has ensured that community voices are not only heard but actively shape Council's decisions. This work also involved connecting communities with regional and national agencies and raising awareness of emerging issues affecting residents across the District.

Council's Community Partnership Leaders worked alongside the nine community boards and Council teams to support local priorities and progress key projects. This included leading and supporting inclusive engagement across a wide range of projects and collaborating with various Council departments and community organisations to ensure meaningful involvement and representation. Details about specific projects delivered with community boards can be found in section one under *Community Board Highlights*. Other key highlights include:

- the Healthy Homes initiative was launched in Stewart Island/Rakiura, with the goal was of delivering a wraparound service supporting residents in keeping their homes warm and dry, while also connecting them with government subsidies and financial support
- representing Council and presenting reports at all nine bi-monthly community board meetings and facilitating bi -monthly community board workshops
- the second year of the Mayor's Taskforce for Jobs (MTFJ) Community Employment Programme (CEP) has recently concluded, achieving strong outcomes in supporting young job seekers across the region. By 30 June 2025, the programme had successfully placed 34 young people into full-time employment- Exceeding contract targets by 70%.
- involvement with community engagement for the development of various project masterplans and opportunities studies around the district
- continued to assist the community with the delivery of community-led projects and partnered with other agencies to provide training opportunities for our communities in the district
- working in partnership with the strategy and policy team on the Winton CCTV working group to address privacy issues and developing new CCTV agreement with NZ Police
- facilitated community service and recognition of service award presentations throughout the district
- continued to support community boards and staff with the Better Off projects, through scoping, developing, and funding agreements with community groups and organisations. Project completed with the assistance of Better Off funding include Taramea Bay Playground stage one, Colac Bay Beach steps, Tuatapere railway station refurbishment (grant allocated in milestones) and Waikaia Trails Trust first mountain bike trail in the Waikaia Forest.

Community assistance

There continues to be a high number of applications to Council's nine community partnership funds administered by community boards. The process has proven effective in fostering connections between elected members and their communities and many groups have actively engaged by attending meetings to discuss

their applications and projects with their respective community boards. The other Council funds such as the District Initiatives Fund, Sport NZ Rural Travel Fund and Creative Communities Scheme have also been well subscribed, helping many schools, clubs and organisations in our communities.

Council facilitated the delivery of the SDC Holiday Programme by Active Southland in January 2025. In March 2025, the Council transitioned to SmartyGrants, an online funding platform also utilised by Community Trust South and several other Councils.

An itemised breakdown of the 2024/2025 grants and Stewart Island Visitor Levy allocations is detailed in section four.

A total of $1.9 million was budgeted to provide community assistance grant funding and $1.6 million was allocated over the year across the three categories of grants, scholarships and allocations. In 2024/2025, the Stewart Island/Rakiura Visitor Levy generated $337,723, exceeding the budgeted $315,000. The subcommittee allocated grants to seven applicants, totalling $115,037, compared with the $296,100 budgeted for allocation. Of this amount, $54,021 was already committed to multi-year grants awarded in previous funding rounds to two applicants. A full list of the community assistance and visitor levy grant funding is detailed in section four.

Regional development (delivered by Great South)

Great South continued to advance its Beyond 2025 regional development plan, placing a greater focus on the work likely to have the greatest benefit to Southland ratepayers. These priorities, and the progress made during the year, are explained in more detail in the council controlled organisation section from page 93.

Identified effects on community wellbeing

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

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

There are risks if this activity isn't delivered appropriately. Ineffective governance and leadership could result in decision-making that has significant negative effects on the wellbeing of local communities.

Performance results

5 of the 6 (83%) key performance indicator targets were achieved or mostly achieved (missed by 5% or less).

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
Level of Service 1.0: Council makes decisions in an open and transparent manner				
Level of Service 1.1: Council supports partnerships with key stake holders in the district and region				
KPI 1.0.1: All agendas are out on time[1]	New measure	100%	100%	**Achieved** All agendas were available two clear working days before the meeting day. A data extract indicated one agenda was run late, but email correspondence has confirmed the agenda was circulated on time.
KPI 1.0.2 A recommendation is included in each report being withheld from the public about what (if anything) will be released to the public and when	New measure	75%	73%	**Mostly achieved** (missed by 5% or less) During the reporting period, 78 reports were considered in public excluded sessions, with 57 including the required resolution. Council has been actively monitoring compliance with this requirement and has taken steps to improve consistency. To support this, a system enhancement is being tested that will automatically populate the necessary resolution when a report author selects the confidential item option. Implementation of this change is expected soon, and is aimed at improving compliance and streamlining the reporting process
KPI 1.0.3: Proportion of agenda items held in an open meeting	93%	90%	88%	**Mostly achieved** (missed by 5% or less) 575 out of 653 reports were included on open agendas, reflecting Council's ongoing commitment to transparency. Staff are encouraged to place reports on open agendas wherever possible, and elected members also assess at meetings whether items can be considered in public. A review of the reports withheld from public agendas confirmed that they were appropriately placed in public excluded sessions due to legitimate reasons. These included matters relating to property transactions (such as disposals, purchases, leases, and licences), contracts and procurement, Chief Executive employment, cyber security, staffing, and community service awards. These categories have contributed to the KPI result
KPI 1.1.1: Percentage of the community partnership fund and district initiatives funds granted are utilised for the approved purpose[2]	New measure	100%	100%	**Achieved** Recipients are required to provide an accountability report within 12 months of receiving their grant, outlining how the funds were used in relation to the approved purpose. As accountability reports are received throughout the year, data is updated on a rolling basis. Of the 91 grants awarded through the District Initiatives Fund and Community Partnership Fund in the 2024/2025 financial year, 17 accountability reports (19%) have been returned to date. All submitted reports confirmed that the funds were used in accordance with the original applications. It is not expected that all recipients will have completed their accountability at this stage, as many projects are still underway or yet to commence.
KPI 1.1.2: Percentage of the community partnership fund and district initiatives funds granted to organisations achieve	New Measure	95%	Not measured	**Not measured** As part of Council's funding accountability process, recipients are required to submit a report detailing how the funding was used in relation to the benefits and outcomes outlined in their original application. This requirement was

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How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
Level of Service 1.0: Council makes decisions in an open and transparent manner				
Level of Service 1.1: Council supports partnerships with key stake holders in the district and region				
the outcomes proposed in the funding application[3]				formally integrated into the application process with the launch of the SmartyGrants online funding system, which became operational in early 2025. Grant recipients must submit their accountability reports within 12 months of receiving their funding. Data will be progressively incorporated as reports are received throughout the funding year. As this indicator is newly established and linked to the SmartyGrants system, data was not available in 2024/2025. It is anticipated that the first meaningful data will be available in the second quarter of the 2025/2026.
KPI 1.1.3: Percentage of community board meetings where residents and ratepayers are in attendance[4]	68%	50%	60%	**Achieved** Throughout the 2024/2025 year, community board meetings have consistently seen strong public participation and engagement. Across various rounds of meetings, numerous community members attended to speak on a wide range of local issues, projects, and initiatives. Notably, the Oreti Community Board attracted over 200 attendees at one meeting, reflecting the high level of interest and involvement from the public. Across the year, speakers included individuals and representatives from community groups, business associations, pool committees, and local police. Topics discussed ranged from infrastructure concerns such as roading and drainage, to updates on community projects like the Colac Bay surfer statue, walking track developments, and recreational facilities.

1. This refers to agendas for Council, Council committees, Council subcommittees, community boards and joint committees administered by Council
2. Recipients of funds will provide a report to council on the use of the funding in comparison to the purposes approved in the original application
3. Approved applications will return a report to council on the use of the funding, including benefit to the community (where appropriate).
4. This KPI was measured as part of the 21-31 LTP and used to measure attendance at community boards meetings and workshops – however as workshops are not always advertised due to some being closed to public and others being organised quickly when needed, it has been decided to track public attendance at community board meetings only, thus providing clearer data for the KPI.

2023/2024[3] Budget (LTP Y3) ($000)	2023/2024[3] Budget (AP) ($000)	Funding impact statement - community leadership	2023/2024[3] Actual ($000)	2024/2025 Budget (LTP Y1) ($000)	2024/2025 Actual ($000)
		Sources of operating funding			
7,946	7,867	General rates, uniform annual general charges, rates penalties	7,864	8,335	8,280
1,234	1,243	Targeted rates	1,245	1,269	1,266
115	120	Subsidies and grants for operating purposes	823	302	479
17	-	Fees and charges	-	-	-
572	524	Internal charges and overheads recovered	567	479	511
-	-	Interest and dividends from investments	-	-	-
247	360	Local authorities fuel tax, fines, infringement fees, and other receipts [1]	893	401	444
10,131	**10,114**	**Total operating funding**	**11,392**	**10,786**	**10,980**
		Applications of operating funding			
4,320	4,226	Payments to staff and suppliers	4,052	4,037	3,959
1	2	Finance costs [2]	-	2	-
2,609	3,051	Internal charges and overheads applied [2]	2,713	3,542	3,018
3,084	3,794	Other operating funding applications	3,328	3,673	3,489
10,014	**11,072**	**Total applications of operating funding**	**10,094**	**11,254**	**10,466**
117	**(958)**	**Surplus (deficit) of operating funding**	**1,298**	**(468)**	**514**
		Sources of capital funding			
-	950	Subsidies and grants for capital expenditure	-	-	-
-	-	Development and financial contributions	3	-	-
-	-	Increase (decrease) in debt	(12)	(12)	(38)
9	13	Gross proceeds from sale of assets	13	25	-
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
9	**963**	**Total sources of capital funding**	**4**	**13**	**(38)**
		Applications of capital funding			
		Capital expenditure			
-	-	- to meet additional demand	-	-	-
-	-	- to improve the level of service	-	2	8
37	50	- to replace existing assets	58	50	-
210	75	Increase (decrease) in reserves	1,375	(266)	708
(120)	(120)	Increase (decrease) in investments	(131)	(240)	(240)
126	**5**	**Total applications of capital funding**	**1,302**	**(455)**	**476**
(117)	**958**	**Surplus (deficit) of capital funding**	**(1,298)**	**468**	**(514)**
-	-	Funding balance	**-**	**-**	**-**

1. includes all other operating funding from sources not identified in the table
2. actual finance costs are lower because interest on internal loans is now included in internal charges and overheads applied. Actual interest on internal loans was $2,144 (23/24: $2148)
3. minor adjustments were made to classification of activities within each activity group for Community Leadership, Community Resources, and Transport in the LTP 2024-2034. To ensure consistency and comparability, the prior year actuals and budgets for 2023/2024 have been restated to reflect the revised groupings.

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Key variations from budget

Operating:
Subsidies and grants for operating purposes were above budget due to government "better off" funding for a grants provided to community run projects that were carried forward from 2023/2024. This is reflected in *other operating funding applications*. The costs in *other operating funding applications* were partially offset by a number of grants that were paid less as shown in section four.

Staff and suppliers expense were under than budget due to lower general projects and district survey costs not incurred.

Internal charges and overheads applied were under budget due to lower staff and corporate service costs, a contingency that was not used for unsanitary buildings and a grant that was not given due to the project being delayed to a future year.

Capital:
Capital expenditure to replace existing assets was under budget due to vehicle replacements being delayed. *Reserves* increased as a result of the underspends in *payments to staff and suppliers* and *internal charges and overheads.*

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

Community resources includes 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.

How we did

What happened in the year

While 80 projects were originally budgeted for delivery in the long term plan for 2024/2025 (with a total budget of $8.1 million), this increased to 103 projects with a revised budget of $12.3 million, primarily due to projects carried over from the prior year. Over the year 51% of the revised projects were completed, 18% were in progress, 13% incurred costs but were rescheduled to another year with another 16% rescheduled with no costs incurred and 2% cancelled. Actual expenditure on projects was $6.8 million. More information about the specific projects can be found in the full project list in section four.

Community facilities and open spaces

The community facilities activity has been focused on delivering the capital works programme with numerous assets requiring maintenance and over 100 projects programmed to be delivered. While the projects are generally low value, they can be complex and are important communities and require strong community engagement to make their delivery as seamless as possible.

One of the larger projects completed during the year was the first stage of the Taramea Bay playground upgrade in Riverton/Aparima. This stage included the construction of a new public toilet and changing room block, along with the completion of a dedicated child and toddler play area. Planning for the next stage of the project also progressed, with community engagement undertaken to gather feedback that helped shape both the scope of works and the design for Stage Two of the playground redevelopment. A new walking path was also installed on Richard Street in the town.

A major redevelopment of Lions Park Te Anau was also largely completed, creating a destination playground with modern play equipment and improved landscaping. A number of other smaller playground upgrades across the district were also completed.

In Te Anau, community engagement was undertaken to understand in more detail what improvements were most desired along the Te Anau lakefront. The feedback helped identify key themes that will inform the design direction and scope of works for future lakefront developments.

Two other major pieces of work that have started are the renewal of the maintenance contracts for gardening/trees, mowing, cleaning, and buildings with staff connecting with the community boards to review and set levels of service for the new contracts. The second piece of work is the review of the reserve management plans. This will be a two-year piece of work that will see the current plans (adopted in 2003) reviewed and revised based on the feedback receives from communities and stakeholders.

Council purchased a building during the year that will become the new office in Invercargill. This move will allow staff to be housed in a single location, rather than being spread across three separate sites. Refurbishment work is currently underway to ensure the building is fit for purpose. The new site also significantly reduces the flood risk associated with the current office on Forth Street.

Community services

The Winton and Wallacetown cemeteries had new beams installed and memorial signs were updated at Dipton, Edendale, Lynwood, Wallacetown, Winton, Woodlands and Wyndham cemeteries.

Over the past year, a strategic focus was placed on understanding the impact of library services through a national survey conducted by Public Libraries of New Zealand (PLNZ) in late 2024. While traditional service outputs, such as book issues and programme delivery, remain useful for benchmarking, the survey emphasised service outcomes, highlighting how libraries contribute to individual growth, social connection, and overall community wellbeing. Southland's responses provided valuable insights: 87% of participants reported increased feelings of happiness and wellbeing, 90% said libraries encouraged their love of reading, 73% felt a stronger sense of community belonging, and 49% noted improved opportunities for study and learning.

Digital engagement at libraries also continued to grow, with e-resource collections remaining popular among adult borrowers. Virtual visits increased by 30%, compared to an 8.85% rise in physical lending, reflecting a steady shift toward digital access. Additionally, a review of the mobile library service was completed and a replacement mobile library vehicle purchased. The upgraded vehicle will be equipped with Starlink roaming broadband, enhancing access to library services in remote areas of the district.

Waste Services

A key focus for Council continues to be taking a proactive approach to managing closed landfills across the district, with erosion protection and potential removal works programmed for specific sites in the long term plan to address environmental risks associated with these legacy sites. During the year Council made application to the Ministry for the Environment's contaminated sites and vulnerable landfills fund for assistance with protection works at Otautau and removal of waste from Riverton and Colac Bay closed landfills. The Otautau project, originally scheduled for 2024/2025, was intentionally paused while awaiting the outcome of this funding application, as the scope of the works are dependent on the level of external support received.

Stewart Island Electricity Supply Authority (SIESA)

Council received funding from the Ministry of Business, Innovation and Employment (MBIE) to complete an indicative business case for a renewable energy solution for Stewart Island/Rakiura. PTM Consulting Limited were engaged to review previous reports on renewable options and to identify a viable energy solution. A 2MW solar farm with 4MWh battery storage integrated with the existing diesel electricity generation was recommended. Council then made an application to the Regional

Infrastructure Fund for both the renewable energy project and upgrades of the electricity distribution network infrastructure. It was announced in June that Council had secured a suspensory loan for $15.35 million to undertake both projects under a programme called the Rakiura/Stewart Island Renewable Energy Project.

What we are still working on

Council was unable to deliver the full capital works programme this year. A key contributing factor was the late adoption of the long term plan in August 2024, which effectively reduced the project delivery window to ten months. This timeframe was further constrained by seasonal limitations such as weather-dependent activities like exterior painting and compounded by the volume of projects, contractor availability and cost escalations since budgets were set. In addition, the time required to undertake meaningful engagement to clarify community expectations for projects also impacted delivery timelines by extending project planning. These factors contributed to delays in construction activity, resulting in several projects needing to be carried forward into the 2025/2026 financial year. These projects include the redevelopment of the Otautau camping ground, purchase of additional land for the Riverton/Aparima cemetery and a number of projects to refurbish and replace public toilets at Te Anau Lions Park, Monkey Island, Garston and Half Mile Road playground in Tuatapere.

Identified effects on community wellbeing

These activities play a vital role in supporting community wellbeing, even though it is sometimes perceived as non-essential. However, without these services—such as maintaining lawns, gardens, streetscapes, playgrounds, public toilets, and halls—our towns would lose the vibrancy, cleanliness, and sense of pride that make them welcoming and liveable. These visible, tangible services are a key part of how communities experience Council's presence. Their contribution is critical to the social, cultural, and economic wellbeing of our communities. Additionally, by engaging local contractors to deliver this work, Council supports local employment and economic growth across the district.

Providing reliable and accessible waste disposal and recycling services enables residents to manage their waste responsibly, reduce landfill volumes and in doing so protect public health and reduce the impact on the environment and improve wellbeing. The activity also ensures any landfill waste is managed appropriately, including monitoring and mitigating risks such as leachate and gas emissions. Pest control measures and efficient management of transfer stations further help minimise potential negative impacts. During the year, one of the district's recycling containers was relocated from Birchwood Road Nightcaps to a new more central site at the Ohai Recreation Reserve. The relocation to a more central and accessible location has contributed to community wellbeing by making recycling more convenient for Ohai residents and reducing nuisances caused by noise from glass recycling that previously affected neighbouring properties at the former location.

Performance results

7 of the 12 (58%) key performance indicator targets were achieved or mostly achieved (missed by 5% or less).

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
Level of Service 3: Facilities are fit for purpose, to enable healthy grieving and memorialisation for the community				
Cemeteries				
KPI 3.1: To meet family expectations that the burial plots are prepared by the time required	93%	100%	97%	**Mostly achieved** (missed by 5% or less) There were 75 burials during the year, with 73 having plot preparations notified on time (defined as at least two hours prior to the burial). All plots were prepared on time, and the level of service provided to families was not affected. The two exceptions relate to the timing of the notification that the plots were ready, which

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
				were received 15 minutes later than expected but still well in advance of the scheduled burials. Of these, one delay was due to onsite technical issues, and the other resulted from an oversight.
Level of Service 4: Facilities are fit for purpose				
Community housing				
KPI 4.1: Community housing occupancy rate[1]	89.85%	85%	88%	**Achieved** Of the 69 flats, 61 are currently tenanted. Any vacancies during the year have been prioritised for individuals aged over 60, in line with the community housing policy. As of the date of this report, the occupancy rate is at its maximum, with the remaining flats undergoing short or long-term repairs, maintenance, or refurbishment.
KPI 4.2: Percentage of people who meet priority criteria[2]	91.93%	80%	93%	**Achieved** The community housing units provided by Council are prioritised for older local residents aged over 60 years who are assessed as having the greatest need for this type of housing. The majority of current tenants meet this priority criteria, and there have been no new tenancies for individuals under 60 in the past 12 months. The waiting list is also predominantly made up of priority prospective tenants.
1. Community housing occupancy rates are kept at a lower target to allow for maintenance and refurbishment following the end of a tenancy 2. Policy states that priority criteria include that persons are over 60 years old or persons that are considered to be in need of community housing				
Level of Service 5: Council provides a library service for the district including a mobile service				
Library services and customer contact				
KPI 5.1: the library network will increase the digital proportion of lending year on year[1]	New measure	Baseline	12%	**Baseline established** As this is the first year using this measure, the current e-book lending proportion of 12% will serve as the baseline target going forward. This represents a 2% increase compared to the previous year (2023/2024).
KPI 5.2 the library and service network will increase programme participation numbers year on year[2]	New Measure	Baseline	6,879	**Baseline established** A library programme is defined as a one-off or recurring event organised or delivered primarily by library staff. Over the past year, a total of 6,879 participants attended these activities. As this is the first year using this measure, this figure will serve as the baseline going forward. This participation level represents a 35% increase compared to the previous year's total of 5,104 in 2023/2024.
1. Council is looking to increase access digitally to library lending – potentially reducing the spend on physical lending materials, based on customer feedback. 2. Council is wanting to increase community connectedness by seeing the libraries as a place to socialise and participate in ongoing learning				
Level of service 6: Council provides safe, well maintained open spaces				
Open spaces				
KPI 6.1 Percentage of SDC playgrounds that meet NZ standards over the next 3 years[1]	New Measure	80%	Not measured	**Not measured** The measurement of this KPI requires a level three risk assessment of playgrounds, which evaluates hazards by assessing the probability of injury occurrence against the potential severity. This assessment is next scheduled to be carried out in

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
				2025/2026 and therefore was not measured during the reporting period. Instead, level one and two assessments were carried out regularly throughout the year as part of Council's maintenance contract. These focus on routine playground maintenance and identifying equipment defects. While not measured, compliance with standards is likely to have improved over the year due to the replacement of equipment at several playgrounds and the installation of new playgrounds in Balfour and Henry Street Te Anau.
KPI 6.2: Open spaces requests for services are completed within specified timeframes[2]	91.3%	90%	91%	**Achieved** There were a total of 442 requests for service received with 402 actioned within the specified timeframe.
KPI 6.3 Council collaborated in partnership with a minimum of three community groups in the biodiversity /ecological or environmental space[3]	New Measure Set MOU with community groups 3 per year	3	3	**Achieved** Council partnered with Riverton Lions, Riverton Menz Shed, and Riverton Rotary Club to carry out minor works in Riverton. In Te Anau, Council is in the process of establishing a Memorandum of Understanding (MOU) with the Te Anau Lakefront Labourers to undertake beautification efforts along the Lake Te Anau foreshore, specifically in the area surrounding the Matariki pou. Initial discussions have also taken place with the Aparima Pest Busters to expand the scope of their current work. This proposed variation to their existing MOU will focus on native planting initiatives at Taramea Bay and Bath Road.
1. https://www.standards.govt.nz/shop/NZS-58282015 2. Open spaces requests include requests for related activities e.g. playgrounds, reserves etc. Timeframes for response to request for service depends on the type of request 2, 5 or 10 days. 3. Council sharing the development, maintenance and care of our open spaces builds on the model of community-based care of spaces along with the use of local contractors for maintenance and development.				
Level of service 2: Council owned facilities are fit for purpose				
Community Services				
KPI 2.1: Council owned halls are fit for purpose[1] (definition includes ease of booking, cleanliness of kitchen and toilets, would you book again)	Baseline data	Baseline+10%	100%	**Baseline established** All nine responses received from hall users rated the halls as fit for purpose. Six respondents rated the hall a 5, one rated it a 4, and two rated it a 3.
1. Fit for purpose is a rating of 3+ on a hall user survey scale of 1 -5				
Level of Service 7: Council provides a reliable, sustained electricity supply to Stewart Island that meets current and future needs				
SIESA				
KPI 7.1: Number of unplanned point of consumer supply interruptions to Stewart Island electricity supply	2	≤6	9	**Not achieved** There were nine unplanned outages during the year, each lasting between 8 and 30 minutes. Two of these outages were caused by external factors (e.g. lightning strikes or accidents), while the remaining incidents were due to faults within the network or generation equipment.
Level of Service 8: Council provides rubbish and recycling services that minimise the amount of waste going to landfill				
Waste Services				

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
KPI 8.1: The amount of waste diverted from landfill (tonnes) as a percentage of total waste[1]	29.6%	40%	38%	**Mostly achieved** (missed by 5% or less) While the amount of waste diverted is less than the target it is an increase on the prior year.
KPI 8.2: The maximum amount of waste per property disposed of to landfill (kilograms)	589 kg per property	650kg per property	596kg per property	**Achieved**

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

2023/2024[3] Budget (LTP Y3) ($000)	2023/2024[3] Budget (AP) ($000)	Funding impact statement - community resources	2023/2024[3] Actual ($000)	2024/2025 Budget (LTP Y1) ($000)	2024/2025 Actual ($000)
		Sources of operating funding			
7,795	8,032	General rates, uniform annual general charges, rates penalties	8,032	8,582	8,557
6,101	6,695	Targeted rates	6,675	6,827	6,813
93	801	Subsidies and grants for operating purposes	1,633	718	860
1,899	2,142	Fees and charges	2,480	2,329	2,679
2,963	3,083	Internal charges and overheads recovered	3,073	3,279	3,335
-	-	Interest and dividends from investments	-	-	-
778	792	Local authorities fuel tax, fines, infringement fees, and other receipts [1]	867	1,044	989
19,630	**21,545**	**Total operating funding**	**22,760**	**22,779**	**23,232**
		Applications of operating funding			
12,996	14,978	Payments to staff and suppliers	15,668	16,908	14,692
308	396	Finance costs [2]	-	626	-
4,985	5,723	Internal charges and overheads applied [2]	5,986	6,058	6,558
12	7	Other operating funding applications	39	151	296
18,302	**21,104**	**Total applications of operating funding**	**21,693**	**23,743**	**21,547**
1,328	**441**	**Surplus (deficit) of operating funding**	**1,068**	**(964)**	**1,685**
		Sources of capital funding			
21	1,508	Subsidies and grants for capital expenditure	902	909	953
35	35	Development and financial contributions	34	35	44
10,134	11,148	Increase (decrease) in debt	1,160	3,415	2,117
97	123	Gross proceeds from sale of assets	1,976	908	2,000
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
10,287	**12,813**	**Total sources of capital funding**	**4,072**	**5,267**	**5,114**
		Applications of capital funding			
		Capital expenditure			
232	226	- to meet additional demand	-	226	-
1,511	2,520	- to improve the level of service	2,297	2,551	3,677
8,788	10,380	- to replace existing assets	1,107	3,195	2,694
1,233	278	Increase (decrease) in reserves	1,785	(1,422)	575
(149)	(149)	Increase (decrease) in investments	(49)	(247)	(147)
11,614	**13,255**	**Total applications of capital funding**	**5,140**	**4,303**	**6,799**
(1,328)	**(441)**	**Surplus (deficit) of capital funding**	**(1,068)**	**964**	**(1,685)**
-	**-**	Funding balance	**-**	**-**	**-**

1. includes all other operating funding from sources not identified in the table.
2. actual finance costs are lower because interest on internal loans is now included in internal charges and overheads applied. Actual interest on internal loans for was $499,474 (23/24: $335,755).
3. minor adjustments were made to classification of activities within each activity group for Community Leadership, Community Resources, and Transport in the LTP 2024-2034. To ensure consistency and comparability, the prior year actuals and budgets for 2023/2024 have been restated to reflect the revised groupings.

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Key variations from budget

Operating:

Subsidies and grants for operating purposes were above budget primarily due to the receipt of government "better off" funding for projects originally budgeted as capital income. This was offset by the deferral of some projects future years. Additional grants were also received for the remediation of the Bluecliffs landfill site and waste minimisation.

Fees and charges were above budget due to a combination of increased transfer station charges, higher volumes of waste received and an increase in electricity charges for SIESA partway through the year.

Local authorities fuel tax, fines, infringement fees, and other receipts were below budget as a result of lower community housing rentals, partially offset by increased interest earnings.

Payments to staff and suppliers were below budget primarily due to the deferral of several maintenance projects and the reclassification of certain actual costs as capital expenditure rather than maintenance. In addition, expenditure on the review of reserve management plans was lower, as these have been consolidated into an omnibus review that is expected to result in further savings as the project is carried out over future years. Overall maintenance costs were also under budget, with some tree and hedge work now intended for delivery next year. Closed landfill remediation costs and fuel expenses for SIESA were also under budget. These savings were partially offset by higher cleaning costs, particularly for public toilets, along with increased building lease expenses and higher waste disposal levies.

Other operating funding applications were over budget due to the actual costs of a grant for the Tuatapere Historic Railway Station being included here, while the budget had originally been classified under *capital expenditure to replace existing assets*.

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 resulting in higher internal charges and overheads.

Capital:

Gross proceeds from sale of assets was higher than budget due to the sale of property at Luxmore in Te Anau and John Street in Winton.

Capital expenditure to meet additional demand was lower than budget due to a delay in the purchase of additional land for the Riverton/Aparima cemetery. *Capital expenditure to improve the level of service* was above budget, largely due to the purchase of a new Invercargill office building, which has been budgeted in the prior year. *Capital expenditure to replace existing assets* was under budget, primarily due to changes in project timing and the classification of railway project costs as operating expenditure rather than capital. Project timing changes also contributed to lower *debt* levels as fewer loans were required to the fund the deferred projects. Additionally, *reserves* increased due to the reduced need for funding.

Environmental services (including emergency management)

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

Environmental Services helps keep our communities safe by making sure rules around building, food safety, alcohol, dogs, and the natural and built environment are followed, working closely with Te Ao Mārama, representing Ngāi Tahu ki Murihiku, to ensure iwi perspectives are included in decisions about land, water, and development. This partnership supports kaitiakitanga—guardianship of our natural and built environments—for current and future generations. The activity also supports emergency planning through Emergency Management Southland—helping communities prepare for, respond to, and recover from emergencies. This work protects public health, supports safe living environments, and ensures our district is cared for now and into the future.

How we did

What happened in the year

Resource management planning/processing

During the year, significant progress was made across several planning areas.

District plan change 2, to implement the Code of Practice for Subdivision, Land Use, and Development was finalised, publicly notified and adopted following a hearing. The plan change is now operative, with one appeal underway, enabling Council to enforce the engineering standards for developments and subdivisions through the District Plan provisions. In addition, District Plan private plan change 3, proposing the rezoning of approximately 46 hectares in Woodlands/Morton Mains from general rural to general industrial, was accepted and notified with four submissions received. The hearing for this change is scheduled for August 2025.

Consent processing saw significant improvement, with 93% of consents completed within statutory timeframes, a marked shift from 29% the previous year. This achievement was driven by successful staff recruitment, supported by targeted upskilling and training initiatives leading to a reduced reliance on outsourcing. These enhancements contributed to a notable uplift in customer survey results, with respondents viewing the team as considerably more effective than two years ago.

In the area of climate change, Council adopted the Southland Regional Climate Change Strategy in October 2024.

Work also began on the preparation of spatial plans for 10 townships across the district, starting with Stewart Island/Rakiura with this plan and others expected to be completed in 2026. A spatial plan is a long-term, strategic document that visually maps out how an area is planned to 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.

Animal services and consent compliance

The year saw a successful registration campaign with 99.8% of dogs re-registered. Compliance activities remained a focus with additional resources employed to support continued enforcement efforts resulting in several dangerous dogs being removed from public areas and two individuals convicted of serious offences relating to dog attacks.

With resource management monitoring and compliance, a larger team enabled monitoring of around 300 older consents to ensure consent holders met the requirements of their consent. Taking a consistent and balanced approach has led to notable improvements and greater compliance across the board.

Environmental health

Customers can now apply online for alcohol, food, and health-related permits, streamlining the process. The Council website was also updated to make it easier for people to find and use food and health related services. The alfresco dining programme was relaunched with a simplified application process and a list of approved outdoor dining spots, alongside a review of the Trading in Public Places Bylaw. In Te Anau, new signage was installed to clearly mark alcohol-free areas to improve awareness and encourage greater compliance. A new food business levy, introduced by the Ministry for Primary Industries, was also implemented.

Building control

In February, the Council underwent a successful IANZ audit as part of its accreditation as a Building Consent Authority (BCA). The audit identified only two minor general non-compliances, both of which were promptly addressed. As a result, BCA accreditation was retained, and the Council was classified as a low-risk BCA, meaning the next audit will not be required for two years.

Over the past 18 months, efforts have been directed toward training and developing new building control officers. All technical staff within the team now hold recognised levels of competency, reducing the need for close supervision and contributing to improved operational efficiency.

Statutory timeframes for consent processing continue to be met at a high level, with compliance rates for building consents and code compliance certificates consistently in the high 90% range. The average processing time for granting building consents is approximately 11 working days.

Remote inspections have also been successfully implemented for selected inspection types using Zyte video calling software. This proactive initiative positions the Council well in anticipation of the Government's proposed mandate for remote inspections.

Emergency management

Emergency Management Southland (EMS) is a shared service provided by Invercargill City Council, Southland District Council, Gore District Council, and Environment Southland. EMS plays a vital role in building community resilience by strengthening preparedness, response, and recovery capabilities across the region. This includes public education initiatives, emergency response planning, and the delivery of targeted training to ensure a well-prepared pool of personnel across councils and partner agencies.

In 2024/2025, Southland did not experience any major emergencies that required full activation of the Emergency Coordination Centre (ECC). However, EMS responded to several smaller events, including a magnitude 6.8 earthquake and strong currents off the coast of Southland (north of Snares Island) as well as flood

monitoring. To enhance operational readiness, EMS introduced a new "three-shift" model to sustain emergency operations for the first five days of an event and has identified the implementation of a "four-shift" model as a strategic goal in the coming one to two years.

Work continued on the revision of the Southland Civil Defence Emergency Management (CDEM) Group Plan, with the updated version scheduled for adoption in 2025/2026. Toa Consulting was engaged to ensure alignment with the National Disaster Resilience Strategy (NDRS), with a strong emphasis on community-led resilience and partnership with iwi.

Despite ongoing staffing pressures during much of the reporting period, EMS delivered a number of targeted community preparedness initiatives based on insights from its 2024 Community Preparedness Survey. Public education campaigns focused on earthquake and flooding risks, with new resources developed to address preparedness gaps among younger families, older populations, and individuals living alone. EMS also updated Community Response Plans in four communities and expanded its popular School Simulator Programme, which supports youth engagement.

To support readiness across councils and partner agencies, EMS delivered over 40 training sessions, including CIMS4, foundation, and induction courses. A structured training programme was implemented, including evaluation tools to measure learning outcomes. A long-term Training and Capability Strategy (2025–2030) was also developed to guide future efforts. While training was made more accessible through onsite delivery, uptake remained low in some areas.

Collaboration remained a key focus, with EMS facilitating 20 stakeholder engagement sessions throughout the year. These included meetings with the Emergency Services Coordination Committees, Fiordland Hazard Working Group, and Welfare Coordination Group. A significant development was the continued success of the Mana Whenua Emergency Facilitator role, piloted in partnership with Ngāi Tahu and Te Ao Mārama. The facilitator has enhanced cultural responsiveness and supported marae-based emergency planning, contributing to several inter-agency events including the Awarua Peninsula fire, earthquakes and Otago flooding.

The appointment of a Communications Advisor has enabled EMS to take a more strategic and consistent approach to public messaging. Digital platforms were upgraded to support real-time updates, and targeted resources, such as the Older Persons Guide to Emergencies, were created to ensure inclusive communication. Results from the 2024 Preparedness Survey showed a growing public understanding of hazards, confirming the value of these efforts.

EMS continued to administer and lead the South Island-wide AF8 Programme. Highlights included sustained public engagement through the AF8 Roadshow and ongoing national collaboration on Alpine Fault risk awareness. The programme received continued Resilience Fund support for 2023–2026 and contributed to scenario development for the national Exercise Rū Whenua. EMS also maintained active involvement in the AF8 Programme, contributing to inter-regional risk reduction efforts and supporting the promotion of local hazard awareness through public-facing initiatives. The AF8 Roadshow continued to have record numbers in the region with a total of 624 people interacting with these sessions, including school visits and public talks.

Key challenges during the 2024/2025 year included preparing for legislative reform, addressing the limitations of current response capacity beyond five days, and managing the impacts of longstanding staffing shortages. However, EMS reached full staffing capacity in June 2025 for the first time in over three years, positioning the team to progress strategic priorities and continue strengthening Southland's emergency management capability in the year ahead.

What we are still working on

Several planned initiatives in the areas of environmental planning and climate change were deferred. Work on the Outstanding Natural Features and Landscapes plan change was paused with significant legislative changes occurring in the resource management sector. Council considered it was more prudent to await the establishment of the new planning framework to ensure alignment. The development of a Council emissions reduction plan was also delayed with priority given to

advancing the Regional Climate Strategy, Regional Framework for Climate Action, and initiating the Council's organisational climate change risk assessment. A business case to support future emission reduction activities is planned to be developed in 2025/2026.

Identified effects on community wellbeing

Council environmental service activities contribute to community wellbeing by protecting natural resources, promoting sustainable land use, managing environmental risks, enhancing community preparedness and resilience in the face of emergencies, and ensuring compliance with regulations that safeguard public health. In addition to these wider effects, specific initiatives that occurred during the year to influence wellbeing included:

- the adoption of the Regional Climate Strategy and the Regional Framework for Climate Action marked a significant milestone in building a more resilient future for Southland and long term community wellbeing. By aligning the aspirations and principles of local councils, Te Ao Mārama Inc, and Great South, these frameworks foster a unified and strategic response to climate change across the region.
- the targeted dog control enforcement efforts carried out during the year, such as removing dangerous dogs from public areas and prosecuting serious offences, has positively impacted community wellbeing by helping to create a safer and more secure environment.

Performance results

7 of the 10 (70%) key performance indicator targets were achieved or mostly achieved (missed by 5% or less).

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
Level of Service 9: Enhance the health, safety and well-being of the community and environment, through the effective implementation of a range of legislation				
Environmental and regulatory services				
KPI 9.1: Percentage of non-notified resource consents processed within statutory timeframes	29.28%	100%	93%	**Not achieved** This represents a significant improvement from the prior year following an increase in staff capacity and improvements to processes and systems. The majority of the consents not processed within timeframes relate to a backlog of resource consents lodged during 2022/2023 which are still being worked through to a decision.
KPI 9.2: Percentage of building consent applications processed within statutory timeframes	70.1%	100%	94%	**Not achieved** This represents a significant improvement from the prior year. Over the year Council processed and granted 885 building consents, with an average processing time of 13.6 working days. Most applications that exceeded the statutory 20-working-day timeframe were either complex or required multiple rounds of additional information requests.
KPI 9.3: Percentage of code compliance certificate applications processed within statutory timeframes	78.3%	100%	96%	**Mostly achieved** (missed by 5% or less) This represents a significant improvement from the prior year. Over the year Council issued a total of 831 code compliance certificates (CCC). Council has continued to improve compliance with statutory timeframes, supported by ongoing staff development and increasing technical competency within the team.
KPI 9.4: Number of serious injuries to the public from dog attacks[1]	1	0	0	**Achieved** During the year, there were no serious injury dog attacks on people, reflecting earlier actions to remove dangerous dogs from the community. While a small

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
				number of dog attacks on animals were recorded, none resulted in life-threatening injuries.
KPI 9.5: Percentage of non-working dogs subject to the responsible owner category[2]	Annual average 95.5%	(AA) 90%	90%	**Achieved**
KPI 9.6 Percentage of new food and alcohol applications processed and issued within 30 working days	New measure	50%	85%	**Achieved**
KPI 9.7: On site Building Warrant of Fitness audits completed in the community	22.6% of buildings audited	20% of buildings audited	22%	**Achieved** Council completed 168 building warrant of fitness audits, representing 22% of all buildings with compliance schedules. Council's audit programme is structured around risk-based groupings, with each group assigned a different audit frequency. High-risk buildings are audited on a three-year cycle, medium-risk buildings on a four-year cycle and low-risk buildings on a five-year cycle.
KPI 9.8: Number of incidents[3] of foodborne illness believed[4] to be caused by food sold at a Council-verified business	3	0	0	**Achieved** There have been no incidents of foodborne illness.
1. This is not intended to capture injuries from dog bites within a home environment 2. This KPI is reported on quarterly and has an annual average, for the 24/25 year council is moving to a one tag for life system 3. "Incident" means illness arising from a common food source that has made one or more people ill, and includes an outbreak (more than 2 people ill) 4. "Believed" means that there is strong evidence suggesting the cause is the business concerned. The term 'suspected' would be used when there is weak evidence linking a food business to the incident.				
Level of Service 10: Build community resilience to emergency events				
Emergency Management				
KPI 10.1: there are 26 community plans, eight of those plans will be enhanced and reviewed on an annual basis	Not measured	8 per year	4 plans reviewed	**Not achieved** Emergency Management Southland (EMS) reviewed four community plans during the year. While this is below Council's target, it aligns with the approved EMS workplan, which sets a goal of reviewing four plans annually. While Emergency Management Southland remains committed to delivering on its core objectives, several significant challenges impacted the ability to meet all key performance indicators (KPIs) during the 2024/2025 financial year. Chief among these was a sustained period of high staff attrition, which placed considerable strain on operational capacity. For much of the year, EMS operated below full staffing levels, requiring the team to prioritise critical functions and defer or scale back some planned initiatives. Compounding this was a period of leadership transition, with turnover in the Group Manager role affecting continuity in strategic direction and programme delivery. This leadership gap caused a temporary pause or redirection of several long-term

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
				projects, including the Group Plan review, tsunami, modelling, and community response planning activities, to ensure alignment with future leadership priorities. Additionally, EMS was required to respond to several unplanned emergency events, including the Southland M6.8 earthquake and tsunami response, as well as minor flooding and earthquake incidents. These response activities demanded significant time and resources, diverting attention from scheduled work programmes and training delivery. While these responses demonstrated the organisation's growing capability and adaptability, they also highlighted the ongoing tension between readiness and delivery in a constrained resource environment.
KPI 10.2: percentage of surveyed households that have an emergency plan (written or verbal) form	Not measured	maintain above 60%	73%	**Achieved** While this is a positive outcome, there is still more to be done to increase public awareness about the importance of emergency planning.

2023/2024 Budget (LTP Y3) ($000)	2023/2024 Budget (AP) ($000)	Funding impact statement – environmental services	2023/2024 Actual ($000)	2024/2025 Budget (LTP Y1) ($000)	2024/2025 Actual ($000)
		Sources of operating funding			
5,785	5,615	General rates, uniform annual general charges, rates penalties	5,610	6,117	6,101
-	-	Targeted rates	-	-	-
11	410	Subsidies and grants for operating purposes	6	610	97
4,006	4,452	Fees and charges	3,811	4,864	4,331
600	661	Internal charges and overheads recovered	630	610	658
-	-	Interest and dividends from investments	-	-	-
209	323	Local authorities fuel tax, fines, infringement fees, and other receipts [1]	418	302	95
10,610	**11,460**	**Total operating funding**	**10,475**	**12,503**	**11,282**
		Applications of operating funding			
6,670	7,150	Payments to staff and suppliers	6,348	8,090	6,148
3	12	Finance costs [2]	0	14	-
3,644	4,083	Internal charges and overheads applied [2]	3,916	4,422	4,201
441	451	Other operating funding applications	479	473	419
10,758	**11,696**	**Total applications of operating funding**	**10,743**	**12,999**	**10,768**
(148)	**(235)**	**Surplus (deficit) of operating funding**	**(268)**	**(496)**	**515**
		Sources of capital funding			
-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	Development and financial contributions	-	-	-
39	39	Increase (decrease) in debt	(68)	99	(59)
29	63	Gross proceeds from sale of assets	60	25	4
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
68	**102**	**Total sources of capital funding**	**(8)**	**124**	**(55)**
		Applications of capital funding			
		Capital expenditure			
-	-	- to meet additional demand	-	-	-
43	42	- to improve the level of service	23	-	3
117	250	- to replace existing assets	-	53	-
(120)	(306)	Increase (decrease) in reserves	(13)	(185)	656
(120)	(120)	Increase (decrease) in investments	(286)	(240)	(199)
(80)	**(134)**	**Total applications of capital funding**	**(276)**	**(372)**	**460**
148	**235**	**Surplus (deficit) of capital funding**	**268**	**496**	**(515)**
-	**-**	Funding balance	**-**	**-**	**-**

1. includes all other operating funding from sources not identified in the table.
2. actual finance costs are lower because interest on internal loans is now included in internal charges and overheads applied. Actual interest on internal loans was $11,711 (23/24: $11,941).

Key variations from budget

Operating:

Subsidies and grants for operating purposes were under budget due to the change in timing of the spatial planning project (Township Futures Plan) that has been partially deferred to 2025/2026 to enable the scope to be finalised and resources secured to complete the work.

Fees and charges income were under budget due to a decline in building consent volumes combined with a general lowering in the value of building work being undertaken. This was caused by a combination of factors including slowing economy, high construction costs, and challenging financial conditions.

Local authorities fuel tax, fines infringement fees and other were under budget largely due to lower general recoveries for building and resource consenting with less external consultants used to process consents.

Payments to staff and suppliers were under budget due to the delay of both the spatial planning project, Go-get software system replacement for building consents and lower staff costs. This was partially offset by higher expenditure on external consultants to ensure work was completed.

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

Other operating expenses were under budget due to doubtful debts recovered during the year.

Capital:

Capital expenditure to replace existing assets was under budget due to vehicle replacements being delayed.

Reserves increased as a result of the underspends in *payments to staff and suppliers* and *internal charges and overheads.*

Increase (decrease) in debt was under budget due to the delay in the Go-get software system replacement.

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

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, wharves/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 controlled, secure access to roads and waterways and by facilitating safe marine navigation.

How we did

What happened in the year

Key achievements for the year include:

- two bridge replacements
- 534 kilometres of unsealed road re-gravelled
- 112 kilometres of sealed roads resurfaced
- 658 metres of culverts installed
- 5.7 kilometres of sealed road rehabilitations completed
- in late 2024, Council adopted amendments to its Roading Bylaw 2008 to address long-standing parking and traffic safety issues on Stewart Island/Rakiura. The changes followed public consultation, where 49 submissions were received. The key changes included new parking restrictions, particularly in areas like Oban and Golden Bay, where long-term vehicle parking had become problematic and the introduction of a new one way system on narrow hillside roads near Observation Rock, where two-way traffic posed safety risks
- completing the repairs on the Around the Mountains Cycle Trail, further to the September 2023 flood damage
- replacement of the Te Anau downs boat ramp
- the concession for water structures in the Fiordland National Park has been renewed with the Department of Conservation. The concession allows Council to operate and maintain water structure infrastructure like boat ramps, wharfs, jetties within the national park
- working with the Riverton Harbour committee to define the scope of work for the refurbishment of the Riverton T Wharf and the maintenance of the long wharf

- progress on replacing the Ulva Island wharf on Stewart Island/Rakiura has advanced to the point where the community board can consider and make a recommendation to Council. The new design is of a similar scale and appearance to the existing wharf with functional improvements incorporated and will remain in the existing location in Post Office Cove.

While 38 projects were originally budgeted for delivery in the long term plan for 2024/2025 (with a total budget of $34.3 million), this reduced to 33 projects with a revised budget of $25.3 million, primarily due to the reduction in NZTA funding for roads. Over the year 49% of the revised projects were completed, 21% were in progress, 18% incurred costs but were rescheduled to another year with another 9% rescheduled with no costs incurred and 3% cancelled. Actual expenditure on projects was $18 million. More information about the specific projects can be found in the full project list in section four.

What we are still working on

Roading and footpaths

Not all requested funding for roading was received from NZ Transport Agency Waka Kotahi (NZTA). NZTA approves Councils roading programme once every three years. The confirmed programme was received in September 2024 after Council had set its long term plan August 2024. This resulted in works programmed needing to be reviewed and adjusted. Footpath funding was the activity proportionally most affected resulting in the need to revisit priorities and funding levels with each community board.

To meet the revised budget, it was agreed to reduce the quantity of remarking of road edgelines. Rural sealed roads with less than 750 vehicles per day did not have edgelines remarked over during the 2024/25 year. The shortfall in funding has also meant Council was not able to achieve its annual road resurfacing target and will be around 20km short this year. If this shortfall in funding continues this will have a compounding effect on future year works programme and funding requirements to maintain current levels of service. The full bridge programme could not be delivered this year due to changes in the NZTA funding approval process. This has now been worked through and funding approved resulting in tenders being put out to market covering both work originally planned for 2024/2025 and 2025/2026.

Te Anau Airport Manapōuri

A contract for the resurfacing of the Te Anau Airport Manapouri runway has been awarded; however, construction has been delayed until December 2025 due to suboptimal weather conditions and the need to accommodate scheduled flight operations

Water facilities

While the replacement of the Ulva Island wharf on Stewart Island/Rakiura did not get completed, Council has progressed this project to a point where a replacement wharf is expected to be in place in time for the 2026/2027 visitor season. In the interim, maintenance works are planned to be completed later in 2025. Subject to the procurement of a contractor to carry out physical works, the refurbishment of the Millars Beach wharf on the island has also been deferred and is now planned to occur in late 2025, with consideration being given to coordinating works alongside other wharf projects on Stewart Island/Rakiura to improve efficiencies. Preparations for the renewal of the Golden Bay wharf on the island were also placed on hold, with focus redirected toward developing a masterplan for Golden Bay, Stewart Island/Rakiura. The masterplan aims to guide future upgrades and better integrate infrastructure to meet the needs of both residents and visitors 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 project to replace the T-Wharf at Riverton Harbour has been delayed to allow for further investigations into alternative options and ongoing discussions with stakeholders. The specific scope of work is still being finalised in collaboration with the local harbour committee, with a construction programme to be developed once a preferred approach is agreed upon.

Identified effects on community wellbeing

The effect of the activity group on social wellbeing includes providing crucial infrastructure so users can connect with others and move safely around the district. It provides a cycleway and footpaths to encourage walking and biking as part of a healthy lifestyle. It also provides transport through other infrastructure such as wharves, jetties and airports to further connect communities. Southland has the second largest roading network in the country. The effects of this network on community wellbeing are providing the means to connect people, goods and services throughout the district, and supporting people's ability to live, work, visit and travel safely. It helps business and industry to transport their goods and services. The provision of streetlighting aids the safety of the community by discouraging crime in urban areas. Road safety education is carried out to minimise the negative effects of the activity. While transport plays an integral part in Southland district, there are inherently some significant negative effects on the community's wellbeing associated with it. We have processes in place to reduce the likeliness of their occurrence. An example of a significant negative effect is road crash fatalities. The possibility of these occurring is reduced through maintenance, renewals and road safety strategies. Other negative effects that could arise from the roading activity are economic effects such as travel delays as a result of road construction or upgrade works. Negative environmental effects could also occur, such as excessive noise, dust, contamination of waterways by stormwater discharge from road surfaces and environmental degradation from road construction or upgrade works. We put processes in place to reduce and or mitigate these negative effects as much as practicably possible.

The Ulva Island and Golden Bay wharves are vital infrastructure for Stewart Island/Rakiura's economy, supporting both local operations and tourism. However, the high cost of maintenance and replacement has posed ongoing challenges. Delays in replacing the Ulva Island wharf have had a noticeable impact on the island's economy, with uncertainty around its future affecting bookings from overseas visitors. Current restrictions on the wharf also limit the size of vessels that can access it. To help fund ongoing maintenance, Council consulted on a new Ulva Island wharf fee as part of its fees and charges review in April 2025. The fee was adopted in June 2025 and is expected to be implemented once the Ulva Island wharf replacement is complete.

Performance results

6 of the 9 (67%) key performance indicator targets were achieved or mostly achieved (missed by 5% or less).

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
Level of Service 12: Our transport network provides for safe, comfortable and efficient travel				
Roads, bridges, footpaths, cycle trail, airport				
KPI 12.1: Condition of the sealed road network – The average quality of ride on sealed local road network measured by smooth travel exposure[1]	Not measured	Smooth Travel Exposure[1] of ≥ 98%	99%	**Achieved**
KPI 12.2: Percentage of gravel road tests where road roughness[2] meets acceptable standards	91.3%	≥85%	89%	**Achieved**

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
KPI 12.3: Maintenance of a sealed local road network - The percentage of sealed local road network that is resurfaced	4.06%	6.7%	5.7%	**Not achieved** The full 2024/2025 NZTA approved resurfacing programme was delivered, which equated to 800,548m^2 or around 112km of the network being resealed or 5.7% of the total sealed network area. This is less than the target of 6.7% due to budget limitations as a result of the reduced NZTA funding.
KPI 12.4: Response to service requests – The percentage of customer service requests relating to roads and footpaths to which the Council responds within the required timeframes[3]	96.97%	≥93%	98%	**Achieved**
KPI 12.5: Road Safety – The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	11	Reduction of 1 from prior year	16	**Not achieved** There was one fatal and fifteen serious injury crashes recorded in the Crash Analysis System (CAS) database in the Southland District network for 2024/2025. Alcohol was a contributing factor in half of these crashes.
KPI 12.6: Footpath condition[4] – The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan)	Not measured	≥90%	Not measured	**Not measured** With a significant reduction in footpath funding from NZTA, Council decided not to carry out the condition survey considering the data already held and works programmes being so small. Existing data from previous condition surveys have scored the footpath network overall in excess of 90% which is well above the minimum target of 70%. Given that the footpath network is not a dynamic asset it is expected that little change will have occurred since the last survey was carried out and therefore would still easily exceed the minimum target score. The next survey (regardless of scope) is planned for early 2026.
KPI 12.7: Around the Mountains cycle trail has Great ride status	Accreditation retained	Retain accreditation	Accreditation retained	**Achieved**
KPI 12.8: CAA compliance requirements for Part 139 certification is maintained	Certification retained	Retain certification	Compliance retained	**Achieved** The airport has maintained Part 139 certification.
Level of Service 13: Council provides safe and well-maintained water facilities to enable public enjoyment and access to the district's rivers, lakes and sea				
Water facilities				
KPI 13.1 – Water facilities requests for services are completed within specified timeframes	93.4%	≥80%	92%	**Achieved** There was a total of 12 requests for service received with 1 not actioned within the specified timeframe.

1. Smooth travel exposure is an index that determines the proportion of travel on sealed roads which are smoother than a defined threshold.
2. Road roughness is measured by RoadRoid testing.
3. Timeframes for responding to requests related to roads and footpaths vary from 24 hours to up 60 days depending on the urgency and risk associated with the request. Overall, around 80% of the Council's requests for service have a target timeframe of 10 days or less. The Transport AMP includes more detail about the individual request types and timeframes.
4. Footpaths are assessed and given a condition rating that uses a visual rating scale of 1-5 where 1 is the highest (3 is reasonable). The percentage is calculated according to the length of the network that meets or exceeds the average of all condition ratings.

2023/2024[3] Budget (LTP Y3) ($000)	2023/2024[3] Budget (AP) ($000)	Funding impact statement – transport	2023/2024[3] Actual ($000)	2024/2025 Budget (LTP Y1) ($000)	2024/2025 Actual ($000)
		Sources of operating funding			
1,053	1,399	General rates, uniform annual general charges, rates penalties	1,404	1,355	1,353
16,649	17,288	Targeted rates	17,237	21,623	21,591
6,659	7,037	Subsidies and grants for operating purposes	8,157	9,645	8,271
44	39	Fees and charges	70	59	75
335	333	Internal charges and overheads recovered	479	421	447
-	-	Interest and dividends from investments	-	-	-
1,147	1,608	Local authorities fuel tax, fines, infringement fees, and other receipts [1]	1,774	1,403	1,266
25,886	**27,705**	**Total operating funding**	**29,121**	**34,506**	**33,003**
		Applications of operating funding			
14,269	15,168	Payments to staff and suppliers	17,096	19,006	16,335
328	512	Finance costs [2]	-	614	-
2,471	2,848	Internal charges and overheads applied [2]	3,140	2,795	3,149
209	243	Other operating funding applications	272	141	143
17,277	**18,770**	**Total applications of operating funding**	**20,508**	**22,556**	**19,627**
8,609	**8,934**	**Surplus (deficit) of operating funding**	**8,613**	**11,950**	**13,376**
		Sources of capital funding			
9,896	12,483	Subsidies and grants for capital expenditure	12,826	17,838	9,704
-	-	Development and financial contributions	-	-	-
906	2,504	Increase (decrease) in debt	(710)	3,303	(3,668)
10	38	Gross proceeds from sale of assets	64	25	-
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
10,812	**15,024**	**Total sources of capital funding**	**12,180**	**21,166**	**6,036**
		Applications of capital funding			
		Capital expenditure			
-	-	- to meet additional demand	-	-	-
2,408	1,555	- to improve the level of service	1,514	842	435
17,488	24,364	- to replace existing assets	23,560	33,369	17,607
(469)	(1,954)	Increase (decrease) in reserves	(4,234)	(1,018)	1,450
(7)	(7)	Increase (decrease) in investments	(47)	(78)	(80)
19,421	**23,959**	**Total applications of capital funding**	**20,793**	**33,116**	**19,412**
(8,609)	**(8,934)**	**Surplus (deficit) of capital funding**	**(8,613)**	**(11,950)**	**(13,376)**
-	**-**	Funding balance	**-**	**-**	**-**

1. includes all other operating funding from sources not identified in the table.
2. actual finance costs are lower because interest on internal loans is now included in internal charges and overheads applied. Actual interest on internal loans was $570,626 (23/24: $468,675).
3. minor adjustments were made to classification of activities within each activity group for Community Leadership, Community Resources, and Transport in the LTP 2024-2034. To ensure consistency and comparability, the prior year actuals and budgets for 2023/2024 have been restated to reflect the revised groupings.

Key variations from budget

Operating:

The reduction in programme to match NZTA funding has impacted *payments to staff and suppliers* by $2.0 million. Due to delays in receiving approvals from NZTA regarding the roading programme and the level of funding allocated to its various components, Council had to reassess the entire programme in light of the reduced funding. This process took longer than usual, which, combined with seasonal weather constraints and the timing of the tendering process for engaging contractors, significantly shortened the available window for physical construction. This impacted the volume of work that could be completed within the financial year contributing towards the $0.3 million variance in both *subsidies and grants for operating purposes*, and *local authorities fuel tax, fines, infringement fees and other receipts.*

In addition, *payments to staff and suppliers* were further under budget due to staff vacancies ($0.1 million) and the lower project maintenance costs for Stewart Island jetties ($0.1 million).

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 applied* rather than being shown separately as *finance costs* resulting in *higher internal charges and overheads*. The increase in *internal charges and overheads applied* has been offset by reduced charges from other areas in relation to overhead costs.

Capital:

Reduced funding from NZTA has also resulted in lower *capital expenditure to replace existing assets* by $4.3 million. In addition, the delays receiving approvals from NZTA for the revised programme and specific bridge projects also contributed to the underspend as it impacted the volume of work that could be completed ($4.5 million). These changes also contributed to *subsidies and grants for capital purposes* being $4.9 million under budget. Additionally, $3.6 million of funds collected for Council's portion of the removed programme were used to reduce debt. In total *debt* decreased by $5.4 million, as planned borrowing was not required.

In addition, several renewal projects for wharves at Stewart Island/Rakiura and Riverton and at the Te Anau Airport-Manapouri were not completed during the year. These delays also contributed to lower *debt* levels as fewer loans were required to the fund the projects. Additionally, *reserves* increased due to the reduced need for funding.

Stormwater

What's included in the activity?

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

What we do

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 mitigates 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.

How we did

What happened in the year

Council continues to make gradual improvements to stormwater networks across the district. The annual stormwater main renewal programme in Winton was completed along with renewals in Nightcaps. The investigation into littoral outfalls in Riverton was completed two years earlier than planned in order to provide data to inform the design of treatment solutions to improve stormwater flows in the coastal zone.

While six projects were originally budgeted for delivery in the long term plan for 2024/2025 (with a total budget of $3.2 million), this increased to seven projects with a revised budget of $2.6 million, primarily due to changes in project timing. Over the year 43% of the revised projects were completed, 14% were in progress, 29% incurred costs but were rescheduled to another year and 14% cancelled. Actual expenditure on projects was $1 million. More information about the specific projects can be found in the full project list in section four.

What we are still working on

A number of stormwater projects have been delayed with additional engineering design needed or changes to the scope of works. The project to upgrade stormwater reticulation in Lumsden was started but delayed with further work needed on the design to identify the most effective solution. The complexity of the existing network and its elevation relative to the river required a more considered approach to ensure the final design would be both technically feasible and cost-effective. Gravity related design challenges have also delayed the project to renew stormwater mains and manholes in Edendale/Wyndham. The scope of the stormwater management and upgrade project in Te Anau has been expanded to include Aparima Drive and Puketahi Drive, alongside the original focus areas of Sandy Brown Road and Caswell Road. All of these projects will have their delivery timeline extended, with work scheduled to continue into next year.

Identified effects on community wellbeing

Gradual improvements to the stormwater networks in Winton, Riverton, and Te Anau have a positive impact on community wellbeing. These upgrades help reduce the risk of stormwater entering homes during heavy rainfall events and are improving the quality of stormwater discharges into the environment.

Performance results

9 of the 9 (100%) key performance indicator targets were achieved or mostly achieved (missed by 5% or less).

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
Level of Service 11: Provide a reliable stormwater system that protects public health and the environment				
Stormwater				
KPI 11.1: System adequacy - Overflows resulting from the stormwater system that result in the flooding of a habitable floor[1]				
(a) The number of "flooding events" that occur within the district. (b) For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the council stormwater system).	(a) 1 (b) 0.11	(a) < 5 (b) < 1	(a) 0 (b) 0	**(a) Achieved** There were no flooding events that resulted in flooding of habitable floors during the year. **(b) Achieved** As above.
KPI 11.2: Discharge compliance - Compliance with the resource consents for discharge from the stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) successful prosecutions, received in relation to those resource consents.	(a) 0 (b) 0 (c) 0 (d) 0	(a) 0 (b) 0 (c) 0 (d) 0	(a) 0 (b) 0 (c) 0 (d) 0	**(a) Achieved** No abatement notices issued. **(b) Achieved** No infringements issued. **(c) Achieved** No enforcement orders issued. **(d) Achieved** No prosecutions.
KPI 11.3: Response to stormwater issues - The median response time between the time of notification and the time when service personnel reach the site when "habitable floors" are affected by flooding resulting from faults in the stormwater system.	0	≤ 2 hours	0	**Achieved** There were no flooding events that resulted in flooding of habitable floors so no responses were required during the year.
KPI 11.4: Customer satisfaction – The number of complaints received about the performance of the	1.29 per 1000 properties	≤ 15 per 1000 properties	2.75 per 1000 properties	**Achieved** 26 stormwater complaints were received across 9,465 properties

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
Council's stormwater system, expressed per 1000 properties connected to the stormwater system.				over the year. These complaints are part of the 75 requests coded as THUSW (Transport Hazard Urban Stormwater). Further review of the data shows that 26 of these were genuine concerns related to stormwater network infrastructure, with the remainder routine road maintenance issues which are likely to have been miscoded at the initial point of contact.
KPI 11.5: Percentage of monitoring results that show compliance with resource consent conditions.	100%	100%	98.6%	**Mostly achieved** (missed by 5% or less) Nightcaps exceeded total ammoniacal nitrogen concentration on one occasion (TN of 1.52 MPN versus limit of 0.9) and will continue to be monitored.
1. Habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages. A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.				

2023/2024 Budget (LTP Y3) ($000)	2023/2024 Budget (AP) ($000)	Funding impact statement – stormwater	2023/2024 Actual ($000)	2024/2025 Budget (LTP Y1) ($000)	2024/2025 Actual ($000)
		Sources of operating funding			
388	491	General rates, uniform annual general charges, rates penalties	492	431	431
1,668	954	Targeted rates	953	1,068	1,065
-	-	Subsidies and grants for operating purposes	-	-	-
-	-	Fees and charges	-	-	-
77	39	Internal charges and overheads recovered	41	41	41
-	-	Interest and dividends from investments	-	-	-
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts [1]	-	-	-
2,133	**1,484**	**Total operating funding**	**1,486**	**1,540**	**1,537**
		Applications of operating funding			
1,362	656	Payments to staff and suppliers	526	533	418
43	103	Finance costs [2]	-	158	-
654	717	Internal charges and overheads applied [2]	788	847	1,057
-	-	Other operating funding applications	-	-	-
2,059	**1,476**	**Total applications of operating funding**	**1,314**	**1,538**	**1,475**
74	**8**	**Surplus (deficit) of operating funding**	**172**	**2**	**62**
		Sources of capital funding			
-	-	Subsidies and grants for capital expenditure	5	-	-
-	-	Development and financial contributions	-	-	-
580	805	Increase (decrease) in debt	833	3,164	927
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
580	**805**	**Total sources of capital funding**	**838**	**3,164**	**927**
		Applications of capital funding			
		Capital expenditure			
-	-	- to meet additional demand	-	-	-
53	278	- to improve the level of service	357	1,463	326
527	527	- to replace existing assets	649	1,751	686
98	32	Increase (decrease) in reserves	28	-	26
(24)	(24)	Increase (decrease) in investments	(24)	(48)	(48)
654	**814**	**Total applications of capital funding**	**1,010**	**3,166**	**990**
(74)	**(8)**	**Surplus (deficit) of capital funding**	**(172)**	**(2)**	**(62)**
-	**-**	Funding balance	**-**	**-**	**-**

1. includes all other operating funding from sources not identified in the table.
2. actual finance costs are lower because interest on internal loans is now included in internal charges and overheads applied. Actual interest on internal loans was $152,899 (23/24: $81,036).

Key variations from budget

Operating:

Payments to staff and suppliers were under budget due to reduced spending on planned pipe condition assessments intended to assess the state of the network. Some of these funds were redirected to cover maintenance costs for addressing known issues.

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 i*nternal charges and overheads applied* rather than separately as *finance costs* resulting in higher *internal charges and overheads*.

Capital:

Capital expenditure to improve the level of service and replace existing assets was under budget due to the delay in projects. These delays also contributed to lower *debt* levels as fewer loans were required to the fund the projects. Additionally, *reserves* increased due to the reduced need for funding.

Wastewater (sewerage)

What's included in the activity?

- wastewater pipes and treatment plants

What we do

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 wastewater schemes servicing 19 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.

How we did

What happened in the year

Scheduled replacement of SCADA monitoring and control systems, pumps and electrical equipment across the network was completed during the year along with the renewal of sewer mains on Stewart Island/Rakiura. Oxidation pond desludging on the island was delayed by weather and will be completed next year. Design planning continued for the annual district-wide wastewater network renewals, with the programme structured in two stages. The first stage, replacement of the Winton rising main (Gerrard Road), is now expected to go out for tender early in 2025/2026 year with construction to follow. The final design for the upgrade of the Manapouri wastewater treatment plant was completed and released for tender for construction in two stages (pipeline and plant). A five-year consent extension for the existing Winton wastewater discharge was granted with design and planning for the Winton wastewater treatment upgrade continuing into next year, supported by Council's purchase of land for the Winton treatment project in late 2024.

While nine projects were originally budgeted for delivery in the long term plan for 2024/2025 (with a total budget of $19.6 million), this increased to 14 projects with a revised budget of $17.4 million, primarily due to changes in project timing. Over the year 50% of the revised projects were completed, 7% were in progress and 43% were started but rescheduled to another year. Actual expenditure on projects was $14.9 million. More information about the specific projects can be found in the full project list in section four.

What we are still working on

With the government's new national standard for discharge to water still to be finalised later in 2025, Council has held off finalising designs and starting construction of several wastewater treatment upgrades. This approach has been taken to ensure the works align with the new standards. These 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, Edendale/Wyndham and Stewart Island/Rakiura.

Identified effects on community wellbeing

Wastewater services play a vital role in protecting public health, supporting environmental sustainability, and enabling economic activity. By treating wastewater safely and maintaining infrastructure proactively, Council minimises risks of service failure and environmental harm. Cultural values, including Māori cultural practices and beliefs around the importance of clean, healthy water, are a key consideration in how the activity is planned and delivered.

Performance results

8 of the 9 (89%) key performance indicator targets were achieved or mostly achieved (missed by 5% or less).

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
Level of service 14: Provide reliable wastewater (sewerage) collection and treatment services that protects public health and the environment				
Stormwater				
KPI 14.1: System and adequacy – The number of dry weather[1] wastewater (sewerage) overflows from the territorial authority's wastewater (sewerage) system, expressed per 1000 wastewater (sewerage) connections to that wastewater (sewerage) system	0	≤1	0	**Achieved** No overflow service requests were identified as dry weather overflows.
KPI 14.2: Response to wastewater (sewerage) system faults - Where the Council attends to wastewater (sewerage) overflows resulting from a blockage or other fault in the Council's wastewater (sewerage) system, the following median response times[2] measured:				
(a) attendance time: from the time of notification to the time when service personnel reach the site; and	(a) 1.16hrs	(a) ≤1 hour	(a) 52 minutes	**Achieved** There were 15 service requests during the reporting period with a median resolution time of 52 minutes.
(b) resolution time: from the time of notification to this time that service personal confirm resolution[1] of the blockage or other fault	(b) 7 hours, 4 minutes	(b) ≤6 hours	(a) 3 hours 48 minutes	**Achieved** There were 15 service requests during the reporting period with a median resolution time of 3 hours and 48 minutes.
KPI 14.3: Customer satisfaction – The total number of wastewater (sewerage) system complaints about any of the following: (a) wastewater (sewerage) odour (b) wastewater (sewerage) system faults (c) wastewater (sewerage) system blockages; and (d) the Council's response to issues with its wastewater (sewerage) system, expressed per 1,000 connections to the Council wastewater (sewerage) system.	5 per 1,000 connections	≤8 per 1,000 connections	5.3 per 1,000 connections	**Achieved** There were 51 service requests from a total of 9,658 connections during the year.

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
KPI 14.4: Discharge compliance - Compliance with resource consents for wastewater (sewerage) discharges, measured by the total number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received in relation to the resource consents	(a) 0 (b) 0 (c) 0 (d) 0	(a) 0 (b) 0 (c) 0 (d) 0	(a) 0 (b) 0 (c) 0 (d) 0	**(a) Achieved** No abatement notices issued. **(b) Achieved** No infringements issued. **(c) Achieved** No enforcement orders issued. **(d) Achieved** No convictions.
KPI 14.5: Percentage of monitoring results that show compliance with resource consent conditions.	95%	100%	94%	**Not achieved** Of the 392 tests, 367 were compliant and 25 non-compliant. The non-compliance related to: Curio Bay (x2): total suspended solids (TSS) and e-coli - caused by a damaged screen which was repaired Edendale-Wyndham (x2): carbonaceous biochemical oxygen demand (cBOD5) x 2 due to an issue sourcing sawdust for the plant Monowai (x3): cBOD5, TSS and faecal coliforms – known issue related to sampling location currently at the discharge point of the septic tank. This will be moved to the end of the receiving pipe network with new consent in 2029 Nightcaps (x4): Dissolved oxygen (DO) x2, clarity and e-coli – due to disturbed land adjacent to Wairio Stream Oban (x4): Dissolved reactive phosphorus (DRP) x 2, dissolved inorganic nitrogen (DIN) and DO - mainly related to nitrates, new consent for "discharge" only Ohai (x2): DO and e-coli Riverton Rocks (x1): Enerococci due to coastal conditions Riversdale (x3): E-coli x 2, DO Winton (x4): Ee-coli x 2, DO - E-coli downstream, high rainfall with inflow and infiltration.

1. Dry Weather" is defined as a period of 24 hours prior to an event of no catchment rainfall.
2. In accordance with operations and maintenance contract timeframes.

2023/2024 Budget (LTP Y3) ($000)	2023/2024 Budget (AP) ($000)	Funding impact statement – wastewater	2023/2024 Actual ($000)	2024/2025 Budget (LTP Y1) ($000)	2024/2025 Actual ($000)
		Sources of operating funding			
697	1,102	General rates, uniform annual general charges, rates penalties	1,104	935	935
6,273	6,366	Targeted rates	6,283	7,672	7,618
-	-	Subsidies and grants for operating purposes	-	-	-
-	-	Fees and charges	32	-	20
194	191	Internal charges and overheads recovered	265	269	306
-	-	Interest and dividends from investments	-	-	-
35	118	Local authorities fuel tax, fines, infringement fees, and other receipts [1]	672	118	334
7,199	**7,777**	**Total operating funding**	**8,356**	**8,994**	**9,213**
		Applications of operating funding			
2,941	2,719	Payments to staff and suppliers	3,207	3,760	3,797
447	1,053	Finance costs [2]	-	1,402	-
1,742	1,786	Internal charges and overheads applied [2]	2,756	1,638	3,203
-	-	Other operating funding applications	-	-	-
5,131	**5,557**	**Total applications of operating funding**	**5,963**	**6,800**	**7,000**
2,068	**2,220**	**Surplus (deficit) of operating funding**	**2,393**	**2,194**	**2,213**
		Sources of capital funding			
-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	Development and financial contributions	-	-	-
4,534	6,826	Increase (decrease) in debt	2,484	16,392	11,906
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
4,534	**6,826**	**Total sources of capital funding**	**2,484**	**16,392**	**11,906**
		Applications of capital funding			
		Capital expenditure			
-	-	- to meet additional demand	-	-	-
5,841	6,936	- to improve the level of service	2,847	17,306	13,213
176	1,368	- to replace existing assets	2,024	1,376	1,070
634	790	Increase (decrease) in reserves	54	-	(68)
(48)	(48)	Increase (decrease) in investments	(48)	(96)	(96)
6,603	**9,046**	**Total applications of capital funding**	**4,877**	**18,586**	**14,119**
(2,068)	**(2,220)**	**Surplus (deficit) of capital funding**	**(2,393)**	**(2,194)**	**(2,213)**
-	**-**	Funding balance	**-**	**-**	**-**

1. includes all other operating funding from sources not identified in the table.
2. actual finance costs are lower because interest on internal loans is now included in internal charges and overheads applied. Actual interest on internal loans was $1,383,320 (23/24: $952,895).

Key variations from budget

Operating:

Local authorities fuel tax, fines, infringement fees and other receipts were higher than budget due to extra rental income following the purchase of the farmland in Winton for the upcoming wastewater upgrade, along with an increase in baleage income from the Kepler Block.

Payments to staff and suppliers were higher than budget due to the higher electricity and SCADA costs across the district which is offset by lower spend on the oxidation pond desludging project which was delayed by weather.

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 resulting in higher *internal charges and overheads*.

Internal charge expense is higher due to the movement in interest along with an increase in internal charges for rates, electricity and management.

Capital:

Capital expenditure to meet demand, improve the level of service and replace existing assets was under budget due to the movement of projects between years, particularly related to the upgrade of wastewater treatment plans as noted earlier. These timing changes also contributed to lower *debt* levels as fewer loans were required to the fund the projects. The i*ncrease/(decrease) in reserves* was lower as the interest earnt from wastewater development contribution reserves has been used to fund wastewater projects in the current year.

Water supply

What's included in the activity?

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

What we do

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.

How we did

What happened in the year

The project to upgrade the Manapōuri water treatment plant upgrade was completed with the plant commissioned in March and officially opened in June 2025. The new facility replaces the original 1969 plant and steel water tower, which were nearing the end of their service life. It includes modern filtration and pH correction systems to meet the latest national drinking water standards and provided for improved firefighting capacity with larger pumps and a backup generator to ensure resilience during power outages.

Work continued on fixing known issues in the district's pipe network with the replacement of ageing asbestos cement (AC) pipes with programmed work for the year completed in Lumsden, Manapouri (stage one), Eastern Bush and Ohai. Design and planning for pipe replacements in Te Anau, Otautau and Riverton also progressed with construction expected to occur next year. The whole project aims to complete replacement of AC pipes throughout the district within the long term plan period including Winton, Wairio and Otahu Flat in latter years. Maintenance checks and replacements of other water supply assets were completed including manifolds, values, pumps, electrical equipment as well as water storage tanks in Tuatapere and Ohai.

Planning work progressed on the design to upgrade the Riverton water treatment plant, with the goal of increasing supply capacity to the township and improving the quality and aesthetics of the drinking water. While design work was initially expected to be completed this year, it will continue into next year, with construction now anticipated in 2026/2027, slightly later than originally planned. Work also continued on identifying the best option for a new water take for the Eastern Bush water supply, with the goal of removing the boil water notice. Design work is now expected to be completed in 2025/2026, with construction planned for the following year.

An audit of connections to the Te Anau Basin rural water supply was carried out during the year, providing an opportunity to assess asset condition, identify risks, and plan proactive maintenance. The audit also reviewed property connections to ensure compliance with scheme guidelines and confirmed that restrictors controlling daily water allocations were operating correctly.

While 13 projects were originally budgeted for delivery in the long term plan for 2024/2025 (with a total budget of $4.1 million), this increased to 18 projects with a revised budget of $5.6 million, primarily due to projects carried over from the prior year. Over the year 39% of the revised projects were completed, 28% were in progress, 22% incurred costs but were rescheduled to another year with another 11% rescheduled with no costs incurred. Actual expenditure on projects was $4.0 million. More information about the specific projects can be found in the full project list in section four.

What we are still working on

As noted above, design, planning, and construction for a number of projects were initiated during the year but not completed, with work set to continue into next year. Consent renewal processes for the Mossburn water supply and the Mount York/Takitimu schemes—both part of the Te Anau Basin rural water supply—are now expected to be completed in 2025/2026 with any construction to extend into the following year.

Identified effects on community wellbeing

Providing safe drinking water supports all aspects of community wellbeing. It enables economic activity, promotes healthy living, protects the environment through sustainable use, ensures regulatory compliance and considers cultural values when managing water resources.

The ongoing boil water notice for the Eastern Bush water supply has the potential to negatively impact community wellbeing by limiting access to safe, reliable drinking water and reducing confidence in the supply. As noted above, Council is currently evaluating options for a new water intake, which will resolve the issue once construction is completed (currently expected in 2026/2027).

Performance results

8 of the 15 (53%) key performance indicator targets were achieved or mostly achieved (missed by 5% or less).

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
Level of Service 15: Our water supply network provides safe, reliable and adequate supply of water				
Water supply				
KPI 15.1: Fault response times – Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:				
(a) attendance for urgent call-outs[1]: from the time Council receives notification to the time that service personnel reach the site;	(a) 16 minutes	(a) ≤ 1 hour	(a) 58 minutes	**Achieved**
(b) resolution of urgent call-outs[1]: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption;	(b) 5 hours, 57 minutes	(b) ≤ 6 hours	(b) 19 hours, 57 minutes	**Not achieved**
(c) attendance for non-urgent call-outs[1]: from the time that Council receives notification to the time that service personnel reach the site; and	(c) 56 minutes	(c) ≤ 4 hours	(c) 2 hours, 46 minutes	**Achieved**

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
(d) resolution of non-urgent call-outs[1]: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	(d) 22 hours, 47 minutes	(d) ≤ 24 hours	(d) 25 hours, 18 minutes	**Not achieved**
KPI 15.2: Customer satisfaction – The total number of complaints received by Council about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply, and (f) the way Council responds to any of these issues expressed per 1000 connections to Council's networked reticulation system	6.7 per 1,000 connections	≤10 per 1,000 connections	12 per 1,000 connections	**Not achieved** There were 100 service requests during the period from 8,334 connections. The majority of the requests were related to no water supply with 16 concerning water pressure and 14 related to aesthetics (clarity/taste/odour).
KPI 15.3: Drinking water safety – The extent to which the Council drinking water supplies complies with the following parts of the drinking water quality assurance rules[2]:				
(c) 4.7.1 T2 Treatment monitoring rules	c) 100%	c) 100%	c) 100%	**Achieved**
(d) 4.7.2 T2 Filtration rules	d) 0%	d) 100%	d) 0%	**Not achieved** Eastern Bush/Otahu Flat is non-compliant because of the turbidity in the water. There is only basic chlorination at the scheme currently which means when the river gets dirty during storms, chlorination isn't as effective. A new plant is expected to be installed in 2026/2027.
(e) 4.7.3 T2 UV rules	e) 0%	e) 100%	e) 0%	**Not achieved** As above.
(f) 4.7.4 T2 Chlorine rules	f) 100%	f) 100%	f) 100%	**Achieved**
(g) 4.8 D2.1 Distribution system rule	g) 100%	g) 100%	g) 100%	**Achieved**
(h) 4.10.1 T3 Bacterial rules	h) 80%[2]	h) 100%	h) 100%	**Achieved**
(i) 4.10.2 T3 Protozoal rules	i) 20%[2]	i) 100%	i) 60%	**Not achieved** Six out of ten water treatment plants met the T3 protozoal compliance. Meeting this KPI is particularly challenging, as any instance of non-compliance, regardless of its duration, results in the entire reporting year being marked as non-compliant. This means that even a brief event, such as a 15-minute exceedance or a single day of non-compliance, would be non-complaint for the full year.

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How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
				Non-compliant results were recorded at Mossburn, Otautau, Tuatapere, and Winton. These four plants were non-compliant due to technical issues. Mossburn, Otautau, and Winton underwent upgrades and experienced programming errors, resulting in some data loss and subsequent non-compliance. This has been corrected and should not happen in the future. Tuatapere is technically non-compliant for protozoa due to a cartridge filtration issue. Although, the current filter offers effective protection by removing small particles that help safeguard water quality, the filter housing itself is not validated due to being an older model, and the original manufacturer is no longer in operation. While the plant currently provides effective protection through its existing UV treatment system and the water quality remains safe, a new UV treatment unit is required to meet the updated standards outlined in the Drinking Water Quality Assurance Rules (DWQAR) 2022, by Taumata Arowai. The upgraded UV system and filter is scheduled for installation during the 2025/2026 period to ensure full compliance with the latest treatment requirements.
(j) 4.11.5 D3.29 Microbiological monitoring rule	j) 100%	j) 100%	j) 75%	**Not achieved.** Nine out of twelve water treatment plants met the rule. Non-compliant results were recorded at Ohai, Te Anau and Tuatapere. These plants were non-complaint because sampling could not be completed on the required date due to snow-covered roads preventing access to the sites.
KPI 15.4: Maintenance of the reticulated network – The percentage of water lost from the Council's networked reticulation system[3]	17.21%[3]	≤25%	28.2%[3]	**Mostly achieved** (missed by 5% or less) The KPI is intended to measure the maintenance of the reticulated network by measuring water lost from the source through the pipe network to the point of connection. High levels may indicate the network is in poor condition or is being operated inefficiently. In the district only 5.7% of properties have water meters at their connection, making it very difficult to monitor water loss across the 465km pipe network. Despite this, Council is required by the government to report on this KPI. As such Council has had to make some assumptions about water consumption per property to calculate water loss.

How we measure performance	2023/2024 Actual	2024/2025 Target	2024/2025 Actual	How Council performed
KPI 15.5: Demand management – The average consumption of drinking water per day, per resident within the territorial authority district.	969 litres per person per day	≤ 850 litres per person per day	711 litres per person per day	**Achieved** The consumption figures exclude the following Lumsden-Balfour, Eastern Bush Otahu Flat and Orawia schemes as these include supply of water for stock which distorts the results.

1. Attendance means from the time that the Council receives notification to the time that service personnel reach the site. Resolution means from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption. "Urgent" is considered complete loss of drinking-water to an urban drinking water supply. "Non-urgent "includes all other fault/interruptions to an urban drinking water supply
2. KPI 15.3 has been amended to reflect changes to the Department of Internal Affairs Non Financial Measure Rules (2024). Prior year indicators for protozoal and bacteria have been removed and eight new measures have been added which cover treatment and distribution of water for small and medium entities. All of these measures are also included in reporting to Taumata Arowai. Actual results for 2023/2024 have also been calculated according to the new rules for comparison purposes. The target for these has been retained at 100% across all the new measures. The Department of Internal Affairs updated this mandatory performance measure after Council had published the LTP which set the performance targets. The updated measure still covers the bacterial and protozoal compliance of water supplies but now is directly referenced to the relevant rules in the Drinking Water Quality Assurance Rules 2022. Our reporting is, therefore, against those rules
3. The water loss calculation is the weighted averaged percentage loss reduction per urban drinking water supply using an assumed consumption of 365 cubic metres of water per property (assuming 1m3 consumed per day per property). Results for 2023/2024 were calculated per urban and rural water supply.

2023/2024 Budget (LTP Y3) ($000)	2023/2024 Budget (AP) ($000)	Funding impact statement – water supply	2023/2024 Actual ($000)	2024/2025 Budget (LTP Y1) ($000)	2024/2025 Actual ($000)
		Sources of operating funding			
689	938	General rates, uniform annual general charges, rates penalties	945	812	812
5,780	5,703	Targeted rates	5,658	7,063	7,068
-	-	Subsidies and grants for operating purposes	-	-	-
-	-	Fees and charges	51	-	50
116	115	Internal charges and overheads recovered	117	127	135
-	-	Interest and dividends from investments	-	-	-
3	73	Local authorities fuel tax, fines, infringement fees, and other receipts [1]	222	27	(213)
6,588	**6,828**	**Total operating funding**	**6,993**	**8,029**	**7,852**
		Applications of operating funding			
2,985	3,043	Payments to staff and suppliers	3,700	3,387	3,708
403	746	Finance costs [2]	-	1,078	-
1,811	1,795	Internal charges and overheads applied [2]	2,496	1,683	2,893
-	-	Other operating funding applications	6	-	(30)
5,200	**5,585**	**Total applications of operating funding**	**6,202**	**6,148**	**6,571**
1,388	**1,244**	**Surplus (deficit) of operating funding**	**791**	**1,881**	**1,281**
		Sources of capital funding			
-	-	Subsidies and grants for capital expenditure	-	-	-
-	-	Development and financial contributions	-	-	-
3,044	4,115	Increase (decrease) in debt	3,541	1,887	2,362
-	-	Gross proceeds from sale of assets	-	-	-
-	-	Lump sum contributions	-	-	-
-	-	Other dedicated capital funding	-	-	-
3,044	**4,115**	**Total sources of capital funding**	**3,541**	**1,887**	**2,362**
		Applications of capital funding			
		Capital expenditure			
-	-	- to meet additional demand	-	150	-
2,133	3,095	- to improve the level of service	2,388	1,853	2,599
1,683	1,640	- to replace existing assets	1,860	1,966	1,265
664	671	Increase (decrease) in reserves	136	(105)	(125)
(48)	(48)	Increase (decrease) in investments	(52)	(96)	(96)
4,432	**5,359**	**Total applications of capital funding**	**4,332**	**3,768**	**3,643**
(1,388)	**(1,244)**	**Surplus (deficit) of capital funding**	**(791)**	**(1,881)**	**(1,281)**
-	**-**	Funding balance	**-**	**-**	**-**

1. includes all other operating funding from sources not identified in the table.
2. actual finance costs are lower because interest on internal loans is now included in internal charges and overheads applied. Actual interest on internal loans was $1,091,603 (23/24: $683,444).

Key variations from budget

Operating:

Local authorities fuel tax, fines, infringement fees and other receipts are lower than budget due to an insurance claim previously accrued for repairs to the Riverton bridge pipe following a storm in 2023 being reversed, as liability was not accepted by the third party's insurance company.

Payments to staff and suppliers were higher than budget due to higher SCADA and maintenance costs for repairing parts of the water supply network across the district.

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* resulting in higher *internal charges and overheads*.

Internal charges and overheads are higher due to the movement in interest along with an increase in *internal management charges.*

Capital:

Capital expenditure to improve the level of service and replace existing assets was under budget due to the movement of projects between years, particularly related to the pipe renewals. While capital expenditure was slightly below budget, *debt* was higher because Council had to borrow to finance the Riverton Bridge repairs incurred last year given the insurer didn't cover the damage.

Council-controlled-organisations

Southland Regional Development Agency Limited (Great South)

What they do

Great South is responsible for economic development and promotion of Southland. Great South is a council-controlled organisation that 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. Great South has four key priorities:

- regional development leadership
- business support and diversification
- regional promotion
- net zero

How they did

Great South continues to deliver against the agreed priorities for the region. In addition to delivering on the Statement of Intent 2024/2025, Great South developed a Light Touch Regional Deals proposal that was submitted to central government in February 2025. This proposal outlined five key areas of focus that the region is committed to progressing, in line with New Zealand's economic growth ambitions.

Whilst concentrating on ensuring timely up to date information on achievements and challenges were shared with all shareholders, Great South made a conscious effort to build stronger relationships within key stakeholders. The work undertaken to produce the Murihiku Southland Aquaculture Pathway in particular was a significant piece of work that sought input from existing industry partners, potential new investors, SIT, local councils, regional council, central government, regulatory and advocacy bodies and with significant input from all four rūnaka within the region.

The 2024/25 financial year has had a number of achievements. The year started with an organisational restructure that was used to reprioritise what would bring the greatest benefit to the rate payers of Murihiku Southland. Some key deliverables were:

- the development and launch of DISH and a central repository of timely, reliable data that is used for decision making. DISH delivers quarterly reports that, overtime will produce trends and evidence on how well Southland's regional development plans are performing.
- the development and launch of Build Southland website and delivering the inaugural Murihiku Regional Housing Forum that was attended by over 100 participants with representation from across the building industry.
- the design and development of the Murihiku Southland Aquaculture Pathway that has identified Southland's ability to contribute significantly to the National Aquaculture targets.
- review of the Region's fourth Energy Strategy and the associated technical reports on solar, wind and run of river hydro has provided an overview of how to bridge increased energy requirements for our region.

- the evaluation of forestry data and livestock numbers as needed for the Regional Emissions report has identified the region has made meaningful progress towards reducing our greenhouse gas emissions. With increased activity within the forestry industry, we are seeing an opportunity to develop wood fuel production hubs within the region and value-added forestry processing opportunities. This will need further investigation in the coming year.
- there have been strong tourism results this financial year. A number of key events including the Tourism Export Council (TEC) conference in Southland, the launch of the Minecraft movie and an Aotearoa World within the Minecraft game, the Hardest Geezer and hosting Tourism New Zealand Board and staff in the region have all lead to outstanding exposure for the region.
- the estimated advertising value achieved for the region is $35million from the media and press exposure received this year.
- the concentration on events and business events remains a focus for Great South as it supports year-round regional travel. The work Great South carries out on behalf of the Southern Way is showing dividends with additional central government resources being pulled into the region.

Performance results

Description	LTP Connection	KPI target 2024/2025[1]	Result 2024/2025
Data and Insights Provide up-to-date and accurate data and insights to inform decision making via regional data dashboards and repository	Economic Development	• launch DISH – Digital Insights Southland Hub including 6 dashboards, a website and a cloudbased processing system • prepare a shared service proposal for councils to use and support DISH	• DISH launched with key dashboards • shared service proposal was developed but supported only by Environment Southland.
Advocacy and Submission Advocate for and/ or prepare submissions and funding applications for issues of importance to the region	Economic Development	• hold bi-annual meetings with central government officials at MBIE, NZTE, MHUD, MfE, MPI etc • prepare a minimum of two submissions on issues of regional significance. • support councils and stakeholders to apply for RIF as applicable	• meetings have been completed with ministers, ministerial offices and agencies • minor residential unit legislation changes to the Resource Management Act and Building Act, DOC Submissions on Charging for Access to some Public Conservation Land & Modernising Conservation Land Management • support provided to SDC, ICC, Ocean Beach, SpaceOps for RIF applications
Housing Implement priorities from the Murihiku Southland Housing Action Plan	Economic Development	• deliver four projects from the Housing Action Plan • support individual councils with their housing planning considering current and future community and industry needs	• project 1: Discussion document for regional leaders on options for a regional housing framework and structure • project 2: Regional Digital Housing Portal/website • project 3: Housing Data Dashboard and associated reporting • project 4: A Customer journey mapping exercise with each of the southland councils • build Southland Website completed and Launched from Project 4's recommendations
Aquaculture Facilitate and develop a regional approach to realise the benefits of Aquaculture as a diversification opportunity	Economic Development	• facilitate development of a Regional Aquaculture Strategy • support local and central government and Iwi, to provide enabling regulation and	• developed Murihiku Southland Aquaculture Pathway • socialising aquaculture with Iwi and councils including connecting with private sector continues as part of the approach to develop the regional pathway

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Description	LTP Connection	KPI target 2024/2025[1]	Result 2024/2025
		infrastructure to build an aquaculture industry in Southland	• support provided to Environment Southland with development and socialisation of the revised Regional Coastal Plan
Agriculture Support agricultural sector land use and support farmer decision making	Economic Development	• analysis of relevant agricultural sector data to feed into the Regional Emissions Report for 2025	• data analysed and interim regional emissions report prepared; waiting for release of information from MPI
Forestry Support further investigation of the impacts of unrestricted forestry	Economic Development	• provide data and insights regarding changing land use and the impacts of carbon forestry	• interim report completed, waiting for harvest and planning data from MPI to complete final report
Connectivity Monitor digital connectivity in the region	Economic Development	• deliver the Digital Connectivity Report which tracks mobile phone coverage across the region	• digital connectivity report completed and shared with council
Communications Continue to connect with businesses within the region to provide information on RBP and Callaghan Innovation opportunities.	Business Development	• publish Beyond Great – Great South's Business Newsletter 6 times per year • showcase 6 Southland businesses achieving success	• six newsletters published • six businesses showcased
Business in Southland – A regional guide Resource document that outlines useful information for new & potential businesses to the region.	Business Development	• develop and publish a regional guide to support new businesses to Southland	• "Murihiku Southland; Where business finds its edge" designed and published on the Great South website
Consumer Marketing Promote Murihiku Southland as a year-round destination for travellers from New Zealand, Australia and other key markets, resulting in more visitors.	Tourism Development	• ensure 85% of website traffic comes from key markets in NZ, Australia, North America, Europe, Asia • 3 digital campaigns	• website traffic for Southland NZ - 89% from key markets. 92% for Fiordland • 9 digital campaigns carried out
Content Development Increase awareness and preference for Murihiku Southland as a year-round destination for travellers through improved marketing materials	Tourism Development	• 3 marketing collateral updated including Murihiku Visitor Guide, Murihiku Eats and Hike Fiordland	• 3 completed - Hike Fiordland: The Hiking Passport Guide, Murihiku Eats: The Murihiku Southland Food Guide, Murihiku Southland Visitor Guide and Map
Media Increase positive travel media coverage for Murihiku Southland, promoting the region's diverse activities and experiences and drive visitor numbers.	Tourism Development	• 3 media famils • 15 media results	• 27 famil opportunities delivered across Southland and Fiordland • TECNZ, Minecraft, The Hardest Geezer and hosting TNZ in Southland were the catalysts for this exceptional achievement in 2024/25
Showcasing our region Trade Events, Trade Famils and TRENZ	Event Development	• attend 5 trade shows • attend 2 partnered famils • 2 Murihiku itineraries adopted from Milford Opportunities Project	• ATEC, TRENZ, RTNZ IBO, Murihiku Operator (6 companies) training and Regional Tourism Organisation Inbound operator training • hosted Southern World agents in Fiordland, welcomed the TNZ team and board to Invercargill and welcomed TNZ UK & Germany trade famil. Also hosted Pre- and

Description	LTP Connection	KPI target 2024/2025[1]	Result 2024/2025
			Post-TRENZ famils across Southland and Fiordland for agents and TNZ staff • 3 itineraries adopted from Milford Opportunities
New Experiences	Tourism Development	• develop 1 new iwi experience	• Matariki initiative involving Te Ao Mārama, Iwi & SDC - 9 Matariki way points
Business Events Develop Murihiku Southland as a Business Events destination	Event Development	• attend 3 conference events	• 4 conferences attended including The Odffice EA PA Show, AuSAE Linc Conference, BE Expo & MEETINGS25
Destination Development Progress projects from the Murihiku Southland Destination Strategy (MSDS)	Destination Development	• develop an Implementation Plan for MSDS • progress 3 projects from MSDS which includes delivering the Murihiku Southland Sustainable Tourism programme	• developed implementation plan for MSDS • 5 projects progressed from the MSDS
Regional Events Calendar Maintain southlandnz.com website calendar listings for regional events	Event Development	• 10% increase on number of events listed (baseline: 690) • 10% increase on number of overall page views (baseline: 40,000) • 15% increase on number of overall page views from within Southland (baseline: 14,000)	• 772 events listed - 11.8% increase on baseline • achieved increase in page views (99,626) • achieved increase in page views (29,967)
Unmissable Regional Events	Event Development	• support delivery of Burt Munro Challenge • deliver ILT Kidzone Festival	• Burt Munro successfully delivered • ILT Kidzone successfully delivered
Regional Marketing of Events	Event Development	• six cluster events • four seasonal campaigns • marketing of unmissable events	• cluster events completed including: 3 seasonal campaigns (Spring, Summer, Autumn), a Like Campaign, Southland Heritage Month, Summer Holiday Activity Guide & Get Festive Invercargill
Monitor Emissions Complete annual regional emissions reporting	Economic Development	• produce the Regional Emissions Report for 2024	• interim Regional emissions reports completed – waiting for final data from MPI and MfE for forestry
Energy Planning Implement the Net Zero Southland Report	Economic Development	• review and update the Net Zero Southland - Economic Mitigation Pathways Analysis to Net Zero Emissions for Southland Report (March 2021)	• framework has been reviewed, additional information including the need for biomass • the forestry data biomass needs new industry investment and has included the effects of Tiwai now remaining in the province and recent legislative change
Implementation of the Regional Energy Strategy	Economic Development	• prepare an Action Plan to guide implementation of the Regional Energy Strategy • prepare two technical reports to support the development 'biogenic methane capture and use' opportunities and 'woody bio-mass' market growth	• as part of the Action Plan, undertaken the wind resources plan, identified solar potential within the region, and completed the evaluation of run of river hydro • identified a demand for 95,000 tonnes of processed carbon from wood biomass for industrial processing which requires carbon feed stocks. Evaluated the

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Description	LTP Connection	KPI target 2024/2025[1]	Result 2024/2025
		• prepare a spatial plan identifying favourable locations for renewable energy generation.	biomass needs for existing and committed decarbonisation projects - mainly boiler fuel. • spatial plan for renewable energy generation report complete, with 114 sites identified. Will be incorporated into future spatial plans

1. Please note that the KPI targets listed above have been sourced from Great South's Statement of Intent 2024-2027. This information varies from what was published in Council's 2024 LTP which was based on the available information at the time from the draft statement of intent.

Great South Subsidiary - Space Operational New Zealand Ltd

What they do

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.

Space Ops Statement of Intent 2024-2025 sets out the overall intentions and activities for Space Ops NZ as:

Business activities	Growth and investment
1. Hosting customer-owned satellite ground stations, including installing and maintaining these ground stations 2. Leasing its own ground stations to satellite operators and others 3. Undertaking space geodesy and radio astronomy observations 4. Providing technical expertise to the space community	1. Further develop the facilities at Awarua and elsewhere in response to growing demand for hosting and leasing of ground stations, and associated services 2. Develop and bring into service additional antennas for leasing to customers 3. Upgrade the equipment at Warkworth Space Centre to provide lunar, and near- and deep-space antenna leasing services. 4. 4. Developing a commercial near realtime satellite Earth observation operation.

How they did

SpaceOps NZ continues to build its global reputation for customer focus and insightful engineering expertise. This reputation was notably reinforced in June when the team mobilised full engineering capability over a 36-hour period to enable the Warkworth 30-metre antenna to track a critical spacecraft manoeuvre with precision - drawing quiet international praise. National recognition came in December when CEO, Robin McNeill, received the inaugural Prime Minister's Space Prize for Professional Excellence.

As Awarua operations enter a phase of steady growth, SpaceOps has prioritised long-overdue maintenance at the Warkworth Space Centre. Interest in the Warkworth antennas from spacecraft operators and space agencies continues to grow. There has been significant progress in preparing the Warkworth facilities for Lunar and Near Space missions, to the point that the team were ready to support a lunar landing attempt in March.

Behind the scenes, SpaceOps has steadily enhanced its infrastructure with improved security measures and comprehensive monitoring systems across the stations. The integration of automation and cutting-edge technology is already delivering useful benefits to our operations team.

Invercargill is now home to three space companies, collectively employing 14 staff—a number expected to grow in the coming year. This is in addition to the local contractors, consultants, and service providers who contribute to operations at Awarua. The local economy has also seen a boost, with overseas visitors to the station contributing 40 to 60 bed-nights per month during peak periods.

Performance results

Description	KPI target 2024/2025[1]	Result 2024/2025
Non-Financial		
Health, Safety and Risk Management	No lost-time injuries for staff	Achieved
	No Reportable Incidents in the workplace	Achieved
Infrastructure	No contractual penalty is payable to customers caused by the failure of SpaceOps NZ infrastructure	Achieved
Human Resources	Less than 15% turnover of staff	Achieved
Financial		
Revenue	Annual revenue growth to exceed 15%	Achieved
Budget	Meet budgeted surplus	Achieved

1. Please note that the KPI targets listed above have been sourced from Space Ops NZ's Statement of Intent 2024-2025.

Milford Community Trust

The Milford Community Trust is an incorporated charitable trust. Southland District Council, Environment Southland and the Department of Conservation jointly established the Milford Community Trust in 2007 to provide leadership and governance for the Milford community. It allows the Milford community to determine its priorities and provides an avenue for local consultation and engagement, as well as public meetings. Milford Piopiotahi covers the developed area of land and adjacent coastal marine area at the end of State Highway 94 at the head of Milford Sound. The Milford community covers residents of Milford, the holders of concessions from the Crown operating at Milford and iwi. Please note that Council made the trust an exempt council-controlled organisation in 2023, meaning it is not a council-controlled organisation under the Local Government Act 2002 (LGA). As the trust is an exempt CCO, Council is not required to include in its annual report the information about the trust's activities and performance that would otherwise be required under clause 28 of Schedule 10 of the Local Government Act 2002.


COUNCIL FINANCES

Accounting policies

Reporting entity

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

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

The financial statements of SDC are for the year ended 30 June 2025. The financial statements were authorised for issue by Council on the 8 October 2025.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently to all periods presented in these financial statements.

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

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

Measurement base

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

Functional and presentation currency

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

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Basis of consolidation

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

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

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

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

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

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

Surplus or deficit and each component of other comprehensive revenue and expense are attributed to the owners of the controlling entity and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements

of controlled entities to bring their accounting policies into line with Council's accounting policies. All intra-economic entity assets and liabilities, net assets/equity, revenue, expenses and cash flows relating to transactions between entities of the economic entity are eliminated in full on consolidation.

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

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

New accounting standards applied

There are no new standards applicable in the current financial year.

Specific accounting policies

a) Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are:

Rates:

- general rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue
- rates arising from late payment penalties are recognised as revenue when rates become overdue
- revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis
- rates remissions are recognised as a reduction in rates revenue when Council has received an application that satisfies its rates remission policy.

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

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

Interest is recognised using the effective interest method.

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

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

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

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

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

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

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

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

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

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

b) Borrowing costs

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

c) Grant expenditure

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

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

d) Foreign currency transactions

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

e) Leases

Operating leases

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

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

f) Equity

Equity is the community's interest in SDC as measured by total assets less total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that Council makes of its accumulated surpluses. The components of equity are:

- accumulated funds
- Council-created reserves (general reserve, separate account balances and rates appropriation balance)
- special reserves (managed by allocation committees)
- asset revaluation reserves
- fair value through other comprehensive revenue and expense reserve.

Reserves represent a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Council created reserves may be altered without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

Restricted reserves are subject to specific conditions accepted as binding by Council, which may not be revised by Council without reference to the courts or third party. Transfers from these reserves may be made only for specified purposes or when certain conditions are met.

g) Cash and cash equivalents

Cash and cash equivalents include cash on 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 surplus or deficit in the year of the write down.

j) Financial assets

Other financial assets (other than shares in subsidiaries) are initially

recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost
- fair value through other comprehensive revenue and expense (FVTOCRE)
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD.

However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council do not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue

and expense is transferred to accumulated funds within equity. The Council designate into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

Council's investments in this category include Civic Assurance (formerly the New Zealand Local Government Insurance Corporation Limited) and Milford Sound Tourism Limited.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include the Council's investment fund portfolio (comprising of listed shares, bonds, and units in investment funds) and LGFA borrower notes.

Expected credit loss allowance (ECL)

The Council recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and including forward looking information.

The Council considers a financial asset to be in default when the financial asset is more than 180 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

k) Impairment of financial assets

At each balance sheet date SDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised through the surplus or deficit.

l) Goods and services tax (GST)

The financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated inclusive of GST. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cashflow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

m) Property, Plant and Equipment

Property, plant and equipment consist of:

Infrastructure assets

Infrastructure assets are the fixed utility systems owned by SDC. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Operational assets

These include land, buildings, improvements, library books, plant and equipment and motor vehicles.

Restricted assets

Restricted assets are parks and reserves owned by the Council, which cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

Recognition

Property, plant and equipment is shown at cost for all asset categories other than infrastructure and heritage assets, which are at valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to SDC and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to SDC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line (SL) or on a diminishing value (DV) basis. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Estimated economic life			Depreciation	
Asset category	**(years)**		**Percent**	**Method**
Operational assets				
Improvements	4-25		4.00% - 25.00%	SL or DV
Buildings	10-100		1.00% - 10.00%	SL or DV
Light vehicles	4-8		14.40% - 21.60%	SL or DV
Heavy vehicles	4-8		12.00% - 21.60%	DV
Other plant	2-25		4.00% - 60.00%	SL or DV
Furniture and fittings	3-13		8.50% - 30.00%	SL
Office equipment	7-8		13.50% - 14.00%	SL
Computer equipment	2-7		13.50% - 40.00%	SL
Other equipment	3-14		7.00% - 30.00%	SL or DV
Library books	10		10.00%	SL
Infrastructural Assets				
Electrical generation plant	1-100		4.00% - 60.00%	SL or DV
Sealed roads	5-80		1.25% - 20.00%	SL
Unsealed roads	4-5		20.00% - 25.00%	SL
Bridges	70-100		1.00% - 1.43%	SL
Footpaths	20-60		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		4.00-10.00%	SL

The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each financial year-end.

Revaluations

Roads, bridges, footpaths, cycle trails, streetlights, water treatment systems, sewerage treatment systems and stormwater systems are revalued on an annual basis. Council-owned heritage assets include artworks, war memorials, viaducts and railway memorabilia. Artworks are revalued every three - five years.

All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed each balance date to ensure that those values are not materially different to fair value.

The valuation basis for the different asset categories is described in more detail below.

Land and buildings

The cost of land and buildings recorded at cost price.

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 (i.e. plant and vehicles) are shown at historic cost or depreciated replacement cost, less a provision for depreciation. Additions and deletions to other assets since 30 June 1993 are recorded at cost.

Accounting for revaluations

SDC accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset.

Where this results in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

n) Work in progress

Assets under construction are not depreciated. Work in progress is recognised at cost less impairment. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

o) Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs directly associated with the development of software for internal use by Council are recognised as an intangible asset. Direct

costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Estimated economic life			Depreciation	
Asset category	(years)		Percent	Method
Computer software	2-10		10.00% - 40.00%	SL

Emissions Trading Scheme

Council has approximately 1,384 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand Emissions Trading Scheme ('ETS"). The implication of this for the financial accounts is twofold:

Should the land be deforested (i.e. the land is changed from forestry to some other purpose), a deforestation penalty will arise.

Given the deforestation restriction, compensation units are being provided from the government.

The deforestation contingency is not recognised as a liability on the statement of financial position as there is no current intention of changing the land use subject to the ETS.

However, the estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

Compensation units received are recognised based on the market value at balance date (30 June). They are recognised as income in the financial statements. They are not amortised but are tested for impairment annually.

Emissions Trading Units are revalued annually on 30 June.

The difference between initial value or the previous revaluation, and disposal or revaluation value of the units, is recognised in other comprehensive revenue and expense.

p) Forestry assets

Forestry assets are revalued independently annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cashflows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

The costs to maintain the forestry assets are recognised in the surplus or deficit when incurred.

q) Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount.

The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, or a service unit approach. The most appropriate approach used to measure the value in use depends on the nature and impairment and availability of information.

Value in use for cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cashflows.

r) Employee benefits

Short term benefits

Employee benefits that SDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

Long term benefits

- *long service leave and retirement leave*

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated by Council staff. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- the present value of the estimated future cashflows.

- *superannuation schemes*

Defined contribution schemes - Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

- *presentation of employee entitlements*

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

s) Payables and deferred revenue

Short term payables are recorded at the amount payable.

t) Provisions

SDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires SDC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received.

When no consideration is received, a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however, if SDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill post-closure costs

SDC, as an operator, has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at their landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cashflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

u) Internal borrowings

Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

v) External borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed.

Borrowings are classified as current and non-current liabilities.

w) Borrower notes

Borrower notes are subordinated convertible debt instruments that the Council subscribes for an amount equal to 5% of the total borrowing from LGFA.

LGFA will redeem borrower notes plus interest, when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cash flow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield.

x) Investments in joint arrangements

Under PBE IPSAS 37 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Council has both joint operations and joint ventures.

Council determined that the investment in the following entity meets the definition of "joint operation" and should be accounted for using the proportionate consolidation method (refer note 25):

- **WasteNet (31% share)**

Joint operations

Council recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 25.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (y) below), after initially being recognised at cost in the consolidated balance sheet.

y) Investments in associates and joint ventures

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

- Southland Regional Heritage Committee
- Emergency Management Southland
- Southland Regional Development Agency (trading as Great South).

An associate is an entity over which SDC has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

SDC's investment in its associates and joint ventures is accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, an investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise post-acquisition changes in Council's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

SDC's share of an associate's or joint venture's surplus, or deficit is recognised in the statement of financial performance. Any change in the associate or joint venture's other comprehensive revenue and expense is presented as part of Council's other comprehensive revenue and expense. The cumulative movements are adjusted against the carrying amount of the investment. In addition, when there has been a change recognised directly in the net assets/equity of the associate or joint venture, Council recognises its share of any changes, when applicable, in the statement of changes in net assets/equity. Unrealised gains and losses resulting from transactions between Council and the associate or joint venture are eliminated to the extent of Council's interest in the associate or joint venture.

The aggregate of the SDC's share of surplus or deficit of associates or joint ventures is shown on the face of the statement of financial performance. This is the surplus attributable to equity holders of the associate or joint venture and therefore is surplus after tax and non-controlling interests in the controlled entities of the associates and joint ventures.

The financial statements of the associate or joint venture are prepared for the same reporting period as Council. When necessary, adjustments are made to bring the accounting policies in line with those of Council. After application of the equity method, Council determines whether it is necessary to recognise an impairment loss on Council's investment in its associate or joint venture.

Council determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case Council calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of surplus of an associate and joint venture" in the statement of financial performance.

Goodwill included in the carrying amount of the investment in associate is not tested for impairment separately; rather the entire carrying amount of the investment is tested as a single asset. When Council's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture, Council measures and recognises any remaining investment at its fair value, and accounts for the remaining investments in accordance with PBE IPSAS 29. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in surplus or deficit.

z) Critical accounting estimates and assumptions

In preparing these financial statements SDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset. For example, Council could be carrying an asset at an amount that does not reflect its actual condition. This

is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground
- estimating any obsolescence or surplus capacity of an asset
- estimating the replacement cost of the asset. The replace cost is derived from recent construction contracts
- 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 underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense.

To minimise this risk SDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience.

Asset inspections, deterioration and condition modelling are also carried out regularly as part of SDC's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

Closed landfill sites

This provision involves significant judgement in estimating the likelihood, timing, and amount of future outflows. Due to inherent uncertainties, actual outcomes may differ from those estimated. The provision is reviewed annually and updated as needed. For landfill provision please reference accounting policy (t).

aa) Critical judgements in applying SDC's accounting policies

Management has exercised the following critical judgements in applying SDC's accounting policies for the period ended 30 June 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.

bb) Statement of cashflows

Operating activities include cash and cash equivalents (as defined in (g)) received from all SDC's income sources and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of SDC.

cc) Rounding

Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.

dd) Budget figures

The budget figures are those approved by SDC in its 2024/2025 long term plan. The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and are consistent with the accounting policies adopted by SDC for the preparation of financial statements.

ee) Standards issued and not yet effective that have not been early adopted

Standards and amendments, issued but not yet effective that have not been early adopted are:

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 Insurance contracts was issued on 22 June 2023. The standard establishes principle for the recognition, measurement, presentation and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The group has not assessed in detail the effect of the new standard.

ff) Changes to the financial statements

The maturity analysis and effective interest rates table (note 15 in the prior year report) has been removed as this is not required under the associated accounting standards.

Financial statements

Statement of comprehensive revenue and expense for the year ended 30 June 2025

	Note	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Council 2024/2025 Budget ($000)	Group 2024/2025 Actual ($000)
Income						
Rates revenue	**1**	63,282	63,282	71,652	72,089	71,652
Other revenue	**2**	17,552	17,554	14,782	12,910	14,784
Interest and dividends		717	741	1,138	1,803	1,162
Grants and subsidies (including NZTA)*	**2**	25,018	25,018	20,921	30,557	20,921
Other gains/(losses)	**3**	2,022	2,022	1,851	2,433	1,851
Vested assets		1,050	1,050	3,412	-	3,412
Development and financial contributions		37	37	44	35	44
	4	**109,677**	**109,702**	**113,799**	**119,826**	**113,825**
Expenditure						
Employee benefit expenses	**5**	18,656	18,656	19,759	21,041	19,759
Depreciation and amortisation	**9**	40,600	40,601	41,315	41,654	41,317
Finance costs		1,018	1,018	3,688	4,195	3,688
Other council expenditure	**6**	56,322	56,332	55,719	59,315	55,723
		116,596	**116,608**	**120,481**	**126,205**	**120,488**
Share of associate's surplus/(deficit)		102	102	843	-	843
SURPLUS/(DEFICIT) BEFORE TAX		**(6,818)**	**(6,804)**	**(5,840)**	**(6,379)**	**(5,821)**
Income tax benefit	**8**	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAX		**(6,818)**	**(6,804)**	**(5,840)**	**(6,379)**	**(5,821)**
Financial assets at fair value through other revenue and expense	**10**	1,219	1,219	3,428	-	3,428
Gain/(Loss) on property, plant and equipment revaluations	**10**	100,585	100,585	26,396	64,543	26,396
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		**94,987**	**95,001**	**23,985**	**58,164**	**24,004**

Explanations of major variances against budget can be found in Note 36. The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2025

	Note	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Council 2024/2025 Budget ($000)	Group 2024/2025 Actual ($000)
Balance on 1 July		**2,151,168**	**2,151,619**	**2,246,155**	**2,247,879**	**2,246,620**
Total comprehensive revenue and expense for the year		94,987	95,001	23,985	58,164	24,004
Balance on 30 June		**2,246,155**	**2,246,620**	**2,270,140**	**2,306,043**	**2,270,624**

Explanations of major variances against budget can be found in Note 36. The accompanying notes form part of these financial statements.

Statement of financial position as of 30 June 2025

	Note	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Council 2024/2025 Budget ($000)	Group 2024/2025 Actual ($000)
Equity						
Retained earnings	**10**	705,284	705,284	696,473	702,540	696,473
Asset revaluation reserves	**10**	1,491,448	1,491,448	1,517,844	1,560,269	1,517,844
Fair value reserves	**10**	5,745	5,745	9,173	4,526	9,173
Other equity	**10**	-	465	-	-	484
Other reserves	**11**	43,679	43,679	46,650	38,708	46,650
TOTAL EQUITY		**2,246,155**	**2,246,620**	**2,270,140**	**2,306,043**	**2,270,624**
Current assets						
Cash and cash equivalents	**12**	5,392	5,428	23,822	1,000	23,870
Trade and other receivables	**13**	15,424	15,433	8,579	12,180	8,587
Inventories	**14**	130	130	149	117	149
Other financial assets	**15**	1,962	2,347	2,197	474	2,582
		22,907	**23,337**	**34,747**	**13,771**	**35,188**
Non-current assets						
Property, plant and equipment	**16**	2,254,892	2,254,940	2,287,123	2,361,092	2,287,168
Intangible assets	**17**	5,728	5,728	6,655	4,669	6,655
Forestry assets	**18**	13,290	13,290	13,490	15,590	13,490
Investment in associates	**26**	2,185	2,185	3,028	2,083	3,028
Other financial assets	**15**	10,839	10,839	41,106	42,221	41,106
		2,286,934	**2,286,982**	**2,351,401**	**2,425,656**	**2,351,447**
TOTAL ASSETS		**2,309,841**	**2,310,320**	**2,386,148**	**2,439,427**	**2,386,634**
Current liabilities						
Trade and other payables	**19**	13,116	13,129	8,860	12,203	8,862
Deferred revenue	**20**	2,080	2,080	1,699	-	1,699
Contract retentions and deposits		705	705	492	2,004	492
Employee benefit liabilities	**21**	2,741	2,741	2,816	2,988	2,816
Development and financial contributions	**22**	1,045	1,045	1,061	990	1,061
Provisions	**24**	3	3	1,127	-	1,127
Borrowings	**23**	5,000	5,000	9,000	4,994	9,000
		24,690	**24,703**	**25,055**	**23,180**	**25,057**
Non-current liabilities						
Employee benefit liabilities	**21**	11	11	9	11	9
Provisions	**24**	8,186	8,186	8,369	7,985	8,369
Borrowings	**23**	30,800	30,800	82,575	102,208	82,575
		38,997	**38,997**	**90,953**	**110,203**	**90,953**
TOTAL LIABILITIES		**63,687**	**63,700**	**116,008**	**133,383**	**116,011**
NET ASSETS		**2,246,155**	**2,246,620**	**2,270,140**	**2,306,043**	**2,270,624**

Explanations of major variances against budget can be found in Note 36. The accompanying notes form part of these financial statements.

Statement of cashflows for the year ended 30 June 2025

	Note	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Council 2024/2025 Budget ($000)	Group 2024/2025 Actual ($000)
Cash flows from operating activities						
Receipts from rates revenue		62,989	62,989	72,484	72,089	72,484
Receipts from other revenue (including NZTA funding)*		35,880	35,880	40,691	41,523	40,691
Interest and dividends		703	729	990	1,803	1,010
Contribution from developers		58	58	60	-	60
Payment to suppliers and employees		(72,716)	(72,724)	(78,571)	(81,453)	(78,580)
Interest paid		(1,018)	(1,018)	(3,232)	(4,195)	(3,232)
GST (net)		(473)	(474)	316		316
Net cash inflow/(outflow) from operating activities	**27**	**25,423**	**25,441**	**32,738**	**29,766**	**32,749**
Cash flows from investing activities						
Receipts from sale of property, plant and equipment		5,329	5,329	1,651	1,073	1,651
Receipts from investments		350	350	-	-	385
Purchase of property, plant and equipment		(41,488)	(41,493)	(43,731)	(66,667)	(43,731)
Acquisition of investments		(10,350)	(10,350)	(28,002)	2,656	(28,387)
Purchase of intangible assets		-	-	-	-	-
Net cash inflow/(outflow) from investing activities		**(46,159)**	**(46,164)**	**(70,083)**	**(62,938)**	**(70,083)**
Cash flows from financing activities						
Proceeds from borrowings		14,000	14,000	66,775	33,263	66,775
Repayment of borrowings		-	-	(11,000)	(2,765)	(11,000)
Net cash inflow/(outflow) from financing activities		**14,000**	**14,000**	**55,775**	**30,498**	**55,775**
Net increase/(decrease) in cash and cash equivalents		**(6,736)**	**(6,723)**	**18,430**	**(2,674)**	**18,441**
Cash and cash equivalents at the beginning of the year		**12,128**	**12,151**	**5,392**	**3,674**	**5,428**
Cash and cash equivalents at the end of the year		**5,392**	**5,428**	**23,822**	**1,000**	**23,870**

*As the budget for year 1 of the LTP merges NZTA funding with other revenue, the prior year numbers have been consolidated; but the value has not changed; the change is presentation only.

Funding impact statement for the year ended 30 June 2025 (whole of Council)

2023/2024 Budget (LTP Y3) ($000)	2023/2024 Budget (AP) ($000)	Funding impact statement	2023/2024 Actual ($000)	2024/2025 Budget (LTP Y1) ($000)	2024/2025 Actual ($000)
		Sources of operating funding			
24,351	25,444	General rates, uniform annual general charges, rates penalties	25,446	26,568	26,467
37,705	38,249	Targeted rates	38,054	45,521	45,422
6,878	8,617	Subsidies and grants for operating purposes	10,952	11,404	10,183
6,116	6,797	Fees and charges	6,635	7,424	7,409
1,930	1,911	Interest and dividends from investments	697	1,803	1,365
4,451	6,162	Local authorities fuel tax, fines, infringement fees, and other receipts[1]	9,476	5,891	5,287
81,431	**87,181**	**Total operating funding**	**91,259**	**98,610**	**96,133**
		Applications of operating funding			
60,797	65,126	Payments to staff and suppliers	68,963	75,736	67,771
2,068	3,309	Finance costs[2]	1,018	4,195	3,688
4,203	5,921	Other operating funding applications	4,444	5,016	4,751
67,068	**74,356**	**Total applications of operating funding**	**74,425**	**84,948**	**76,210**
14,363	**12,825**	**Surplus (deficit) of operating funding**	**16,834**	**13,662**	**19,923**
		Sources of capital funding			
9,917	14,941	Subsidies and grants for capital expenditure	13,733	18,896	10,657
35	35	Development and financial contributions	37	35	44
19,489	27,344	Increase (decrease) in debt	14,000	30,498	79,442
230	348	Gross proceeds from sale of assets	2,204	1,073	2,008
-	-	Lump Sum Contributions	-	-	-
29,671	**42,667**	**Total sources of capital funding**	**29,973**	**50,502**	**92,151**
		Applications of capital funding			
		Capital expenditure			
232	226	- to meet additional demand	-	376	-
12,078	14,536	- to improve the level of service	9,469	24,093	20,268
29,418	39,315	- to replace existing assets	29,370	42,199	23,813
2,083	(463)	Increase (decrease) in reserves	450	(4,074)	3,157
222	1,878	Increase (decrease) in investments	7,518	1,572	64,835
44,033	**55,492**	**Total applications of capital funding**	**46,807**	**64,166**	**112,073**
(14,363)	**(12,825)**	**Surplus (deficit) of capital funding**	**(16,834)**	**(13,662)**	**(19,923)**
-	-	Funding balance	-	-	

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

[2] interest on internal loans is included in internal charges and overheads applied/ recovered, which offset to nil and therefore are excluded from this statement. Actual total interest on internal loans for 2024/2025 was $3,809,717 (2024: $2,622,000).

Reconciliation of surplus/(deficit) of operating funding to net surplus/(deficit) before tax

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Budget ($000)	Council /Group 2024/2025 Actual ($000)
(Surplus)/deficit of operating funding from funding impact statement	**16,834**	**13,662**	**19,923**
Depreciation	(40,600)	(41,654)	(41,315)
Subsidies and grants for capital purposes	13,733	18,896	10,657
Development and financial contributions	37	35	44
Gain on sale	1,652	1,073	1,621
Vested assets	1,050	-	3,412
Forestry revaluation	(130)	1,360	200
Emission trading units	180	-	-
Landfill contingency	179	248	(1,306)
Internal capital costs	66	-	39
Share of associates	102	-	843
Share of WasteNet (31%)	81	-	43
Net surplus/(deficit) before tax in Statement of Revenue and Expense	**(6,818)**	**(6,379)**	**(5,840)**

Notes to the financial statements for the year ended 30 June 2025

1. Rates revenue

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
General rates	25,047	26,256
Targeted rates attributable to activities		
Roading	16,669	21,018
Stormwater	953	1,065
Regional heritage	675	712
Hall	614	695
Local community	2,752	2,762
Pool	169	172
Water	5,440	6,831
Wastewater	6,380	7,716
Refuse	4,173	4,059
Septic tank cleaning	7	7
Rates penalties	402	359
Total revenue from rates	**63,282**	**71,652**

Rates revenue is shown net of rates remissions. SDC's rates remission policy, as set out in the 10 Year Plan, allows Council to consider the remission of rates in a number of circumstances. These include land voluntarily protected for natural, historical or cultural conservation purposes, properties that can be, but are not connected to, water and wastewater schemes, Sports Associations who have liquor licences, and licensed halls owned by general clubs, societies or associations. Remissions will also be considered where extreme financial hardship can be shown, or natural calamities occur. Rates remissions during the year totalled $543,193 (2024: $564,274), rates on non-rateable land are included in these figures.

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates: schools, places of worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of wastewater, water or refuse.

Rating base information

In accordance with the Local Government Act 2002 Amendment Act 2014, Clause 30A of Schedule 10, the following rating base information is disclosed based on the rating base information at the end of the **preceding** financial year:

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Number of rating units within Southland District	20,993	21,127
Total rateable capital value within Southland District	23,838,104	23,952,011
Total rateable land value within Southland District	16,082,158	16,102,244

2. Other revenue and grant and subsidy revenue

	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Other revenue				
Regulatory income	3,477	3,477	3,984	3,984
Other income (including Council's share of Venture Southland/WasteNet)	4,469	4,471	2,415	2,417
Provision of services	1,263	1,263	1,486	1,486
Rental and hire income	906	906	1,165	1,165
User charges	2,811	2,811	2,928	2,928
Sales revenue	4,375	4,375	2,499	2,499
Fines and infringements	35	35	67	67
Targeted water rates	217	217	238	238
Total other revenue	**17,552**	**17,554**	**14,782**	**14,784**
Grants and subsidy revenue				
NZ Transport Agency subsidy funding	21,266	21,266	17,762	17,762
Other grants and subsidies	3,752	3,752	3,159	3,159
Total grant and subsidy revenue	**25,018**	**25,018**	**20,921**	**20,921**

Operating leases as a lessor

Council owns land including freehold, reserves and endowments and these are occupied with varying forms of arrangements including licences and leases. These licences and leases range from one year to perpetual rights of renewal. Community Housing agreements are excluded from this note as they are residential tenancies. The future aggregate minimum lease payments to be collected under operating leases are as follows:

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Operating leases (as a lessor)		
Revenue on operating leases as lessor	**481**	**690**
Future lease payments to be collected by Council		
Not later than one year	660	663
Later than one year and not later than five years	2,004	1,980
Later than five years	4,613	4,189
	7,277	**6,832**

3. Other gains/(losses)

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Gain/(loss) on changes in fair value of forestry assets	(130)	200
Gain/(loss) on disposal of property, plant and equipment	2,152	1,651
Total gains/(losses)	**2,022**	**1,851**

4. Exchange/non-exchange revenue

	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Exchange revenue	12,626	12,650	10,934	10,958
Non-exchange revenue	97,051	97,052	102,864	102,867
Total revenue	**109,677**	**109,702**	**113,799**	**113,825**

5. Employee benefit expense

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Salaries and wages	17,901	19,023
Defined contribution plan employer contributions	755	737
Increase/(decrease) in employee entitlements	-	(1)
Total employee benefit expense	**18,656**	**19,759**

Employer contributions to defined contribution plans include contributions to KiwiSaver.

6. Other Council expenditure

	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Audit fees*	256	260	283	283
Grants	3,886	3,886	2,717	2,717
Contractors	32,856	32,856	31,618	31,618
Insurance	863	866	1,095	1,098
Consultants and legal fees	3,430	3,430	2,994	2,994
Operating lease costs	589	589	689	689
Donations	17	17	20	20
Inventory	-	-	(19)	(19)
Impairment of receivables	41	41	(62)	(62)
Other	14,385	14,389	16,384	16,384
Total other expenses	**56,322**	**56,333**	**55,719**	**55,723**

Audit services provided by Deloitte*	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Audit of financial statements	**188**	**192**	**210**	**210**
Audit or review related services				
Review of the Long Term Plan (LTP)	63	63	50	50
Review of Debenture Trust	4	4	4	4
Other assurance services and agreed-upon procedure engagements				
Counter Corruption initiative	1	1	18	18
Total fees incurred for services provided by Deloitte	**256**	**260**	**283**	**283**

7. Remuneration – Mayor, councillors and chief executive

Chief executive

The SDC chief executive appointed under Section 42 of the Local Government Act 2002 received a salary of $393,268 (2024: $379,656). For the year ended 30 June 2025, the total annual cost, including fringe benefit tax, to SDC of the remuneration package being received by the chief executive is calculated at $393,268 (2023: $382,062).

Elected representatives	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Mayor: Rob Scott (including FBT, carpark and private use of motor vehicle) - elected October 2022	149	174
Deputy mayor: Menzies, Christine*^ (including FBT and carpark) – re-elected	55	62
Byars, Donald (including FBT and carpark) - re-elected	41	44
Boparai, Jaspreet ^(including FBT and carpark) - elected October 2022	46	42
Chamberlain, Derek (including FBT and carpark) (Elected October 2022)	43	41
Greaney, Sarah (including FBT and carpark) (Elected October 2022)	48	47
Duffy, Paul*^ (including FBT and carpark) – re-elected	44	49
Frazer, Darren* (including FBT and carpark) – re-elected	41	43
O'Brien, Tom ^(including FBT and carpark) (Elected October 2022)	44	44
Keast, Julie* (including FBT and carpark) – re-elected	49	54
Ruddenklau, Margaret* (including FBT and carpark) – re-elected	45	44
Spraggon, Jon (including FBT and carpark) (Elected October 2022)	38	42
Wilson, Matt (including FBT and carpark) (Elected October 2022)	45	48
Annual cost	**688**	**734**

Remuneration for councillors who are members of Council's Regulatory and Consents Committee* may be shown as higher than for other councillors, this committee no longer exists as of November 2022. From that date all councillors would be entitled to remuneration should a hearing be held.

This additional remuneration is related to the number of hours these councillors spend in hearings and meetings for resource consent applications. These additional costs are recovered from resource consent applicants via a separate resource consent hearing charge. The per hour fee is set by the Remuneration Authority at $116 per hour for chairpersons (2024: $116) and $93 per hour for members (2024: $93).

Remuneration for councillors who are members of the District Licensing Committee^ may be shown as higher than for other councillors. This additional remuneration is related to the number of hours these councillors spend in hearings and meetings for licensing applications. These additional costs are recovered from licensing applications. The per hour fee is set in accordance with section 195 of the Sale and Supply of Alcohol Act 2012 which is currently determined by the Ministry of Justice under the Cabinet Fees Framework (CO(22)2) at $82.75 per hour for chairpersons (2024: $82.75) and $54.11 per hour for members (2024: $54.11).

Travel and other reimbursements are excluded from the above totals.

Total annual remuneration band for employees as of 30 June:	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
< $60,000	33	25
$60,000 - $79,999	73	72
$80,000 - $99,999	36	44
$100,000 - $119,999	32	36
$120,000 - $139,999	17	16
$140,000 – $159,999	7	9
$160,000 - $199,999	6	5
$200,000 - $394,999	7	7
Total employees	**211**	**214**

Total remuneration includes non-financial benefits provided to employees. At balance date Council employed 169 (2024: 166.5) full-time employees, with the remaining 45 (2024: 44) staff representing 31(2024: 31.1) full-time equivalent employees. As of 30 June 2025, there were 22 vacant positions (2024: 18). A full-time employee is determined on the basis of a 40-hour working week.

8. Taxation

SDC and Milford Community Trust are exempt from income tax.

9. Depreciation and amortisation expense by group of activity

	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Depreciation and amortisation by group of activity				
Community Leadership	38	38	33	33
Community Resources	1,670	1,670	1,827	1,827
Environmental Services	111	111	113	113
Sewerage	5,026	5,026	5,136	5,136
Stormwater	1,140	1,140	1,210	1,210
Transport	29,054	29,054	29,475	29,475
Water Supply	3,283	3,283	3,293	3,293
Total by group of activity	**40,322**	**40,322**	**41,087**	**41,087**

	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Depreciation and amortisation by other activity				
Corporate Services[1]	278	278	228	228
Total by other activity	**40,600**	**40,600**	**41,315**	**41,315**
Depreciation and amortisation not directly related to group activities	-	1	-	3
Total depreciation and amortisation expense	**40,600**	**40,601**	**41,315**	**41,317**

[1] Council has various corporate services that have depreciation and amortisation. These corporate services are funded through internal charges which are spread over the seven activities.

10. Changes in equity and reserves

Retained earnings	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
As of 1 July	713,035	713,035	705,284	705,298
Transfer from other reserves (note 11)	(934)	(934)	(2,972)	(2,972)
Transfer from reserves	-	-	-	-
Transfer to fair value through statement of comprehensive revenue and expense reserve	-	-	-	-
Operating surplus/(deficit) for the year	(6,817)	(6,817)	(5,840)	(5,821)
Operating surplus for the year transferred to other equity (Milford Community Trust)	-	14	-	(33)
As of 30 June	**705,284**	**705,298**	**696,473**	**696,473**

Asset revaluation reserves	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
As of 1 July	1,390,863	1,491,448
Revaluation surplus/(deficit)	100,585	26,396
As of 30 June	**1,491,448**	**1,517,844**
Asset revaluation reserves consist of:		
Infrastructural assets		
Wastewater system	157,842	163,689
Water system	106,297	107,331
Stormwater system	40,950	43,457
Roading network	1,186,335	1,203,343
Artwork	25	25
Total	**1,491,448**	**1,517,844**

Fair value through statement of comprehensive revenue and expense reserve	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
As of 1 July	4,526	5,745
Net revaluation gains/(losses)	1,219	3,428
Transfer to retained earnings	-	-
Reclassification to surplus/(deficit) on disposal	-	-
As of 30 June	**5,745**	**9,173**
Fair value through statement of comprehensive revenue and expense reserve consists of:		
Share revaluation reserve	576	585
Emission trading unit revaluation reserve	5,100	6,029
Balanced fund revaluation	69	2,559
Total	**5,745**	**9,173**

Other equity consists of:	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Milford Community Trust	465	484
Total	**465**	**484**

11. Other reserves

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
As of 1 July	42,745	43,679
Transfers from/(to) retained earnings	934	2,971
As of 30 June	**43,679**	**46,650**

Reserves summary	Opening balance 30/6/2024 ($000)	Deposits in ($000)	Withdrawals out ($000)	Closing balance 30/6/2025 ($000)
Total restricted reserves	3,589	988	(736)	3,841
Total Council created - general reserves	12,578	4,885	(4,480)	12,983
Total Council created - special reserves	27,511	18,453	(16,138)	29,826
Total reserve funds	**43,679**	**24,325**	**(21,354)**	**46,650**

See note 37 for detailed schedule of Council's reserves.

12. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Cash at bank and on hand	5,392	5,428	9,313	9,360
Short term deposits and other investments maturing within three months of acquisition	-	-	14,509	14,509
Total cash and cash equivalents	**5,392**	**5,428**	**23,822**	**23,870**

The carrying value of cash at bank and short-term deposits with maturities less than three months from initiation approximates their fair value.

Financial assets recognised in a non-exchange transaction that are subject to restrictions

Council holds unspent funds, included in cash at bank and investments, of $3.83 million (2024: $3.6 million) that are subject to restrictions. These unspent funds relate to trusts and bequests received, waste minimisation reserve and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

13. Trade and other receivables

	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Rates receivables	2,601	2,601	1,644	1,644
General receivables	2,962	2,962	266	265
Other receivables	9,325	9,334	5,991	6,000
Prepayments	675	675	770	770
	15,564	15,573	8,671	8,681
Less provision for doubtful debts	(140)	(140)	(92)	(92)
Net trade and other receivables	**15,424**	**15,433**	**8,579**	**8,587**
Total receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	13,611	13,620	5,918	5,917
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,813	1,813	2,661	2,670
	15,424	**15,433**	**8,579**	**8,587**

Rates Write-offs

The chief executive approved the write-off of rates receivables during the year under the Local Government (Rating) Act 2002 as follows: section 90A: $Nil (2024: $Nil) and section 90B: $Nil (2024: $Nil).

Fair value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

Expected credit loss on rates receivable

Council does not provide for any expected credit loss on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the end of a rating year if payment is still not received. If payment has not been made within three months of the Court's judgement, then Council can apply to the registrar of the High Court to have the judgement enforced by sale or lease of the rating unit. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material. The ageing profile of receivables at year end is detailed below:

Aged trade and other receivables	Council 2024 Gross ($000)	Council 2024 Impairment ($000)	Council 2024 Net ($000)	Group 2024 Gross ($000)	Group 2024 Impairment ($000)	Group 2024 Net ($000)	Council 2025 Gross ($000)	Council 2025 Impairment ($000)	Council 2025 Net ($000)	Group 2025 Gross ($000)	Group 2025 Impairment ($000)	Group 2025 Net ($000)
Not past due	12,930	-	12,930	12,939	-	12,939	6,400		6,400	6,408		6,408
Past due 1-60 days	-	-	-	-	-	-						
Past due 60-120 days	-	-	-	-	-	-						
Past due > 120 days	2,634	(140)	2,494	2,634	(140)	2,494	2,271	(92)	2,179	2,271	(92)	2,179
Total	**15,564**	**(140)**	**15,424**	**15,573**	**(140)**	**15,433**	**8671**	**(92)**	**8579**	**8,680**	**(92)**	**8,587**

The ECL rates for other receivables on 30 June 2025 and 1 July 2024 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward looking macro factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

The allowance for credit losses on the Council's receivables (excluding rates), based on the credit matrix is as follows:

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Individual expected credit losses	140	92
Collective expected credit losses	-	-
Total Provision for Expected Credit Losses	**140**	**92**

Individually expected credit loss receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Movement in expected credit losses is as follows:

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Balance on 1 July	108	140
Addition/(Reduction) on provisions made during the year	32	(48)
Balance of individual credit losses as of 30 June	**140**	**92**

14. Inventories

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Roading	85	85
Other	44	64
	130	**149**

The carrying amount of inventories held for consumption that are measured at current replacement cost as of 30 June 2025 amounted to $148,905 (2024: $129,552). The increase in inventory during the year was $19,353 (2024: write down of $693). There have been no reversals of write-downs $Nil (2024: $Nil). The carrying amount of inventories pledged as security for liabilities is $Nil (2024: $Nil).

15. Other financial assets

Current portion	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Short term deposits with maturities within one year of 30 June	1,170	1,555	1,170	1,555
Unlisted shares in Civic Assurance	13	13	13	13
Unlisted shares in Milford Sound Tourism	592	592	601	601
Current Account for Milford Sound Tourism Limited	63	63	63	63
LGFA borrowers' notes	125	125	350	350
Investment in managed funds	-	-	-	-
Total current portion	**1,962**	**2,347**	**2,197**	**2,582**
Investments in managed funds	10,069	10,069	37,647	37,647
LGFA borrowers' notes	770	770	3,459	3,459
Total non-current portion	**10,839**	**10,839**	**41,106**	**41,106**
Total other financial assets	**12,801**	**13,186**	**43,303**	**43,688**

Security

Council holds a Security Stock Certificate dated 22 December 2009 for $25,000,000 in favour of Westpac NZ Limited and Westpac Banking Corporation under a Debenture Trust Deed between SDC and Corporate Trust Limited (trading as Foundation Corporate Trust).

Fair value

Term deposits - The carrying amount of term deposits approximates their fair value.
Short-term loans - The carrying amount of short-term loans approximates their fair value.
Unlisted shares - Unlisted shares are recognised at fair value. Due to the immaterial size and nature of Council's investment in Civic Assurance and the Milford Sound Tourism, Council has estimated the fair value of this investment based on the net assets of each entity as of 31 December and 31 March respectively.

16. Property, plant and equipment

2024/2025 Actual	Cost revaluation 1 Jul 2024 ($000)	Current year additions ($000)	Transfers ($000)	Vested assets ($000)	Current year disposals ($000)	Revaluation ($000)	Cost/ revaluation 30 Jun 2025 ($000)	Accumulated depreciation and impairment charges 1 Jul 2024 ($000)	Current year depreciation ($000)	Current year disposals ($000)	Revaluation/ Write-off ($000)	Accumulated depreciation and impairment charges 30 Jun 2025 ($000)	Carrying amount 30 Jun 2025 ($000)	Carrying amount 1 Jul 2024 ($000)
Operational Assets														
Art	94	-	-	-	-	-	94	-	-	-	-	-	94	94
Buildings	18,623	332	581	-	(80)	-	19,457	(9,433)	(469)	62	-	(9,840)	9,617	9,190
EDP hardware	1,427	473	-	-	(180)	-	1720	(1,346)	(77)	180	-	(1,243)	478	82
Furniture and fittings	1,153	41	-	-	(32)	-	1,162	(671)	(133)	32	-	(773)	389	481
Improvements	10,644	1,386	931	40	(12)	-	12,989	(4,476)	(901)	-	-	(5,377)	7,613	6,168
Land	11,881	13,221	2	128	(142)	-	25,089	-	-	-	-	-	25,089	11,881
Library	1,594	159	-	-	(82)	-	1,671	(663)	(174)	82	-	(755)	916	931
Motor vehicles	2,642	-	-	-	(187)	-	2,455	(1,492)	(310)	162	-	(1,640)	815	1,150
Office equipment	94	2	-	-	(5)	-	91	(38)	(11)	5	-	(43)	48	57
Other equipment	445	11	-	-	-	-	456	(274)	(33)	-	-	(307)	148	171
Other plant	5,533	339	-	-	(4)	-	5,868	(4,348)	(206)	4	-	(4,550)	1,318	1,185
Landfill sites	115	-	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	926	51	-	-	-	-	977	(516)	(47)	-	-	(563)	413	410
Work in progress*	2,548	2,798	(1,514)-	-		-	3,832	-	-	-	-	-	3,832	2,548
Work in progress – Intangibles (note 17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	57,720	**18,811**	**-**	**168**	**(724)**	**-**	**75,976**	**(23,372)**	**(2,362)**	**527**	**-**	**(25,206)**	**50,769**	**34,348**
Infrastructural assets at valuation														
Bridges	286,069	851	49	-	-	(6,255)	280,714	(6,307)	(6,276)	-	6,307	(6,276)	274,438	279,762
Footpaths	26,458	55	-	171	-	(1,321)	25,363	(897)	(950)	-	897	(950)	24,413	25,561
Wastewater other	172,699	-	1,142	699	-	1,315	175,855	(3,214)	(3,322)	-	3,214	(3,322)	172,533	169,485
Wastewater plant	37,171	-	-	-	-	(473)	36,699	(1,791)	(1,793)	-	1,791	(1,793)	34,906	35,380
Water other assets	125,518	-	2,110	451	(308)	(573)	127,197	(2,592)	(2,626)	-	2,592	(2,626)	124,571	122,926
Water plant	13,220	-	-	-	-	(1,676)	11,544	(683)	(657)	-	683	(657)	10,887	12,538
Stormwater system	48,343	-	1,282	994	-	1,367	51,985	(1,140)	(1,210)	-	1,140	(1,210)	50,775	47,203
Unsealed roads	537,373	2,461	-	64	-	1,518	541,415	(4,221)	(4,247)	-	4,221	(4,247)	537,168	533,152
Cycle trail	7,959	346	-	-	-	(386)	7,919	(162)	(160)	-	162	(160)	7,759	7,797
Sealed roads	980,251	13,724	-	814	-	(5,523)	989,267	(16,996)	(17,316)	-	16,996	(17,316)	971,951	963,255
Street lighting	3,349	27	-	53	-	142	3,571	(249)	(315)	-	249	(315)	3,257	3,100
Work in progress*	18,043	7,677	(4,584)	-	-	-	21,137	-	-	-	-	-	21,137	18,043
	2,256,453	**25,141**	**-**	**3,246**	**(308)**	**(11,865)**	**2,272,667**	**(38,251)**	**(38,871)**	**-**	**38,251**	**(38,871)**	**2,233,796**	**2,218,201**
Other assets at cost														
Marine	2,056	296	-	-	-	-	2,351	(318)	(47)	-	-	(365)	1,986	1,738
Runways	5,067	-	-	-	-	-	5,067	(5,059)	(1)	-	-	(5,060)	7	7
Resource Consent - Sewerage	516	-	-	-	-	-	516	(103)	(21)	-	-	(124)	392	413
Resource Consent - Water	203	-	-	-	-	-	203	(19)	(11)	-	-	(30)	172	184
Work in progress*	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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2024/2025 Actual	Cost revaluation 1 Jul 2024 ($000)	Current year additions ($000)	Transfers ($000)	Vested assets ($000)	Current year disposals ($000)	Revaluation ($000)	Cost/ revaluation 30 Jun 2025 ($000)	Accumulated depreciation and impairment charges 1 Jul 2024 ($000)	Current year depreciation ($000)	Current year disposals ($000)	Revaluation/ Write-off ($000)	Accumulated depreciation and impairment charges 30 Jun 2025 ($000)	Carrying amount 30 Jun 2025 ($000)	Carrying amount 1 Jul 2024 ($000)
	7,841	**296**	**-**	**-**	**-**	**-**	**8,137**	**(5,500)**	**(80)**	**-**	**-**	**(5,579)**	**2,558**	**2,342**
Total SDC	**2,322,014**	**44,248**	**-**	**3,414**	**(1,032)**	**(11,865)**	**2,356,780**	**(67,123)**	**(41,313)**	**527**	**38,251**	**(69,657)**	**2,287,123**	**2,254,891**

2024/2025 Actual	Cost revaluation 1 Jul 2024 ($000)	Current year additions ($000)	Transfers ($000)	Vested assets ($000)	Current year disposals ($000)	Revaluation ($000)	Cost/ revaluation 30 Jun 2025 ($000)	Accumulated depreciation and impairment charges 1 Jul 2024 ($000)	Current year depreciation ($000)	Current year disposals ($000)	Revaluation/ Write-off ($000)	Accumulated depreciation and impairment charges 30 Jun 2025 ($000)	Carrying amount 30 Jun 2025 ($000)	Carrying amount 1 Jul 2024 ($000)
Milford Community Trust														
Building & Equip	59						59	(11)	(3)			(14)	45	48
Total Milford Community Trust	**59**						**59**	**(11)**	**(3)**			**(14)**	**45**	**48**
TOTAL GROUP	**2,322,073**	**44,248**	**-**	**3,414**	**(1,032)**	**(11,865)**	**2,356,839**	**(67,134)**	**(41,316)**	**527**	**38,251**	**(69,671)**	**2,287,168**	**2,254,940**

*Refer to table below for detail of work in progress.

2023/2024 Actual	Cost revaluation 1 Jul 2023 ($000)	Current year additions ($000)	Transfers ($000)	Vested assets ($000)	Current year disposals ($000)	Revaluation ($000)	Cost/ revaluation 30 Jun 2024 ($000)	Accumulated depreciation and impairment charges 1 Jul 2023 ($000)	Current year depreciation ($000)	Current year disposals ($000)	Revaluation/ Write-off ($000)	Accumulated depreciation and impairment charges 30 Jun 2024 ($000)	Carrying amount 30 Jun 2024 ($000)	Carrying amount 1 Jul 2023 ($000)
Art	76	-	-	-	-	18	94	-	-	-	-	-	94	76
Buildings	18,514	71	75	-	(37)	-	18,623	(8,992)	(467)	25	-	(9,433)	9,190	9,523
EDP hardware	1,391	37	-	-	-	-	1,427	(1,248)	(98)	-	-	(1,346)	82	143
Furniture and fittings	1,160	7	-	-	(15)	-	1,153	(538)	(148)	15	-	(671)	481	622
Improvements	9,803	1,057	271	-	(488)	-	10,644	(4,165)	(776)	464	-	(4,476)	6,168	5,640
Land	14,429	315	-	(2,855)	(8)	-	11,881	-	-	-	-	-	11,881	14,429
Library	1,558	161	-	-	(125)	-	1,594	(614)	(174)	125	-	(663)	931	945
Motor vehicles	2,938	109	-	-	(405)	-	2,642	(1,484)	(347)	339	-	(1,492)	1,150	1,454
Office equipment	61	33	-	-	-	-	94	(30)	(8)	-	-	(38)	57	32
Other equipment	448	10	-	-	(12)	-	445	(254)	(32)	12	-	(274)	171	194
Other plant	5,415	(366)	490-	-	(7)	-	5,533	(4,181)	(174)	7	-	(4,348)	1,185	1,234
Landfill sites	115	-	-	-	-	-	115	(115)	-	-	-	(115)	-	-
Transfer stations	844	82	-	-	-	-	926	(477)	(39)	-	-	(516)	410	367
Work in progress*	1,204	2,708	(1,363)	-	-	-	2,548	-	-	-	-	-	2,548	1,204
Work in progress – Intangibles (note 17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	57,958	**4,222**	**(527)**	**(2,855)**	**(1,096)**	**18**	**57,720**	**(22,095)**	**(2,263)**	**987**	**-**	**(23,372)**	**34,348**	**35,863**
Infrastructural assets at valuation														
Bridges	240,159	6,152	-	-	-	39,758	286,069	(5,362)	(6,307)	-	5,362	(6,307)	279,762	234,797
Footpaths	21,520	928	-	213	-	3,797	26,458	(735)	(897)	-	735	(897)	25,561	20,785
Wastewater other	169,153	-	12	1,272	-	2,262	172,699	(3,113)	(3,214)	-	3113	(3,214)	169,485	166,040
Wastewater plant	39,758	-	115	-	-	(2,702)	37,171	(1,618)	(1,791)	-	1,618	(1,791)	35,380	38,140
Water other assets	116,668	-	5,217	709	(313)	3,237	125,518	(2,475)	(2,592)	-	2,475	(2,592)	122,926	114,193
Water plant	11,842	-	1,042	-	(109)	445	13,220	(692)	(683)	-	692	(683)	12,538	11,150
Stormwater system	45,415	-	2,514	911	-	(497)	48,343	(1,082)	(1,140)	-	1,082	(1,140)	47,203	44,332
Unsealed roads	531,206	2,705	-	-	-	3,462	537,373	(4,199)	(4,221)	-	4,199	(4,221)	533,152	527,007
Cycle trail	8,147	42	-	-	-	(230)	7,959	(153)	(162)	-	153	(162)	7,797	7,994
Sealed roads	947,564	14,278	2	742	-	17,666	980,251	(14,662)	(16,996)	-	14,662	(16,996)	963,255	932,902
Street lighting	3,355	87	18	58	-	(168)	3,349	(241)	(249)	-	241	(249)	3,100	3,113
Work in progress*	16,893	10,071	(8,920)	-	-	-	18,043	-	-	-	-	-	18,043	15,569
	2,151,679	**34,261**	**-**	**3,905**	**(421)**	**67,029**	**2,256,453**	**(34,332)**	**(38,251)**	**-**	**34,333**	**(38,251)**	**2,218,201**	**2,117,346**
Other assets at cost														
Marine	2,077	(526)	527	-	(22)	-	2,056	(272)	(47)	-	-	(318)	1,738	1,805
Runways	5,059	8	-	-	-	-	5,067	(5,059)	-	-	-	(5,059)	7	-
Resource Consent - Sewerage	516	-	-	-	-	-	516	(83)	(21)	-	-	(103)	413	434
Resource Consent - Water	94	109	-	-	-	-	203	(9)	(10)	-	-	(19)	184	85
Work in progress*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	7,746	**(409)**	**527**	**-**	**(22)**	**-**	**7,841**	**(5,422)**	**(77)**	**-**	**-**	**(5,500)**	**2,342**	**2,324**
Total SDC	**2,217,383**	**38,074**	**-**	**1,050**	**(1,540)**	**67,047**	**2,322,014**	**(61,851)**	**(40,593)**	**987**	**34,333**	**(67,123)**	**2,254,892**	**2,155,533**

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2023/2024 Actual	Cost revaluation 1 Jul 2023 ($000)	Current year additions ($000)	Transfers ($000)	Vested assets ($000)	Current year disposals ($000)	Revaluation ($000)	Cost/ revaluation 30 Jun 2024 ($000)	Accumulated depreciation and impairment charges 1 Jul 2023 ($000)	Current year depreciation ($000)	Current year disposals ($000)	Revaluation/ Write-off ($000)	Accumulated depreciation and impairment charges 30 Jun 2024 ($000)	Carrying amount 30 Jun 2024 ($000)	Carrying amount 1 Jul 2023 ($000)
Milford Community Trust														
Building	54	5	-	-	-	-	59	(9)	(1)	-	-	(11)	48	45
Total Milford Community Trust	**54**	**5**	**-**	**-**	**-**	**-**	**59**	**(9)**	**(1)**	**-**	**-**	**(11)**	**48**	**45**
TOTAL GROUP	**2,217,437**	**38,079**	**-**	**1,050**	**(1,540)**	**67,047**	**2,322,073**	**(61,861)**	**(40,593)**	**987**	**34,333**	**(67,134)**	**2,254,940**	**2,155,578**

*Refer to table below for detail of work in progress.

Core infrastructure assets

Included within the Council assets above are the following core Council assets:

Most recent replacement cost estimate for revalued assets	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Roading	2,562,369	2,591,461
Water		
Water plant	26,393	24,161
Water other assets	205,856	209,283
Stormwater		
Stormwater system	99,620	105,803
Wastewater		
Wastewater plant	66,533	67,212
Wastewater other	278,884	287,886
Total	**3,239,655**	**3,285,807**

Work in progress

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Buildings	617	1,792
Improvements	1,172	1,081
Information Systems	-	-
Marine	497	517
Transfer stations	-	-
Other	262	442
SIESA	-	-
Roading and Footpaths	96	152
Wastewater	10,038	11,593
Water	6,993	8,746
Stormwater	916	646
Total Work in Progress	**20,592**	**24,969**

Leased assets

The net value of plant and equipment held under finance lease is $Nil (2024: $Nil).

Insurance of assets

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, Clause 31A of Schedule 10:

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Total value of all assets that are covered by insurance contracts (carrying amount on 30 June)	84,608	97,772
Maximum amount to which these assets are insured	293,248	314,149
Total value of all assets that are covered by financial risk sharing arrangements	357,603	372,273
Maximum amount available to Council under those arrangements	150,000	300,000
Total value of all assets that are self-insured (roads, footpaths, bridges, streetlighting)	1,812,627	1,815,730
Value of any fund maintained by Council for that purpose*	1,442,846	1,442,846

* In the prior year this balance was reported as nil, however a reserve fund was in place for $1.4 million reported above.

Infrastructural assets

Appropriately qualified personnel from Beca have completed a revaluation of District roading, footpaths and bridge asset networks as of 30 June 2025. Land values associated with Council's roading network are recognised at cost and have not been revalued.

Additionally, Waugh Infrastructure Management Limited have completed a revaluation of the water supply, sewerage scheme and stormwater assets as of 30 June 2025.

Revaluations of roading, water, sewerage and stormwater assets are carried out annually.

Sewerage, water, stormwater, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- the replacement cost reflects existing assets and network capacity. There is possibly some obsolescence in the network due to declining populations in remote locations. However, with increasing water quality requirements, moving service populations to un-serviced populations would not support New Zealand's wider ambitions for quality of water for all. Additionally, the spread of the existing population is likely to remain and therefore the extension of the existing network is also assumed to be required in the future
- estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts across the South Island for modern equivalent assets, from which unit rates are determined. Where possible the specific Southland contract was used. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2024 quarter index and then extrapolated to June 2024) for civil constructions to convert them to current dollar value at the valuation date
- estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and the International Infrastructure Management Manual and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provide further assurance over useful life estimates.

Heritage assets

Council-owned heritage assets include artworks, war memorials, viaducts and railway memorabilia.

Artworks are revalued every three - five years. These have been valued by an independent valuer of International Art Centre, Auckland, as of 30 June 2025 and recorded at fair value.

War memorials, viaducts and railway memorabilia are typically vested to Council and thus are recorded at no consideration in the fixed asset schedule.

Given the nature of these assets, Council is unable to determine their fair value as there is no active market for such assets.

17. Intangible assets

Computer software	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Cost		
Opening cost on 1 July	762	762
Additions	-	-
Disposals	-	-
Closing cost as at 30 June	**762**	**762**

Computer software	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Accumulated amortisation and impairment		
Balance on 1 July	(752)	(760)
Amortisation charge	(8)	(2)
Impairment	-	-
Closing as at 30 June	**(760)**	**(762)**
Net book value as at 30 June	**2**	**-**

Trademarks/patents	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Opening cost on 1 July	8	8
Additions	-	-
Disposals	-	-
Closing cost as at 30 June	**8**	**8**
Accumulated amortisation and impairment		
Balance on 1 July	-	-
Amortisation charge	-	-
Impairment	-	-
Closing as at 30 June	**-**	**-**
Net book value as at 30 June	**8**	**8**

Emission trading units	Council/Group 2023/2024 Units	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Units	Council/Group 2024/2025 Actual ($000)
Opening balance on 1 July	113,231	4,579	113,231	5,718
Additions	-	-	-	-
Disposals / Surrendered	-	-	-	-
Change in market value 30 June	-	1,139	-	928
Closing balance as at 30 June	**113,231**	**5,718**	**113,231**	**6,646**
Total intangible assets	**113,231**	**5,718**	**113,231**	**6,646**

Council is part of the Emissions Trading Scheme (ETS) for both its pre-1990 forests (mandatory participation) and its post-1989 forests (voluntary participation).

Under the ETS Council is allocated New Zealand Units (NZUs). An initial free allocation of NZUs is provided in relation to pre-1990 forests. An annual allocation of NZUs is provided in relation to post 1989 forests as carbon is sequestered (from 1 January 2008).

Council accounts for NZUs allocated at a market value of $58.70 per unit (2024: $50.50).

Emission trading units 2025	Council/Group Pre-1990 forest	Council/Group Post-1989 forest	Council/Group Total
Productive area (hectares)	1,384.0	116.6	1,500.6
NZUs opening balance 1 July	82,914	30,317	113,231
NZUs allocated/transferred during the year	-	-	-
NZUs sold during the year	-	-	-
NZUs on hand on 30 June	**82,914**	**30,317**	**113,231**

Emission trading units 2024	Council/Group Pre-1990 forest	Council/Group Post-1989 forest	Council/Group Total
Productive area (hectares)	1,384.0	116.6	1,500.6
	Council/Group 2023/2024 Units	**Council/Group 2024/2025 Units**	**Council/Group 2024/2025 Units**
NZUs opening balance 1 July	82,914	26,759	113,231
NZUs allocated/transferred during the year	-	3,558	-
NZUs sold during the year	-	-	-
NZUs on hand on 30 June	**82,914**	**30,317**	**113,231**

Post-1990 Forests

Nil units (2024: Nil) were received during the year on 116.8 hectares of post-1989 land. Future allocation of NZUs relating to post-1989 forests will depend on the amount of carbon sequestered by those forests. The units have been valued at the balance sheet date based on the estimated market value of $58.70 per unit (2024: $50.50). Tax is payable on the receipt or sale of the post-1989 units. Liabilities for emissions relating to post-1990 forest land are capped at the amount of NZUs previously allocated. Accordingly, NZUs are gained as forests grow and are surrendered as forests are harvested or removed in any other way. At balance date no liability for surrender of post-1989 NZUs has been accrued, because the forests are intact.

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Expected credit losses

Emission Trading Units

Council considers there is no impairment of ETUs held as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations.
ETUs have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

18. Forestry assets

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Balance on 1 July	13,420	13,290
Increase due to purchases	-	
Gains/(losses) arising from changes attributed to physical changes	1,470	1,410
Gains/(losses) arising from changes attributed to price changes	(860)	(370)
Decreases due to harvest	(740)	(840)
Balance on 30 June	**13,290**	**13,490**

SDC owns 1,840 hectares of forest in five areas: Dipton, Gowan Hill, Ohai (2 sites), and Waikaia, which are managed as one forest. The tree crop covers 1540 hectares (2024: 1,550 hectares). The predominant species grown in these four blocks is Radiata pine followed by Douglas fir. The age of the tree crop ranges from one year to 39 years. In the year ending 30 June 2025, Council sold 39.7 hectares of timber for $0.84 million (2024: 57 hectares of timber for $0.74 million).

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

Council instructed Woodlands Pacific Consulting Limited (Woodlands Pacific), to independently value its forestry assets as of 30 June 2025. Woodlands Pacific is a firm of forestry consultants and valuation experts with extensive experience valuing forests nationally and internationally. The valuation was undertaken in a manner consistent with Public Benefit Entity International Public Sector Accounting Standard 27. The objective of the PBE IPSAS 27 Standard is estimating “fair value” for financial reporting purposes.

Valuation conventions

A pre-tax discount rate of 7.5% (2024 7.5%) has been used in discounting the present value of expected future cash flows. Only the current tree crop is valued, in accordance with the valuation standard. Land use cost is recognised by applying notional land rental based on the prevailing market rentals of forestry land in the Otago/Southland region. Woodlands Pacific assumes inflation will affect costs and prices equally. Current log prices are used reverting to long-term prices.

Financial risk management strategies

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and does expect short term volatility in the domestic and export market, however council expects timber prices not to decline significantly in the foreseeable long term future. Council reviews the outlook for timber prices regularly in considering the need for further financial risk management.

The normal risks to forests in New Zealand are assumed to be incorporated into the discount rates chosen for the valuation. Forest fire is covered by way of insurance and the annual premiums are included in the overhead costs.

19. Trade and other payables

	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Payables and deferred revenue under exchange transactions				
Trade payables and accrued expenses	10,232	10,246	5,571	5,574
Total	**10,232**	**10,246**	**5,571**	**5,574**
Payables and deferred revenue under non-exchange transactions				
Income taxes payable	248	248	-	-
Other taxes payable (i.e. GST and FBT)	32	32	36	35
Grants payable	322	322	414	414
Other	2,281	2,282	2,840	2,840
Total	**2,885**	**2,885**	**3,289**	**3,288**
Total trade and other payables	**13,116**	**13,129**	**8,860**	**8,862**

Payables are generally non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables approximates their fair value. All trade and other payables are current. There is nothing past due.

20. Deferred revenue

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Grants (subject to conditions not yet met)	369	188
Dog registrations in advance	198	115
Outstanding building consents	1,437	1,396
Other	76	-
Total deferred revenue	**2,080**	**1,699**

Grants

2025 grants include:

- $32,281 from Better off funding for Doctors Square
- $50,000 from Better off funding for Lumsden Museum
- $65,726 for Rakiura Energy Grant
- $34,269 for Milford Opportunities

2024 grants include:

- $150,000 from Better off funding for Doctors Square
- $50,000 from Better off funding for Lumsden Museum
- $10,800 from Better off funding for Riversdale tennis court

- $59,963 for Milford Opportunities
- $86,108 from Ministry of Business, Innovation and Employment ("MBIE")
- $12,000 for Mayoral taskforce.

Outstanding building consents

Council receives income from ratepayers to undertake required inspections at the time a building consent is issued. Each building consent typically requires multiple inspections which occur over an extended period, sometimes longer than 12 months. This inspection value is held in Councils general ledger as 'deferred revenue' until the work is completed, and then the income is assigned to the building team.

During 2024/2025, Council completed less 'historical' inspections sitting in the deferred revenue account than the volume that was added as new work assigned to the deferred revenue account. This is primarily because building work is becoming more complex and requiring a greater number of required inspections at the time the consent is issued. As a result, the difference of value of work recognised as deferred revenue on 30 June 2025 decreased by $41 thousand, resulting in an end of year balance of $1.40 million (2024 $1.44 million).

21. Employee benefit liabilities

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Current		
Holiday pay accrual	1,894	1,933
Long service leave	-	-
Wages accrual	847	883
	2,741	**2,816**
Non-current		
Retirement gratuity	11	9
Long service leave (potential)	-	-
	11	9
Total employment entitlements	**2,752**	**2,825**

Key assumptions in measuring retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability. All employees entitled to a retirement gratuity have already reached retirement age, therefore the discount rate and inflation rate were not required for this calculation as the full benefit will be paid on retirement.

22. Development and financial contributions liabilities

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Roading contributions	408	440
Reserves contributions	611	595
Other contributions	26	26
Total development and financial contributions	**1,045**	**1,061**

23. Borrowings

Borrowings	Actual 2024 ($000)	Actual 2025 ($000)
Current		
Secured borrowings	5,000	9,000
Total current borrowings	**5,000**	**9,000**
Non-current		
Secured borrowings	30,800	82,575
Total non-current	**30,800**	**82,575**
Total borrowings	**35,800**	**91,575**

Council's external borrowings are secured by security stock certificates in favour of the Local Government Funding Agency under a Debenture Trust Deed between Southland District Council and Covenant Trustees Limited. The effective weighted interest rate is 4.82% for the 2024/2025 year (2023/2024 the effective weighted interest rate is 4.12%).

LGFA borrowings are due for repayment on:

Date	Actual ($000)
April 2026	4,000
April 2026	5,000
April 2027	10,000
April 2027	10,000
May 2028	5,000
May 2028	5,000
May 2028	10,000
February 2029	5,000
April 2029	5,000
April 2029	5,000
April 2030	5,000
May 2030	5,775
May 2035	8,400
April 2036	8,400
Total borrowings	**91,575**

Net Debt

Council calculates net debt in accordance with the financial covenant imposed on LGFA borrowers as outlined in the table below.

Net debt	Note	Actual 2024 ($000)	Actual 2025 ($000)
Financial Liabilities		**35,800**	**97,080**
Less liquid financial assets:			
Cash and cash equivalents	12	5,392	23,822
Term deposits	15	1,170	1,170
Borrowers' notes	15	895	3,809
Balanced Fund Investments	15	10,069	37,647
Total liquid financial assets		**17,526**	**66,448**
Net Debt		**18,274**	**30,632**

Internal loans

Internal loans total $79.1 million (2024: $67.3 million). These loans are not represented in the statement of financial position. Council's internal loans are designed to help local communities within Southland District to develop or improve new or existing facilities and undertake other major projects. Loans are for a maximum period of 30 years depending on the nature of the project being funded. The interest rate applied to these loans was 5.67% (2024: 4.35%). A summary of these internal loans by group activity follows:

Internal loans	Council/Group Balance 2024 ($000)	Movement between activities ($000)	Council/Group New advances ($000)	Council/Group Total repayments ($000)	Council/Group Balance 2025 ($000)	Council/Group Interest paid ($000)
Internal loans by group of activity						
Community leadership	39	-	-	(39)	0	2
Community resources	8,879	-	4,587	(2,470)	10,996	499
Environmental services	207	-	-	(59)	147	12
Transport	10,064	-	266	(3,933)	6,396	571
Stormwater	2,697	-	975	(48)	3,624	153
Sewerage	24,397	-	12,633	(727)	36,303	1,383
Water Supply	19,253	-	3,065	(704)	21,615	1,092
Total by group of activity	**65,536**	**-**	**21,526**	**(7,979)**	**79,080**	**3,712**
Internal loans by other activity						
Corporate services[1]	1,725	-	-	(1,713)	14	98
Total by other activity	**1,725**	-	-	**(1,713)**	**14**	**98**
Total internal loans	**67,261**		**21,526**	**(9,692)**	**79,094**	**3,810**

1 Council has various corporate services that have internal loans. These corporate services are funded through internal charges which are spread over the seven activities. The movement in activities is to allocate three waters assets

24. Provisions

Provisions are represented by:	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Opening balance - landfill aftercare provision	8,369	8,190
Unused amounts reversed during the year	-	(10)
Additional provisions made in the period	(179)	1,316
Closing balance - landfill aftercare provision	**8,190**	**9,496**
Other provisions	-	-
Total provisions	**8,190**	**9,496**
Comprised of:		
Current	3	1,127
Non-current	8,186	8,369
Closing balance	**8,190**	**9,496**

A Closed Landfill Risk Assessment report was completed in September 2022 to identify risks related to closed landfill across the District. This report then lead council to obtain further information from industry experts to quantify the best estimate of the cost to remove or protect the material in the closed landfills. As a result, Council has reflected the estimate in its landfill provision. Bluecliffs landfill has been removed from the provisions as this was completed in 2023/2024 ahead of schedule.

The cash outflows for post-closure costs are expected to occur until 2040. The long-term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. Council assesses the adequacy of the provision on an annual basis with changes to the value reflecting the most up to date estimates. The provision has been estimated taking this into account and is discounted using the discount rates and CPI changes listed on the NZ Treasury website at balance date.

25. Investment in joint operations

WasteNet

Council has a 31 percent interest in WasteNet, a jointly controlled operation of Council. The principal activity of WasteNet is managing the disposal of rubbish and recycling in Southland. Council's interest in the joint venture is disclosed in the financial statements under the classifications shown below.

Council's interest in WasteNet is represented by:	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Share of:		
Income	2,047	1,860
Expenses	(1,929)	(1,817)
Share of surplus/(deficit)	**118**	**43**
Share of:		
Current assets	1,313	1,368
Current liabilities	(614)	(626)
Equity	**699**	**741**

26. Investment in associates

- Council has investments in the following associated entities:
- Southland Regional Heritage Committee (SRHC) – 50% (2024: 33%)
- Emergency Management Southland (EMS) – 28.27% (2024: 28.27%)
- Southland Regional Development Agency Limited Trading as Great South (GS) – 48.73% (2024: 48.73%).

				Council/Group 2024/2025 Actual ($000)
Council's interest in associates is represented by:	**SRHC**	**EMS**	**GS**	**Total**
Share of income	777	562	4,569	5,908
Share of expenses	(575)	(549)	(4,108)	(5,232)
Share of surplus/(deficit)	**202**	**13**	**461**	**676**
Share of assets	729	284	3,592	4,605
Share of liabilities	(100)	-	(1,477)	(1,577)
Share of equity	**629**	**284**	**2,115**	**3,028**
Share of associates' contingent liabilities incurred jointly with other investors	-	-	-	-
Share of associates' joint commitments with other investors	7	-	-	7

				Council/Group 2023/2024 Actual ($000)
Council's interest in associates is represented by:	**SRHC**	**EMS**	**GS**	**Total**
Share of income	741	530	4,121	5,392
Share of expenses	(735)	(508)	(4,048)	(5,291)
Share of surplus/(deficit)	**7**	**22**	**73**	**102**
Share of assets	429	271	3,654	4,354
Share of liabilities	(148)	-	(2,022)	(2,170)
Share of equity	**281**	**271**	**1,632**	**2,185**
Share of associates' contingent liabilities incurred jointly with other investors	-	-	-	-
Share of associates' joint commitments with other investors	5	-	-	5

27. Reconciliation between the operating surplus (from the statement of revenue and expense) and net cash from operating activities (from the statement of cash flows)

	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Operating surplus/(deficit)	(6,816)	(6,804)	(5,840)	(5,821)
Add/(less) non-cash Items				
Share of associate's surplus	(102)	(102)	(843)	(843)
Depreciation and amortisation	40,600	40,601	41,315	41,317
Vested assets	(1,050)	(1,050)	(3,412)	(3,412)
Forestry revaluation	130	130	(200)	(200)
Loss/(Gain) on emission trading units	(180)	(180)	-	-
Milford Sound Tourism shareholder account	(43)	(43)	-	-
Add/(less) movements in working capital items				
Trade and other receivables	(6,607)	(6,607)	6,059	6,059
Interest receivable	(14)	(14)	(148)	(152)
Inventories and work in progress	(1)	(1)	(19)	(19)
Trade and other payables	2,156	2,161	(4,235)	(4,242)
Net GST	(473)	(474)	316	316
Development and financial contributions	22	22	16	16
Other				
Movement in employee benefit liabilities	131	131	74	74
(Gains)/losses on disposal of investments	(2,152)	(2,152)	(1,651)	(1,651)
Movement in provision for decommissioning	(179)	(179)	1,306	1,306
Net cash inflow/(outflow) from operating activities	**25,423**	**25,441**	**32,738**	**32,749**

28. Reconciliation of movements in liabilities arising from financing activities

	Council 2023/2024 Actual ($000)	Cashflow movement 2024/2025 Actual ($000)	Council 2024/2025 Actual ($000)
Long term borrowings	30,800	51,775	82,575
Short term borrowings	5,000	4,000	9,000
Total liabilities from financing activities	**35,800**	**55,775**	**91,575**

29. Financial instruments

The following tables are comparisons of carrying amounts of Council's financial assets and liabilities in each of the financial instrument categories:

Fair value and classification of financial instruments

	Note	Council 2023/2024 ($000)	Group 2023/2024 ($000)	Council 2024/2025 ($000)	Group 2024/2025 ($000)
Financial assets measured at FVSTD					
Cash and cash equivalents	12	5,392	5,428	23,822	23,870
Trade and other receivables	13	15,424	15,433	8,579	8,587
Financial assets amortised cost		**20,816**	**20,861**	**32,401**	**32,457**
Term deposits	15	1,170	1,555	1,170	1,555
LGFA borrowers' notes	15	895	895	3,809	3,809
Investment in managed funds	15	10,069	10,069	37,647	37,647
Unlisted shares	15	667	667	667	667
Financial assets at FVTSD		**12,801**	**13,186**	**43,303**	**43,688**
Financial liabilities measured at FVSTD					
Trade and other payables	19	(13,116)	(13,129)	(8,860)	(8,862)
Borrowings - Secured loans	23	(35,800)	(35,800)	(91,575)	(91,575)
Financial liabilities at amortised cost		**(48,916)**	**(48,929)**	**(100,435)**	**(100,437)**

FVTSD = Fair value through surplus or deficit

Fair Value

The Council carries certain financial assets and financial liabilities at fair value, in accordance with PBE IPSAS 30.
Valuation techniques with non-observable inputs (level 3) relate to unlisted shares in Milford Sound Tourism and Civic Assurance.
The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements.

Level 3 fair value measurements

	Actual 2024 ($000)	Actual 2025 ($000)
Balance as of 1 July	414	667
Gain and losses recognised in the surplus or deficit	253	10
Balance as of 30 June	**667**	**677**

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

Financial instruments risk

Council has policies providing risk management for interest rates and the concentration of credit risk. Council is risk averse and seeks to minimise exposure from its treasury activities and has established a treasury policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment. Council's exposure to fair value rate risk is limited to its short-term bank deposits at floating interest rates and a bank advance facility.

There are no interest rate options or interest rate swap agreements in place on 30 June 2025 (2024: Nil).

Sensitivity analysis

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial exposures at the balance date.

Interest rate risk	Council/Group 2023/2024 Actual ($000)		Council/Group 2024/2025 Actual ($000)	
	+100bps	-100bps	+100bps	-100bps
	Surplus/(deficit)	Surplus/(deficit)	Surplus/(deficit)	Surplus/(deficit)
Financial Asset				
Cash and cash equivalents	54	(54)	239	(239)
Financial Liability				
Borrowings	(358)	358	(916)	916
Total Sensitivity	**(304)**	**304**	**(677)**	**677**

Explanation of sensitivity analysis

A movement in interest rates of plus or minus 1.0 percent has an $0.7 million effect on the surplus (2024: $0.3 million).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council has minimal transaction in the overseas market so the exposure to this risk is very low.

Credit risk

Credit risk is the risk that a third party will default on its obligations to Council causing Council to incur a loss.

SDC has minimal credit risk in its holdings of various financial instruments.

Council limits the amount of credit exposure to any one institution by using a risk weighting methodology based on Standard and Poor's credit ratings.

In the normal course of business Council incurs credit risk with both general and rates debtors. Council has approved a credit control policy to monitor and manage its exposure to this credit risk and has special legislative powers to collect rates.

Council's maximum exposure to each class of financial instruments is as follows:

Total credit risk by instrument class

	Note	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Cash and cash equivalents	12	5,392	5,428	23,822	23,870
Trade and other receivables (excluding prepayments)	13	15,424	15,433	7,808	7,817
Other financial assets*	15	12,134	12,519	42,626	43,011
Total credit risk		**32,949**	**33,380**	**74,257**	**74,698**

*Includes short term deposits, borrowers notes and investment in managed funds

Credit risk exposure by credit risk rating grades, excluding receivables

	Note	Council 2023/2024 Actual ($000)	Group 2023/2024 Actual ($000)	Council 2024/2025 Actual ($000)	Group 2024/2025 Actual ($000)
Cash at bank and term deposits					
AA-	12, 15	6,562	6,983	24,992	25,425
Total cash at bank and term deposits		**6,562**	**6,983**	**24,992**	**25,425**
Listed Bonds (LGFA)					
AAA	15	895	895	3,809	3,809
Total listed bonds (LGFA)		**895**	**895**	**3,809**	**3,809**

Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the ability to access investment funds whenever necessary.

Contractual maturity analysis of financial assets and liabilities

The table below analyses Council's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

Council 2024/2025	Note	On demand ($000)	Less than 1 year ($000)	1-2 years ($000)	2 years plus ($000)	Council ($000)
Financial assets						
Cash and cash equivalents	12	9,313	14,509			23,822
Trade and other receivables (excluding prepayments)	13		7,808			7,808
Other financial assets (includes deposits, borrowers notes, managed funds)	15	37,647	1,520	1,875	1,584	42,626
Financial liabilities						
Trade and other payables	19		8,860			8,860
Borrowings	23		9,000	40,000	42,575	91,575

Group 2024/2025	Note	On demand ($000)	Less than 1 year ($000)	1-2 years ($000)	2 years plus ($000)	Group ($000)
Financial assets						-
Cash and cash equivalents	12	9,360	14,509			23,870
Trade and other receivables (excluding prepayments)	13		7,817			7,817
Other financial assets (includes deposits, borrowers notes, managed funds)	15	37,647	1,905	1,875	1,584	43,011
Financial liabilities						
Trade and other payables	19		8,862			8,862
Borrowings	23		9,000	40,000	42,575	91,575

Council 2023/2024	Note	On demand ($000)	Less than 1 year ($000)	1-2 years ($000)	2 years plus ($000)	Council ($000)
Financial assets						
Cash and cash equivalents	12		5,392	-	-	5,392
Trade and other receivables (excluding prepayments)	13		14,749	-	-	14,749
Other financial assets (excluding shares in companies)	15	10,069	1,295	100	670	12,134
Financial liabilities						
Trade and other payables (excluding taxes payable)	19		13,116	-	-	13,116
Borrowings	23		5,000	4,000	26,800	35,800

Group 2023/2024	Note	On demand ($000)	Less than 1 year ($000)	1-2 years ($000)	2 years plus ($000)	Group ($000)
Financial assets						
Cash and cash equivalents	12		5,428	-	-	5,428
Trade and other receivables (excluding prepayments)	13		14,758	-	-	14,758
Other financial assets (excluding shares in companies)	15	10,069	1,680	100	670	12,519
Financial liabilities						
Trade and other payables	19		13,129	-	-	13,129
Borrowings	23		5,000	4,000	26,800	35,800

30. Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Council would have adopted in dealing with the party at arm's length in the same circumstances.

Key management personnel	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Councillors		
Remuneration	688	737
Full-time equivalent members	13 FTE	13 FTE
Executive leadership team, including the chief executive		
Remuneration	1,567	1,910
Full-time equivalent members	5.63	7
Total key management personnel compensation	**2,255**	**2,647**
Total full-time equivalent personnel	**18.63 FTE**	**20 FTE**

Key management personnel include the mayor, councillors, chief executive, group manager finance and assurance, group manager people and culture, group manager infrastructure and capital projects, group manager regulatory services, group manager strategy and partnerships and group manager customer and community wellbeing.

Due to the difficulty in determining the full-time equivalent for councillors, the full-time equivalent figure is taken as the number of councillors.

31. Events after balance date

Local Water Done Well

Following extensive public consultation in April and May 2025, Council decided on 11 June 2025 to deliver future water services through an in-house business unit. As required under the Local Government (Water Services Preliminary Arrangements) Act 2024, Southland District Council's Water Service Delivery Plan was submitted with the Secretary for Local Government on 14th August 2025 (this was due in September 2025). The decision for water delivery for Southland District Council remains uncertain as The Secretary for Local Government has not yet accepted or has rejected the water services delivery plan.

The plan sets out how Council will continue to deliver safe, reliable, and affordable drinking water, wastewater, and stormwater services to its communities. It has been developed following a process of community consultation, financial and asset analysis, and consideration of both national regulatory requirements and local circumstances.

Based on this work, Council has confirmed the Adjusted Status Quo model as its preferred option for ongoing service delivery. This approach reflects strong community feedback favouring local ownership and accountability, while also ensuring Council can meet the financial and regulatory expectations set by central government.

The Adjusted Status Quo model retains full Council ownership and operation of water services, while strengthening long-term financial sustainability through measures such as:

- full funding of depreciation from 2027/28, ensuring the renewal and replacement of water assets can be fully supported into the future.

- ring-fencing of water services revenue and expenditure, providing transparency, accountability, and assurance that funds collected for water services are used solely for that purpose.
- continued investment to meet compliance obligations, particularly in relation to wastewater disposal and the rigorous drinking water standards overseen by Taumata Arowai.

Council was also an active member of the Otago/Southland Local Water Done Well Working Group, which has explored potential opportunities for regional collaboration. While Southland's preference remains to retain direct responsibility for its own services, Council recognises the value in shared approaches where they could deliver efficiencies, resilience, or cost savings for communities.

The key drivers for Council remain financial prudence, regulatory compliance, environmental responsibility, and protection of community interests. While central government's legislative process continues to evolve, Council is well positioned to implement its chosen delivery model and ensure that water services remain sustainable, affordable, and resilient for the people of Southland.

Stewart Island Rakiura Energy Project

In June 2025, Council received confirmation of a government-funded suspensory loan of $15.35 million through the Regional Infrastructure Fund, administered by the Ministry of Business, Innovation and Employment (MBIE), to support the Rakiura Energy Solutions project. This initiative aims to deliver a long-term renewable energy solution for Stewart Island/Rakiura, significantly reducing the community's reliance on diesel-generated electricity.

The contract outlining the terms and conditions of the project and the suspensory loan is currently being finalised and is expected to be agreed by the end of 2025. Physical works are scheduled to commence in early 2026, marking a significant milestone in the transition to more affordable and sustainable energy for the island community.

32. Statement of contingencies

A contingency represents future expenditure that either:

- may or may not be expended, in part or in full, at some future date
- future expenditure that will be incurred at a future date, but which is unable to be quantified at this time.

a) Guarantees

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a credit rating from Standard and Poor's of AAA (stable outlook) for local currency and AA+ (stable outlook) for foreign currency as of 30 June 2025. LGFA has a credit rating from Fitch Ratings of AA+ (stable outlook) for local currency and AA+ (positive outlook) for foreign currency as of 30 June 2025.

LGFA Shareholders consist of the New Zealand Government (10%) and local authority shareholders (90%). The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. On 30 June 2025 LGFA had bond borrowings totalling $22,657 million ($19,579 million as of 30 June 2024).

Financial reporting standards require the Council to recognise the guaranteed liability at fair value. However, the council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required."

b) Council Mutual Insurance Fund - Riskpool

Council withdrew as a member of a mutual liability fund, Riskpool, as of 30 June 2015. The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. Since the Supreme Court decision in LGMFT v Napier City Council [2023] NZSC 97, which addressed claims involving both weathertight and non-weathertight issues, Riskpool has accepted three claims, including the Napier City Council claim. Riskpool undertakes a review of it's current and future liabilities on an annual basis to determine any additional funds required from members until all claims are settled.

c) Emission Trading Scheme

Council owns approximately 1,840 hectares of forest, of which 1,384 hectares are pre-1990 land under the Emissions Trading Scheme. Of this harvested land, 41.7 hectares has not yet been replanted on 30 June 2025 (2024: 2.1) and carries a potential deforestation liability of $1,721,988 in 2025 (2024 $83,234) if the land is not replanted within four years. It is Council's intention that these harvested areas will be re-established to ensure that there will be no obligation to surrender units.

d) Building Act claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done. At the date of this report there were no matters under this Act which would indicate a liability to Council (2024: Nil)

e) Weather-tight homes claims

The Weather-tight Homes Resolution Services (WHRS) no longer receives claim applications however still provide an advice and mediation service to resolve leaky home disputes. Included in the Building Act potential liability noted in (b) above are potentially for weather-tight home claims. However, as of 30 June 2025 (2024: Nil), no claims have been lodged with Council.

f) Resource Management Act 1991 (RMA) prosecutions

As part of day to day operations, Council pursue a range of enforcement actions for breaches of the RMA. There are no enforcement orders being pursued in 2024/2025. During 2023/2024, Council pursued an enforcement order in relation to breach of an abatement notice in the 2023/2024 year. A court sentencing hearing was held in October 2024 and a guilty decision was applied. A final sentence payment of $17,500 was awarded to Council. This order is on hold waiting on a determination from MBIE. This has been with MBIE for 11 months and we have sought an urgent outcome via our lawyers for this to be finalised.

g) Contractual

At balance date Council was in discussions with a contractor over contractual performance. Any liability of Council to make further payment is currently disputed. The resolution of this matter is ongoing, and any outcome is uncertain and cannot be reliably measured at this stage.

33. Capital and operating lease commitments

A commitment exists where Council has entered into contracts but the goods and/or services have not been provided by balance date.

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Capital commitments		
Commitments for capital expenditure contracted, but not provided for:		
Water system	1,110	830
Stormwater system	-	-
Sewerage system	998	424
Roading	21,570	11,694
Other	53	622
	23,732	**13,570**

	Council/Group 2023/2024 Actual ($000)	Council/Group 2024/2025 Actual ($000)
Operating leases (as a lessee)		
Commitments for non-cancellable operating leases:		
Not later than one year	387	423
Later than one year and not later than five years	147	765
Later than five years	43	9
	578	**1,198**

34. Severance payments

For the year ended 30 June 2025, Council made one severance payment of $23,500 (2024: four employees totalling $84,306).

35. Capital management

The Council's capital (equity or ratepayer's funds), comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (LGA) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Intergenerational equity

The Council's objective is to manage the balance between rating (for funds) and borrowing to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for the renewal and maintenance programmes of major classes of assets to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance. The LGA requires the Council to make adequate and effective provision in its LTP and in its Annual Plan (where applicable) to meet the expenditure

needs identified in those plans. The LGA also sets out factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of the Long Term Plan.

36. Explanation of major variances against budget

	Note	Council 2024/2025 Actual ($000)
Revenue (including asset development revenue)	(a)	6,027
Expenditure	(b)	(5,724)
Net impact of variance on surplus/(deficit)		**(539)**
Revaluation surplus	(c)	(34,719)
Total variance in Statement of comprehensive revenue and expense		**34,179**

Explanatory notes:

Statement of comprehensive revenue and expense

a) Revenue

Total operating revenue was $6.0 million lower than year one LTP budget, due to

- lower grants and subsidies than budgeted due to the capital programme not being met. This is mainly associated with a reduction in programme to match NZTA funding, resulting in delays of capital projects by $4.7 million and operational costs by $2.7 million. The timing of the Township future plan project was deferred to the following year, carrying forward the expected grant income of $0.5 million not received in 2024/2025. These reductions have been offset due to receiving the government better off funding to help with community run projects that were carried forward from the prior year ($0.2 million).
- the reclassification of the investment income to gain on assets at fair value also resulted in lower than budgeted investment income by $1.5 million offset by the joint venture revenue and the gain made on investments in associates of $0.8m.
- the forestry revaluation was lower than expected ($1.2 million). This was offset by unbudgeted property asset sales ($1.0 million) and vested asset income ($3.4 million).
- remaining income lines had minor variances, resulting in the remaining variance of $0.7 million is across other revenue streams, including rates penalties, rates adjustments, internal rates, community housing rental income being lower, number and value of the building consents.

b) Expenditure

Total operating expenditure was $5.7 million lower than year one LTP budget, due to:

- NZTA expenditure was lower due to the reduction in the approved programme; including reduction in pavement maintenance, Structure maintenance, Network and asset management, road safety southland programme and fuel costs ($2.4 million)
- employee related expenses are lower than budgeted due to vacancies and transfer of costs to capital projects ($1.3 million)
- the expenditure for community resources is also lower than budget ($1.9 million) due to the maintenance requirements the parks and reserves, transfer stations, halls and public conveniences due to the costs being consolidated into an omnibus and also carried forward into the following year. Some of these budgeted costs are for remedial work, which is only used when required.

- Environmental services spatial planning Township plan project and go-get replacement solution has been delayed into the following year ($0.7 million)
- delay in the closed landfill remediation for Otautau into the next financial year offset by the increase to the landfill provision ($0.7 million)
- interest costs are less than budget due to the debt being lower than the anticipated external borrowings ($0.5 million)
- the remaining variance is made up of other corporate costs coming in lower than budget including the cost of implementing the new financial system, lower than expected managed investment fund fees, training, relocation and recruitment costs, offset by the expenses reported from the joint venture.

c) Revaluation surplus

Overall revaluation surplus was $34.7 million lower than budgeted. The LTP revaluation was calculated using the BERL inflationary increases for 2024/2025 on the calculated opening balances at 30/06/2024. The actual inflationary increase is significantly lower on all revalued infrastructure assets. This was offset by the gain on financial assets due the valuation of the balanced fund investment coming in higher than budgeted.

Statement of changes in equity

Changes in equity are reflected in the variance analysis of the statement of comprehensive revenue and expense above.

Statement of financial position

d) Balance sheet

Total assets as of 30 June 2025 is $2.386 billion which is $53.3 million lower than the LTP Y1 ($2.39 billion) due to:

- property, plant and equipment of $2.29 billion, compared to a budget of $2.36 billion ($74 million under budget). The decrease is predominantly due to the lower infrastructure valuations and the timing of the capital projects being completed
- cash and cash equivalents of $23.8 million, up $22.8 million due to higher inflow of revenue, lower expenditure and determining to final balance to invest in balanced fund
- investments in associates came in $0.9 million higher than budgeted and
- the value of the forestry asset was $2.1 million lower than forecasted.

Total liabilities are $116.0 million at 30 June 2025, compared to the budget of $133.4 million made up of:

- borrowings are $15.6 million under budget due to lower capital expenditure which was budgeted to be funded by external borrowings
- trade and other payables which is under budget by $3.3 million due to a decrease in operational costs
- offset by the provision for decommissioning is up by $1.4 million, due to the review of the landfill provision and the delay in the works on the Otautau landfill
- deferred revenue is over budget by $1.7 million, due to income received in advance for dog registrations, outstanding building consents (pre-paid consents) and grants received for projects still in progress at year end
- Contract retentions and deposits are under budget by $1.5 million as the value held at year end is lower than budgeted.

37. Schedule of financial reserves

Please note that all values are rounded to the nearest thousand dollars ($000). As a result of rounding there may be slight discrepancies in subtotals.

Reserves Type/Area	Business Unit	Activity	Purpose	Opening balance 1/7/2024 ($000)	Deposits ($000)	Withdrawals ($000)	Closing balance 30/6/2025 ($000)
Restricted							
Restricted District							
Allocation committee	Community development fund	Community Leadership	Development of community facilities, recreational opportunities and events	(0)	-	-	(0)
	Contributions and levies	Community Leadership	Raised through the District plan to be used to remedy, mitigate or offset adverse effects arising from, and in consequence of, or in association with any development	418	8	-	426
	Contributions and levies -Waihopai Toetoe	Community Leadership	Funding to be used for projects that benefit the Waihopai Toetoe community (sourced from interest earnt on Fonterra financial contributions) based on recommendation of the Waihopai Toetoe Community Board.	251	5	-	256
	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	-	(13)	2
	District heritage grant	Community Leadership	Support the heritage in the District area	(0)	-	-	(0)
	Meridian contribution	Community Leadership	Support northern Southland community initiatives by way of grants	330	14	(10)	334
	Ohai Railway Board	Community Leadership	Support Ohai community initiatives by way of grants	1,911	91	(68)	1,934
	Sport NZ	Community Leadership	To subsidise travel costs for people 5-19 years of age participating in regular sporting competition	4	-	(4)	0
	Stewart Island visitor levy	Community Leadership	Stewart Island visitor levy funds	416	248	-	664
Assets and services	Waste minimisation	Waste Services	Waste minimisation reserve	27	614	(641)	-
Environmental services	Dog and animal control	Environment Services	Residual funds from dog and animal control activity	0	-	-	0
Holding	SDC - officers association	Corporate Services	Held on behalf of SDC Officers Association	1	-	-	1
John Beange	John Beange	Community Leadership	Funding available in Edendale and Wyndham area	21	1	-	23
Southland joint mayoral fund	Southland joint mayoral fund	Community Leadership	Residual funds from Southland flood relief	137	5	-	143

Reserves Type/Area	Business Unit	Activity	Purpose	Opening balance 1/7/2024 ($000)	Deposits ($000)	Withdrawals ($000)	Closing balance 30/6/2025 ($000)
Specific	ECNZ - projects	Corporate Services	Funds available for future projects in accordance with ECNZ requirements	22	-	-	22
Restricted District Total				**3,553**	**988**	**(736)**	**3,805**
Restricted Local							
Wallacetown	Cemetery bequest	Community Services	Wallacetown Cemetery	36	1	-	36
Restricted Local Total				**36**	**1**	**-**	**36**
Restricted Total				**3,589**	**988**	**(736)**	**3,841**
General							
General District							
Council	District operations	Corporate Services	General reserve	6,756	2,301	(4,480)	4,577
	Global	Corporate Services	General reserve	1,084	25	-	1,109
	Strategic assets reserve	Roading	Offset rates	4,738	-	-	4,738
	Investments	Corporate Services	Hold any gains or losses related to managed investment funds	-	2,559	-	2,559
General District Total				**12,578**	**4,885**	**(4,480)**	**12,983**
General Total				**12,578**	**4,885**	**(4,480)**	**12,983**
Special							
Special District							
Assets and services	Community housing	Community Services	Operational reserve for community housing	0	-	-	0
	Depreciation buildings	Internal Reconciliations	Fund building replacements	228	336	(112)	452
	Depreciation Cycle Trial	Internal Reconciliations	Fund Cycle Trail replacements	-	160	(82)	78
	Depreciation IT	Internal Reconciliations	Fund IT replacements	420	5	(334)	91
	Depreciation motor vehicle	Corporate Services	Fund motor vehicle fleet replacements	1,264	395	(105)	1,554
	Depreciation Te Anau rural water	Internal Reconciliations	Fund Te Anau rural water scheme replacements	80	221	(301)	0
	Depreciation waste management	Internal Reconciliations	Fund waste management replacements	12	84	(53)	43
	Depreciation wheelie bin	Internal Reconciliations	Fund wheelie bin replacements	113	2	(15)	101

Reserves Type/Area	Business Unit	Activity	Purpose	Opening balance 1/7/2024 ($000)	Deposits ($000)	Withdrawals ($000)	Closing balance 30/6/2025 ($000)
	District reserves	Open Spaces	Operation reserve for District reserves	60	37	-	97
	District stormwater	Corporate Services	Stormwater investigations	0	-	-	0
	District wastewater	Sewerage	Development for wastewater schemes	0	-	-	0
	Forestry Council reserve	Corporate Services	Residual funds from forestry activities	9,856	897	(1,587)	9,166
	Gravel reserves	Roading	Ensure Council has sufficient funds available for reinstatement of Council's pits	570	-	(30)	540
	Property development	Corporate Services	Balancing fund for sales and operational building expenditure	311	16	(116)	211
	Proposed water	Water Supply	Operational account for proposed water	553	-	-	553
	Public toilets capital pro reserve	Community Facilities	Fund public toilets capital	0	-	-	0
	Road safety community	Roading	Funding accrued from programmes not completed by year end	(0)	-	-	(0)
	Roading	Roading	Rate smoothing reserve	1,148	1,646	(0)	2,794
	Waste management	Waste Services	General waste reserve	0	228	(120)	109
	Wastewater contribution	Sewerage	Development for building wastewater	0	-	-	0
	Water schemes	Corporate Services	Development for water schemes	(0)	-	-	(0)
	Wheelie Bin Rates	Waste Services	Wheelie Bin Rates	34	16	(50)	0
	Depreciation roading	Internal Reconciliations	Fund roading replacements	(0)	7,814	(7,814)	(0)
	Depreciation sewerage	Internal Reconciliations	Fund sewerage replacements	0	3,478	(3,478)	0
Chief exec	Around the Mountains	Roading	Around the Mountains Cycle Trail	183	3	(1)	185
	SDC/DOC joint project	Community Leadership	Residual funds from past joint projects for future projects	61	-	-	61
Development and financial	Parks contribution	Open Spaces	Contribution to capital activity - parks and reserves	144	-	(4)	140
	Roading contribution	Roading	Contribution to capital activity - roading and transport	317	-	-	317
	Wastewater contribution	Sewerage	Contribution to capital activity - wastewater	246	-	(114)	132
	Water contribution	Water Supply	Contribution to capital activity - water	92	-	(92)	0
Environment and community	Alcohol licensing	Environment Services	Residual funds from alcohol licensing	(0)	-	-	(0)

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Reserves Type/Area	Business Unit	Activity	Purpose	Opening balance 1/7/2024 ($000)	Deposits ($000)	Withdrawals ($000)	Closing balance 30/6/2025 ($000)
	Health licensing	Environment Services	Residual funds from health licensing	209	-	-	209
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
	Shared services	Community Leadership	Shared services balance	0	-	-	0
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	164	25	-	189
	Waimumu Field Days	Corporate Services	Fund Council's Field Days every two years	10	17	-	26
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	10	-	14
	Rates civil defence/ rural fire	Emergency Management	Fund emergency management	11	-	-	11
	Tuatapere (Clifden bridge)	Open Spaces	Residual funds from Tuatapere project in 2000, to be used for community projects at Council's discretion	14	0	-	14
Special District Total				**17,786**	**15,393**	**(14,410)**	**18,769**
Special Local							
Ardlussa CB	General	Community Leadership	Ardlussa Community Board	32	1	(21)	12
Athol	Community centres	Community Facilities	Athol hall	15	0	(10)	5
	General	Open Spaces	Athol general purpose	4	0	-	4
Balfour	General	Open Spaces	Balfour general purpose	25	0	(24)	1
Browns	Community centres	Community Facilities	Browns hall	1	90	(2)	89
	General	Roading	Browns general purpose	49	1	-	50
Brydone	Community centres	Community Facilities	Brydone hall	0	-	-	0
Clifden	Community centres	Community Facilities	Clifden hall	16	4	-	20

Reserves Type/Area	Business Unit	Activity	Purpose	Opening balance 1/7/2024 ($000)	Deposits ($000)	Withdrawals ($000)	Closing balance 30/6/2025 ($000)
	Rec reserve Committee	Open Spaces	Clifden reserves	44	1	(1)	45
Colac Bay	Community centres	Community Facilities	Colac Bay hall	16	0	-	17
	General	Open Spaces	Colac Bay general purpose	3	0	-	3
Dipton	Cemetery	Community Services	Dipton cemetery	11	0	-	12
	Community centres	Community Facilities	Dipton hall	3	-	(3)	-
	General	Open Spaces	Dipton general purpose	25	0	(21)	5
Drummond	General	Open Spaces	Drummond general purpose	12	0	(4)	9
	Rec reserve Committee	Open Spaces	Drummond reserves	4	2	(3)	3
Edendale	Cemetery	Community Services	Edendale cemetery	(0)	-	-	(0)
Edendale-Wyndham	Community centre	Community Facilities	Edendale Wyndham hall	68	1	(7)	62
	Footpaths	Roading	Footpaths	38	1	-	39
	General	Open Spaces	General purpose	356	7	(12)	351
Fiordland CB	General	Community Leadership	Fiordland general purpose	200	65	(71)	195
	Fiordland elderly persons	Community Leadership	Fiordland general purpose	483	10	-	493
Five Rivers	Community centre	Community Facilities	Five Rivers hall	2	0	-	2
Garston	Special projects	Open Spaces	Garston general purpose	25	1	(13)	14
Gorge Road	Gorge Road general	Open Spaces	Gorge Road general purpose	35	0	(25)	11
Hokonui	Community centre	Community Leadership	Hokonui Hall	97	-	(97)	0
Limehills	Community centre	Community Facilities	Limehills hall	15	0	(12)	3
	General	Open Spaces	Limehills general purpose	62	1	-	63
	Stormwater	Stormwater	Limehills stormwater	(0)	-	-	(0)
Lochiel	Rec Reserve Oreti	Lochiel hall grazing income to be passed onto the Hall society	Lochiel rec res lease	1	1	-	2
Lumsden	Cemetery	Community Services	Lumsden cemetery	1	0	-	1
	Community centre	Community Facilities	Lumsden community centre	16	0	(15)	1
	Footpaths	Roading	Lumsden footpaths	(0)	-	-	(0)
	General	Open Spaces	Lumsden general purpose	60	1	-	61
	Stormwater	Stormwater	Lumsden Stormwater	0	-	-	0
Manapouri	Community centre	Community Facilities	Manapouri community centre	5	-	(5)	(0)
	Frasers Beach	Open Spaces	Frasers Beach reserve	42	1	-	42
	General	Open Spaces	Manapouri general purpose	76	5	-	81

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Reserves Type/Area	Business Unit	Activity	Purpose	Opening balance 1/7/2024 ($000)	Deposits ($000)	Withdrawals ($000)	Closing balance 30/6/2025 ($000)
	Swimming pool area	Open Spaces	Manapouri pool	5	0	-	5
Mararoa/Waimea Ward	Mararoa/Waimea Ward	Open Spaces	Mararoa/Waimea Ward	0	-	-	0
Mataura Island	Community centre	Community Facilities	Mataura Island community centre	6	0	-	6
Matuku	Rural WS general	Water Supply	Matuku water	(0)	-	-	(0)
Menzies Ferry	Community centre	Community Facilities	Menzies Ferry community centre	9	0	-	9
Mokoreta/Redan	Community centre	Community Facilities	Mokoreta/Redan community centre	0	-	-	0
Mossburn	General	Open Spaces	Mossburn general purpose	94	1	(87)	8
Nightcaps	Community centre	Community Facilities	Nightcaps community centre	14	0	(1)	13
	General	Open Spaces	Nightcaps general purpose	6	0	-	6
	McGregor Park	Open Spaces	Nightcaps McGregor Park	65	1	(4)	62
Northern CB	General	Community Leadership	Northern CB general purpose	19	24	(4)	39
	Northern pool reserve	Community Leadership	Northern pool reserve	0	0	(0)	0
Ohai	Community centre	Community Facilities	Ohai community centre	3	2	-	5
	General	Open Spaces	Ohai general purpose	243	5	(25)	222
	Stormwater	Stormwater	Ohai stormwater	0	-	-	0
Oraka-Aparima CB	General	Community Leadership	Oraka-Aparima CB general purpose	11	4	(7)	8
	Riverton library endowment	Community Services	Riverton library endowment	21	7	-	29
Orawia	Community centre	Community Facilities	Orawia community centre	3	5	-	8
			Orawia hall group	23	0	-	23
Orepuki	Community centre	Community Facilities	Orepuki community centre	10	0	(1)	10
	General	Open Spaces	Orepuki general purpose	1	0	-	1
Oreti	Community centre	Community Facilities	Oreti community centre	(0)	7	-	7
Oreti CB	General	Community Leadership	Oreti CB general purpose	63	47	(1)	109
	Hedgehope recreation reserve	Open Spaces	Hedgehope reserve	2	0	-	2
	Winton library endowment reserve	Community Services	Winton library endowment	30	11	-	41
Otapiri/Lora	Community centre	Community Facilities	Otapiri/Lora community centre	78	2	(0)	79
Otautau	Baths	Community Leadership	Otautau pool	0	2	-	2
	Bowling club	Open Spaces	Bowling club	0	-	(0)	(0)

Reserves Type/Area	Business Unit	Activity	Purpose	Opening balance 1/7/2024 ($000)	Deposits ($000)	Withdrawals ($000)	Closing balance 30/6/2025 ($000)
	Brightwood Develop Co	Roading	Otautau financial contribution	18	0	-	19
	CB conference	Open Spaces	Community board conference	0	-	(0)	0
	Community centre	Community Leadership	Otautau community centre	31	1	-	31
	Forestry	Open Spaces	Holt Park forestry	179	4	-	182
	General	Open Spaces	Otautau general purpose	329	7	(31)	304
Riversdale	General	Open Spaces	Riversdale general purpose	0	-	-	0
Riverton	Cemetery maintenance	Community Services	Riverton cemeteries	78	2	-	80
	Doc profits lib sale	Community Services	Riverton projects	74	1	-	75
	General	Open Spaces	Riverton general purpose	105	32	(3)	134
	Parks and res develop	Open Spaces	Riverton parks and reserves	0	-	(0)	0
	Property sales	Open Spaces	Riverton general purpose	160	3	(5)	159
	Riverton Harbour general	Water Facility	Riverton Harbour	168	98	-	266
	Taramea Bay/Rocks development	Open Spaces	Taramea Bay foreshore	29	-	(29)	(0)
	Taramea Howells Point	Open Spaces	Taramea Howells Point	43	1	-	44
	War memorial	Open Spaces	Riverton war memorial	17	0	-	18
Riverton	Stormwater headworks	Stormwater	Riverton stormwater	(0)	-	-	(0)
Ryal Bush	Community centre	Community Facilities	Ryal Bush community centre	6	6	-	12
SIESA	Operations	SIESA	SIESA Operations	494	-	-	494
Stewart Island	General	Open Spaces	Stewart Island general purpose	146	4	(1)	149
	Jetties	Water Facility	Stewart Island jetties	24	22	-	46
	Waste management	Waste Services	Stewart Island general purpose	45	1	(2)	44
	Wharf Ulva Island	Water Facility	Replacement of Ulva Island Bay wharf	213	4	(19)	198
Te Anau	General	Open Spaces	Te Anau general purpose	1,138	18	(547)	608
	Luxmore	Various	Luxmore subdivision	1,361	1,804	(85)	3,079
	Manapouri airport	Roading	Te Anau Manapouri airports	77	131	-	208
	Te Anau carpark res	Open Spaces	Te Anau general purpose	28	1	-	28
	Rural WS general	Water Supply	Te Anau water	0	197	(197)	0
	Sandy Brown loan	Water and Sewerage	Loan to ratepayers	0	-	-	0
	Stormwater	Stormwater	Te Anau general purpose	0	-	-	0

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Reserves Type/Area	Business Unit	Activity	Purpose	Opening balance 1/7/2024 ($000)	Deposits ($000)	Withdrawals ($000)	Closing balance 30/6/2025 ($000)
Thornbury	Community centre	Community Facilities	Thornbury community centre	9	6	-	14
	General	Open Spaces	Thornbury general purpose	9	0	(9)	1
Tokanui	Community centre	Community Facilities	Tokanui community centre	7	0	(7)	1
	General	Open Spaces	Tokanui general purpose	46	1	-	47
Tuatapere	Community centre	Community Facilities	Tuatapere community centre	34	3	-	37
	General	Open Spaces	Tuatapere general purpose	170	3	(31)	142
	General - OPR	Open Spaces	Tuatapere general purpose	26	1	-	27
	Property	Open Spaces	Tuatapere general purpose	3	0	-	3
	Waiau River collection	Open Spaces	Tuatapere Waiau River	1	0	-	1
	Water Meridian Contract	Water Supply	Tuatapere general purpose	8	0	-	8
Tussock Creek	Community centre	Community Facilities	Tussock Creek hall	19	3	-	22
Waiau/Aparima Ward	Arboretum reserve	Open Spaces	Arboretum reserve	11	2	-	13
	Calcium cemetery	Community Services	Calcium cemetery	10	0	-	11
	Hirstfield reserve	Open Spaces	Hirstfield reserve general purpose	29	1	(21)	9
	Takitimu pool reserve	Community Leadership	Takitimu pool	23	10	-	33
	Tuatapere ward pool	Community Leadership	Tuatapere ward pools	36	1	(5)	32
	Waiau/Aparima Ward	Community Leadership	Waiau/Aparima Ward	226	5	-	230
	Wairio cemetery	Community Services	Wairio cemetery	39	1	-	40
	Wairio reserve	Open Spaces	Wairio reserve	2	2	-	4
	Wairio Town general	Open Spaces	Wairio general purpose	5	0	-	5
	Cosy Nook	Community Facilities	Cosy Nook general purpose	40	4	-	44
Waihopai Toetoe CB	Baths	Open Spaces	Waihopai Toetoe pool	7	3	-	10
	General	Community Leadership	Waihopai-Toetoes general purpose	86	32	(25)	93
Waihopai/Toetoes Ward	Waihopai/Toetoes Ward	Open Spaces	Waihopai/Toetoes Ward	72	1	(51)	22
Waikaia	Dickson Park	Open Spaces	Waikaia general purpose	10	0	-	10
	Drain filing	Stormwater	Waikaia drains	0	-	-	0
	General	Open Spaces	Waikaia general purpose	35	1	(20)	16
	Museum donations	Open Spaces	Waikaia Museum	5	2	-	7
Waikawa/Niagara	Community centre	Community Facilities	Waikawa/Niagara community centres	1	0	(0)	1

Reserves Type/Area	Business Unit	Activity	Purpose	Opening balance 1/7/2024 ($000)	Deposits ($000)	Withdrawals ($000)	Closing balance 30/6/2025 ($000)
Waitane Glencoe	Res Reserve Committee	Open Spaces	Waitane Glencoe reserves	2	0	-	2
Wallace Takatimu CB	General	Community Leadership	Wallace Takatimu CB general purpose	108	23	(24)	107
Wallacetown	General	Open Spaces	Wallacetown general purpose	227	7	-	235
	Stormwater	Stormwater	Wallacetown general purpose	0	-	-	0
Winton	Community centre	Community Facilities	Winton community centres	78	6	(1)	84
	General	Open Spaces	Winton general purpose	127	2	(35)	94
	Medical centre general	Community Facilities	Winton Medical Centre	164	46	(32)	177
	Property sales	Community Facilities	Winton general purpose	152	191	(10)	333
	Res capital development	Open Spaces	Winton general purpose	112	2	-	114
	Stormwater	Stormwater	Winton stormwater	(0)	-	-	(0)
Winton/Wallacetown Ward	Winton/Wallacetown Ward	Community Leadership	Winton/Wallacetown Ward	331	6	(60)	277
Woodlands	General	Open Spaces	Woodlands general purpose	51	1	(1)	52
	Septic tank rates	Sewerage	Woodlands septic tank cleaning	(3)	3	-	(0)
Tuatapere Te Waewae CB	General	Community Leadership	Tuatapere Te Waewae general purpose	94	40	(0)	133
Special Local Total				**9,726**	**3,060**	**(1,729)**	**11,058**
Special Total				**27,511**	**18,453**	**(16,138)**	**29,826**

Reserves summary	Opening balance 1/7/2024 ($000)	Deposits in ($000)	Withdrawals out ($000)	Closing balance 30/6/2025 ($000)
Total restricted reserves	3,589	988	(736)	3,841
Total Council created - general reserves	12,578	4,885	(4,480)	12.983
Total Council created - special reserves	27,511	18,453	(16,138)	29,826
Total reserve funds	**43,679**	**24,325**	**(21,354)**	**46,650**



OTHER INFORMATION

This section provides supplementary information about Council's structure and the projects and grants for the year. It is included to offer additional context and transparency around Council's activities for the year. Please note that this content falls outside the scope of the audited financial statements and has not been subject to audit.

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

Project schedule

The following table outlines the status of projects and compares actual project costs for the year with both the original 2024/2025 budget from the Long Term Plan and the revised budget approved by Council during the year. The revised budget reflects changes in delivery timing, project costs, and scope.

Project status:

1. Complete	2. In progress	3. DYC-$ spent	4. DYC-No $ spent	5. Not started	6. Cancelled
The project is complete	Work is well underway	Work has commenced and costs have been incurred, but the delivery year has changed (DYC)	Planning has begun, but no costs have been incurred, and the delivery year has changed (DYC)	The project has not yet commenced	The project will no longer proceed

Group>activity > sub activity	Project no.	Project Description	Project Status	2024/2025 Budget (LTP)	2024/2025 Revised Budget	2024/2025 Actuals
Community Resources				**8,117,357**	**12,331,093**	**6,796,632**
Community Facilities				**2,356,483**	**6,627,816**	**4,484,018**
Halls				**640,737**	**660,304**	**342,441**
Ardlussa	P-10552-A	Balfour Hall - Replace roof and spouting	2.In progress	-	120,000	-
Fiordland	FHALL042A	Manapouri Hall - Exterior Repaint	3.DYC-$ spent	100,000	100,000	27,979
Northern	P-10550A	Athol Hall - Installation of water tanks, pumps and filters	1.Complete	50,000	50,000	34,902
Northern	P-10561	Five Rivers Hall - Internal Refurbishment	1.Complete	-	32,120	26,376
Northern	P-11128A	Lumsden Hall - Upgrade distribution board and install heat pumps	1.Complete	50,000	50,000	26,149
Oraka-Aparima	P-10557A	Colac Bay Hall - Lighting and heat pumps	1.Complete	50,000	50,000	37,039
Oreti	FHALL031A	Winton RSA Hall - Interior refurbishment	4.DYC-No $ spent	40,000	40,000	-
Oreti	P-10559A	Dipton Hall - Replace roof	1.Complete	122,400	92,667	92,560
Oreti	P-10565A	Limehills Hall - Heating upgrade in main room	1.Complete	18,000	13,000	10,016
Oreti	P-10577A	Ryal Bush Hall - Replace roof	1.Complete	76,667	76,667	50,797
Tuatapere-Te Waewae	FHALL058A	Orepuki Hall - Handrails, parking and landscaping	4.DYC-No $ spent	20,000	-	-
Tuatapere-Te Waewae	P-11444A	Tuatapere Hall - Remove chimneys	4.DYC-No $ spent	9,000	-	-
Waihopai-Toetoe	FHALL075A	Edendale - Wyndham Hall - replace door	1.Complete	10,850	10,850	12,240
Waihopai-Toetoe	P-11067	Tokanui Hall - new heating system	1.Complete	-	25,000	24,382
Wallace-Takitimu	FHALL054A	Nightcaps Hall - Repairs to exterior wall and minor repairs	1.Complete	93,820	-	-
Offices & Buildings				**20,000**	**3,671,348**	**3,331,948**
District	FBUILD024A	Tuatapere Library - Exterior repaint	4.DYC-No $ spent	20,000	20,000	-
District	P-10710A	Invercargill Building - Replacement	2.In progress	-	3,651,348	3,331,948
Other Property				**215,000**	**323,000**	**181,729**
District	FBUILD027A	Waikiwi Yard - Clean up, hardfill and fence off section at rear. Spray twice a year	1.Complete	35,000	35,000	46,353

Group>activity > sub activity	Project no.	Project Description	Project Status	2024/2025 Budget (LTP)	2024/2025 Revised Budget	2024/2025 Actuals
District	FBUILD028A	Waikiwi Yard - Remove hedges and build new fences in conjunction with neighbours	3.DYC-$ spent	40,000	40,000	1,488
District	FBUILD029A	Waikiwi Yard - Options analysis for future facility provisions for depot/yard	4.DYC-No $ spent	10,000	10,000	-
Northern	FBUILD001A	Garston Playcentre Building - Exterior repaint and carpentry work	4.DYC-No $ spent	30,000	-	-
Northern	FBUILD003A	Lumsden Information Centre - Exterior paint and repairs	4.DYC-No $ spent	30,000	-	-
Oreti	P-10739A	Winton Maternity Centre - Structural report for the roof	1.Complete	20,000	20,000	19,858
Waihopai-Toetoe	P-10840A	Wyndham Museum Disposal	1.Complete	-	156,000	55,089
Waihopai-Toetoe	P-11088	Wyndham Camping Ground	1.Complete	-	12,000	12,000
Waihopai-Toetoe	P-11222A	Wyndham Camping Ground - Upgrade construction	2.In progress	50,000	50,000	46,942
Toilets				**1,480,746**	**1,973,164**	**627,899**
District	FTOIL001A	District Wide Toilets - Refurbishment four toilets	3.DYC-$ spent	285,000	285,000	138,522
District	P-10633A	Mossburn Toilet - Renewal	3.DYC-$ spent	-	390,528	60,008
District	P-10637A	District Wide Toilets - Renewal preparation	4.DYC-No $ spent	20,000	20,000	-
District	P-10642A	District Wide Toilets - Renewal preparation	4.DYC-No $ spent	206,356	100,000	-
District	P-10646A	Riverton Howells Point Toilet - Renewal	4.DYC-No $ spent	-	-	-
District	P-10650A	Te Anau Lions Park Toilet - Refurbishment	3.DYC-$ spent	328,390	454,868	23,261
District	P-10657A	Tuatapere Half Mile Road Play Ground Toilet - New	2.In progress	154,000	177,511	1,175
District	P-10661B	Athol Toilet - Renewal	1.Complete	87,000	254,608	251,132
District	P-10842A	Monkey Island - Shelter area development (stage two)	2.In progress	400,000	100,000	13,190
District	PC0013	Riverton Taramea Bay (Princess St) toilet refurbishment	1.Complete	-	190,649	140,611
Community Services				**455,586**	**583,948**	**90,432**
Cemeteries				**239,636**	**286,173**	**28,136**
District	P-10960	Cemetery Software Project	2.In progress	-	46,537	11,253
District	P-10974A	District Wide - Cemetery beams	1.Complete	13,800	13,800	16,882
District	P-10989A	Riverton - Land purchase to increase cemetery size	4.DYC-No $ spent	225,836	225,836	-
Community Housing				**152,350**	**174,175**	**62,296**
District	FHOUS001A	Community Housing - Interior repaint five units	3.DYC-$ spent	36,000	36,000	15,989
District	P-10530A	Nightcaps Community Housing - Replace roofs on all five units	4.DYC-No $ spent	46,350	-	-
District	P-10547A	Community Housing - Exterior repairs	1.Complete	70,000	70,000	3,085
District	P-10959	Invercargill - Community Housing Business Case	6.Cancelled	-	-	-
District	P-11469A	Otautau Community Housing - 1 Rochdale Road	1.Complete	-	23,175	25,334
District	P-11470A	Edendale Community Housing - 56 Seawood Road Repairs	2.In progress	-	45,000	17,888
Library Services				**63,600**	**123,600**	**-**
District	P-11434A	District Wide - Library refurbishment	4.DYC-No $ spent	63,600	123,600	-
Open Spaces				**3,790,788**	**3,317,650**	**1,715,488**
Parks & Reserves				**3,790,788**	**3,317,650**	**1,715,488**
Ardlussa	FPARK046A	Balfour Kruger Street Subdivision Investigation	3.DYC-$ spent	-	50,000	2,155

Group>activity > sub activity	Project no.	Project Description	Project Status	2024/2025 Budget (LTP)	2024/2025 Revised Budget	2024/2025 Actuals
Ardlussa	FPLAY024A	Riversdale Playground - Maintenance	1.Complete	2,400	2,400	247
Ardlussa	FPLAY029A	Waikaia Playground - Maintenance	1.Complete	2,500	2,500	920
Ardlussa	P-10752A	Balfour Playground - Equipment renewal	1.Complete	120,000	60,000	60,000
Ardlussa	P-11083	Balfour Festival Lights	1.Complete	-	2,307	6,725
Ardlussa	P-11084	Playground - Waikaia sculpture walk	1.Complete	-	1,500	1,500
Ardlussa	P-11473	Riversdale Community Centre Lighting Project	1.Complete	-	25,000	9,254
District	FPARK027A	Te Anau Ivon Wilson Park - Master plan development	6.Cancelled	40,000	-	-
District	FPARK032A	Edendale Scenic Reserve - Bridge maintenance	1.Complete	15,000	15,000	12,996
District	FPARK038A	Curio Bay Reserve - Renew reserve management plan	6.Cancelled	100,000	-	-
District	FPARK044A	Kowhai Reach Reserve - Master plan development	6.Cancelled	40,000	-	7,950
District	P-10868	Curio Bay - Reserve Management Plan	2.In progress	-	30,038	21,242
District	P-11093	Structural planting of areas at Curio Bay, Slope Point and Cosy Nook	1.Complete	-	105,234	66,920
District	P-11483-A	Reserve Management Plans	2.In progress	-	18,563	18,563
Fiordland	FPARK011A	Manapouri Frasers Beach - Reserve management plan renewal	6.Cancelled	50,000	-	-
Fiordland	FSIGN002	Te Anau - Alcohol/Lake Signage	1.Complete	-	20,000	12,966
Fiordland	P-10811A	Te Anau - Henry Street Playground Redevelopment	1.Complete	75,000	75,000	62,481
Fiordland	P-10814A	Te Anau - Lions Park Playground Redevelopment	2.In progress	400,000	400,000	235,171
Fiordland	P-10933A	Te Anau masterplan implementation	3.DYC-$ spent	300,000	100,000	44,537
Fiordland	P-11090A	Fiordland - Active recreation improvements	2.In progress	260,000	270,124	270,124
Fiordland	P-11476	Manapouri Turbine Sign	4.DYC-No $ spent	-	15,000	-
Northern	FPLAY003A	Athol Playground - Swing replacement	6.Cancelled	2,100	2,100	-
Northern	FPLAY007A	Garston - Swing replacement	1.Complete	2,200	2,200	2,200
Northern	FSIGN001A	Garston - Welcome to Garston signs	1.Complete	8,665	8,665	8,690
Northern	P-10773A	Mossburn War Memorial Park Playground - Equipment renewal	1.Complete	30,000	60,000	60,000
Northern	P-10952A	Garston - Village projects	4.DYC-No $ spent	56,869	-	-
Northern	P-11080	Athol Tennis Court Resurface	1.Complete	-	2,690	752
Northern	P-11081	Mossburn Tennis Court Resurface	1.Complete	-	5,978	5,978
Oraka-Aparima	P-10692A	Riverton Harbour - Refurbishment of viewing platform	4.DYC-No $ spent	10,000	10,000	-
Oraka-Aparima	P-10754A	Colac Bay Foreshore Playground - Equipment renewal (Nature Play)	1.Complete	20,000	20,000	19,500
Oraka-Aparima	P-10755	Colac Bay Manuka Street Playground Equipment Renewal	4.DYC-No $ spent	-	5,150	-
Oraka-Aparima	P-10799	Riverton Taramea Bay Playground - Redevelopment	3.DYC-$ spent	189,000	566,429	290,031
Oraka-Aparima	P-10816A	Thornbury Playground - Equipment renewal	1.Complete	8,454	8,454	5,293
Oraka-Aparima	P-11076	Colac Bay Surfer Statue Refurbishment	4.DYC-No $ spent	-	-	-
Oraka-Aparima	P-11079	Paua Shell relocation and refurbishment	2.In progress	-	39,315	38,221
Oraka-Aparima	P-11089	Colac Bay Beach Access Steps	1.Complete	-	49,050	44,150
Oraka-Aparima	P-11213A	Riverton - Estuary planting	4.DYC-No $ spent	20,000	20,000	-
Oraka-Aparima	P-11214A	Riverton - Riparian planting	4.DYC-No $ spent	5,000	5,000	-

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Group>activity > sub activity	Project no.	Project Description	Project Status	2024/2025 Budget (LTP)	2024/2025 Revised Budget	2024/2025 Actuals
Oreti	FPARK001A	Dipton repair or replace access foot bridge	4.DYC-No $ spent	10,000	10,000	-
Oreti	FPARK005A	Winton Moores Reserve - Re-grassing	1.Complete	35,000	35,000	35,038
Oreti	P-10829A	Wallacetown Recreational Project	2.In progress	227,000	100,711	27,068
Oreti	P-10893	Winton Anzac Oval - concept and design for the development of wider Anzac Oval area	1.Complete	-	10,000	10,783
Oreti	P-11205A	Winton - Great North Road development	4.DYC-No $ spent	200,000	20,000	-
Oreti	P-11482-A	Winton Install CCTV	4.DYC-No $ spent	-	65,000	-
Stewart Island/Rakiura	P-10316	New walking track horseshoe bay road	3.DYC-$ spent	-	94,230	36,030
Tuatapere-Te Waewae	FPARK025A	Tuatapere - Concept design for Memorial Park	1.Complete	11,100	11,100	1,950
Tuatapere-Te Waewae	P-11091A	Tuatapere - Historic Railway Station	2.In progress	310,000	192,592	113,038
Tuatapere-Te Waewae	P-11474	Tuatapere Domain Gate	3.DYC-$ spent	-	8,500	2,681
Waihopai-Toetoe	P-10761A	Edendale Recreational Reserve Playground - Equipment renewal	1.Complete	30,000	30,000	27,146
Waihopai-Toetoe	P-10864A	Edendale and Wyndham - Creation of multi-use track	1.Complete	600,000	84,195	12,113
Waihopai-Toetoe	P-11117A	Woodlands - Interpretation panels	4.DYC-No $ spent	10,000	10,000	-
Waihopai-Toetoe	P-11206A	Wyndham and Tokanui Playground - Redevelopment concept design	2.In progress	20,000	5,000	3,900
Wallace-Takitimu	FPARK016A	Otautau - Concept plan for new playground	2.In progress	10,200	10,200	1,950
Wallace-Takitimu	FPARK022A	Drummond Recreation Reserve - Removal of trees on the northern boundary of the rugby fields	1.Complete	50,000	50,000	16,118
Wallace-Takitimu	FPLAY015A	Nightcaps - Playground maintenance	6.Cancelled	5,300	5,300	-
Wallace-Takitimu	P-10779	Ohai Playground - replace large module and small	1.Complete	-	56,178	36,698
Wallace-Takitimu	P-11085A	Otautau - Camping Ground Redevelopment	2.In progress	245,000	396,425	72,290
Wallace-Takitimu	P-11086	Nightcaps to Ohai railway track multiuse trail concept and design	1.Complete	-	2,761	-
Wallace-Takitimu	P-11087	McGregor Park Masterplan	1.Complete	-	2,761	-
Wallace-Takitimu	P-11199A	Otautau - Camping ground development	6.Cancelled	150,000	-	-
Wallace-Takitimu	P-11201A	Nightcaps - McGregor Park development	3.DYC-$ spent	100,000	100,000	3,983
Wallace-Takitimu	P-11202A	Otautau - War Memorial replacement	2.In progress	20,000	20,000	6,137
SIESA				**406,500**	**406,500**	**244,038**
SIESA				**406,500**	**406,500**	**244,038**
Stewart Island/Rakiura	P-11207A	Stewart Island/Rakiura SIESA - Capital renewal programme	2.In progress	406,500	406,500	244,038
Waste Services				**1,108,000**	**1,395,179**	**262,657**
Waste Services				**1,108,000**	**1,395,179**	**262,657**
District	FWAST001A	Bluecliffs remediation	1.Complete	-	88,825	88,825
District	P-11003A	Te Anau Transfer Station - Pad strengthening and shed refurbishment	1.Complete	50,000	50,000	47,289
District	P-11073A	Woodlands 24/7 recycling transfer	6.Cancelled	-	-	-

Group>activity > sub activity	Project no.	Project Description	Project Status	2024/2025 Budget (LTP)	2024/2025 Revised Budget	2024/2025 Actuals
District	P-11106A	Wyndale Transfer Station - Green waste tidy up	1.Complete	30,000	30,000	22,282
District	P-11110A	Stewart Island/Rakiura Resource Recovery Centre - Regravel	1.Complete	10,000	10,000	5,700
District	P-11158A	Otautau - Closed landfill protect in place	3.DYC-$ spent	998,000	1,164,052	83,852
District	P-11178A	Stewart Island/Rakiura Resource Recovery Centre - New 20ft burn bin	1.Complete	5,000	5,000	3,655
District	P-11179A	Lumsden Transfer Station - Shed maintenance	1.Complete	15,000	15,000	2,835
District	P-11478	Ohai Recycling Container Relocation	1.Complete	-	7,000	8,219
District	P-11481A	Te Anau Recycling Container relocation and CCTV	1.Complete	-	25,302	-
Corporate Services				**983,000**	**1,436,994**	**532,838**
Corporate Services				**983,000**	**1,436,994**	**532,838**
Corporate Services				**983,000**	**1,436,994**	**532,838**
District	FINFO001A	District Wide - Archives business case	2.In progress	100,000	100,000	-
District	FINFO003A	District Wide - Ongoing digitisation projects	2.In progress	43,000	43,000	-
District	FINFO004A	District Wide - Equipment renewal	1.Complete	140,000	190,959	191,179
District	FINFO005A	Nutanix Hardware Infrastructure replacement	1.Complete	-	282,975	282,722
District	FINFO007A	District Wide - Core system replacement	3.DYC-$ spent	700,000	810,122	52,308
District	FINFO008	Starlink for Stewart Island offices and pavillion	2.In progress	-	9,938	6,629
Sewerage				**19,582,142**	**17,414,044**	**14,857,555**
Sewerage				**19,582,142**	**17,414,044**	**14,857,555**
Sewerage				**19,582,142**	**17,414,044**	**14,857,555**
District	P-10126A	Consent Renewal Preparation	1.Complete	-	196,434	27,363
District	P-10446B	District Wide Waste Water Treatment Plant - SCADA replacement	1.Complete	200,000	200,000	229,148
District	P-10448A	District Wide - End of life wastewater pumps and electrics	1.Complete	176,000	176,000	177,079
District	P-10452A	District Wide Waste Water - Completion of oxidation pond desludging	3.DYC-$ spent	900,000	900,000	574,898
District	P-10453B	Balfour Waste Water Treatment Plant - Consent renewal treatment upgrade	1.Complete	547,142	613,909	596,067
District	P-10454A	Edendale/Wyndham Waste Water Treatment Plant - Consent renewal preparation	3.DYC-$ spent	-	265,054	20,097
District	P-10454B	Edendale/Wyndham Waste Water Treatment Plant - Consent renewal treatment upgrade	2.In progress	1,500,000	-	-
District	P-10459A	Manapouri - Wastewater treatment upgrade	3.DYC-$ spent	1,600,000	1,338,225	479,778
District	P-10462A	Nightcaps Waste Water Treatment Plan - Treatment upgrade and land disposal investigation	3.DYC-$ spent	-	196,247	6,423
District	P-10468A	Riversdale WWTP Treatment upgrade Stage 2	1.Complete	-	122,000	122,076
District	P-10474A	Stewart Island/Rakiura Waste Water Treatment Plant - Consent renewal preparation	3.DYC-$ spent	159,000	159,000	117,390
District	P-10486A	Winton Waste Water Treatment Plant - Upgrade	2.In progress	13,500,000	11,600,000	11,718,559

Group>activity > sub activity	Project no.	Project Description	Project Status	2024/2025 Budget (LTP)	2024/2025 Revised Budget	2024/2025 Actuals
District	P-10487A	Winton Waste Water Network - Stormwater infiltration project	1.Complete	-	405,813	137,372
District	P-11219A	District Wide Wastewater Network - Renewals	3.DYC-$ spent	1,000,000	1,000,000	409,943
District	P-11380A	Stewart Island/Rakiura Waste Water - Sewer main renewal	1.Complete	-	241,362	241,362
Stormwater				**3,240,650**	**2,599,408**	**1,020,322**
Stormwater				**3,240,650**	**2,599,408**	**1,020,322**
Stormwater				**3,240,650**	**2,599,408**	**1,020,322**
District	P-10278B	Lumsden - Reticulation upgrade	3.DYC-$ spent	463,000	463,000	67,878
District	P-10431B	Edendale/Wyndham Stormwater - Main/manhole renewal and subsoils	2.In progress	1,143,000	1,143,000	124,686
District	P-10432A	Limehills - Mechanical cleaning of open drains	6.Cancelled	26,641	26,641	986
District	P-10435A	Nightcaps - Stormwater investigations and renewals	1.Complete	108,009	108,009	42,735
District	P-10445A	Winton - Investigation and replacement of storm main	1.Complete	500,000	500,000	555,897
District	P-11060A	Te Anau Stormwater - Sandy Brown Road stormwater upgrade	3.DYC-$ spent	1,000,000	108,758	46,966
District	P-11235A	Riverton Stormwater - Investigate and design treatment solutions for the Riverton littoral outfalls	1.Complete	-	250,000	181,174
Transport				**34,309,072**	**25,258,861**	**17,979,604**
Roading				**32,439,871**	**24,129,351**	**17,664,149**
Airport				**1,297,150**	**920,000**	**81,155**
Fiordland	P-10664A	Te Anau Airport Manapouri - Runway surface rehabilitation	2.In progress	1,277,150	900,000	81,155
Fiordland	P-10996A	Te Anau Airport Manapouri - Exterior cladding maintenance of building	6.Cancelled	20,000	20,000	-
Cycle Trails				**390,693**	**406,068**	**362,386**
District	FCYCLE001A	Around The Mountains Cycle Trail - Continuous improvement programme	4.DYC-No $ spent	20,000	20,000	-
District	P-10687A	ATMCT Surface Metal Replacement	1.Complete	370,693	345,855	345,855
District	P-10746	AMCT Improvements	3.DYC-$ spent	-	40,213	16,532
Footpaths				**1,415,668**	**515,091**	**255,950**
Ardlussa	FFOOT100A	Waikaia - Otta Seal Upper Newburn Road	4.DYC-No $ spent	65,000	-	-
Ardlussa	FFOOT101A	Waikaia - Additional streetlights	3.DYC-$ spent	26,000	26,000	6,004
Ardlussa	FFOOT104A	Waikaia - School safety project	1.Complete	20,000	20,000	13,941
Fiordland	FFOOT115A	Manapouri - Sealing of footpath opposite the church and shop on Waiau Street	1.Complete	65,000	65,000	55,200
Fiordland	FFOOT116A	Te Anau - Construction of pedestrian facilities on Sandy Brown Road	3.DYC-$ spent	99,181	99,181	3,750
Oraka-Aparima	FFOOT004A	Riverton - New footpaths	1.Complete	112,500	56,000	54,159
Oreti	FFOOT001P	Winton - Footpath renewal programme 2024/2025 - 2026/2027	4.DYC-No $ spent	245,100	-	-
Stewart Island/Rakiura	FROAD010A	Strwart Island/Rakiura road bylaw signs	1.Complete	-	33,337	30,671
Stewart Island/Rakiura	P-11075	Golden Bay Walkway	3.DYC-$ spent	-	93,573	19,859

Group>activity > sub activity	Project no.	Project Description	Project Status	2024/2025 Budget (LTP)	2024/2025 Revised Budget	2024/2025 Actuals
Tuatapere-Te Waewae	FFOOT001g	Orepuki - Footpath renewal programme 2024/2025 to 2026/2027	4.DYC-No $ spent	54,503	-	-
Tuatapere-Te Waewae	FFOOT001M	Tuatapere - Footpath renewal programme 2024/2025 to 2026/2027	4.DYC-No $ spent	113,821	-	-
Tuatapere-Te Waewae	FFOOT102A	Tuatapere - New streetlight on Birch Street	1.Complete	2,000	2,000	1,405
Waihopai-Toetoe	FFOOT001R	Edendale - Wyndham - Footpath renewal programme 2024/2025 to 2026/2027	4.DYC-No $ spent	242,563	-	-
Waihopai-Toetoe	FFOOT103A	Edendale - New streetlights	1.Complete	20,000	20,000	19,821
Waihopai-Toetoe	FFOOT105A	Edendale - Speed feedback sign at Ferry Road	2.In progress	20,000	20,000	10,228
Waihopai-Toetoe	FFOOT106A	Wyndham - Speed feedback sign at Ferry Street	2.In progress	20,000	20,000	10,228
Waihopai-Toetoe	FFOOT107A	Gorge Road - Speed feedback sign at Gorge Road Invercargill Highway	6.Cancelled	20,000	-	-
Waihopai-Toetoe	FFOOT108A	Wyndham - Speed feedback sign at Wyndham Road	2.In progress	20,000	20,000	10,228
Waihopai-Toetoe	FFOOT109A	Edendale - Speed feedback sign at Seaward Road	2.In progress	20,000	20,000	10,228
Waihopai-Toetoe	FFOOT110A	Gorge Road - Speed feedback sign at Tokanui Gorge Road Highway	6.Cancelled	20,000	-	-
Waihopai-Toetoe	FFOOT112A	Wyndham - Speed feedback sign at Wyndham Letterbox Road	2.In progress	20,000	20,000	10,228
Wallace-Takitimu	FFOOT001H	Otautau - Footpath renewal programme 2024/2025 to 2026/2027	4.DYC-No $ spent	210,000	-	-
Roading				**29,336,360**	**22,288,192**	**16,964,658**
District	FROAD001A	District Wide - Bridge programme 2024-2034	1.Complete	5,500,000	910,000	768,348
District	FROAD002A	District Wide - Unsealed road renewal programme 2024-2034	1.Complete	2,816,345	2,716,875	2,460,786
District	FROAD003A	District Wide - Resurfacing programme 2024-2034	1.Complete	8,750,000	7,988,184	8,098,074
District	FROAD004A	District Wide - Drainage renewal programme 2024-2034	1.Complete	2,145,343	1,864,006	1,275,567
District	FROAD004B	District Wide - Drainage renewal programme 2024-2034	1.Complete	100,000	100,000	65,546
District	FROAD005A	District Wide - Pavement rehabilitation programme 2024-2034	1.Complete	6,800,000	5,892,017	3,180,665
District	FROAD006A	District Wide - Structure component renewal programme 2024-2034	2.In progress	1,880,000	631,764	98,583
District	FROAD007A	District Wide - Traffic services programme 2024-2034	1.Complete	1,172,172	1,091,028	1,000,399
District	FROAD007B	District Wide - Traffic services programme 2024-2034	1.Complete	172,500	172,500	16,690
District	FROAD009A	District Wide Roading - Resilience programme 2024-2034	4.DYC-No $ spent	-	921,818	-
Water Facility				**1,869,201**	**1,129,510**	**315,454**
Boat Ramps				**300,000**	**300,000**	**295,558**
Fiordland	P-10880A	Te Anau - Te Anau Downs Boat Ramp Replacement	1.Complete	300,000	300,000	295,558
Harbour				**300,000**	**200,000**	**-**
Oraka-Aparima	P-11225A	Riverton T Wharf Replacement - Design and consents	4.DYC-No $ spent	300,000	200,000	-
Stewart Island Jetties				**1,269,201**	**629,510**	**19,897**
Stewart Island/Rakiura	P-10203A	Stewart Island/Rakiura Ulva Island Wharf - Replacement	3.DYC-$ spent	891,685	601,994	19,177
Stewart Island/Rakiura	P-10670A	Stewart Island/Rakiura Golden Bay Wharf - Renewal preparation	5.Not started	250,000	-	-

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Group>activity > sub activity	Project no.	Project Description	Project Status	2024/2025 Budget (LTP)	2024/2025 Revised Budget	2024/2025 Actuals
Stewart Island/Rakiura	P-10674A	Stewart Island/Rakiura Millars Beach - Wharf Refurbishment	3.DYC-$ spent	127,516	27,516	720
Water Supply				**4,132,823**	**5,577,204**	**3,977,204**
Water Supply				**4,132,823**	**5,577,204**	**3,977,204**
Drinking Water				**3,498,328**	**4,728,484**	**3,626,245**
District	P-10007A	Eastern Bush Water Supply - Upgrade	2.In progress	-	138,559	175,148
District	P-10263A	Manapouri Water Treatment Plant - Upgrade	1.Complete	900,000	1,826,797	1,796,509
District	P-10270A	Riverton Water Supply - District metering area	1.Complete	169,000	169,000	56,756
District	P-10476A	District Water Supply - Mobility field inspection integration IT	1.Complete	-	65,631	75,001
District	P-10494A	District Water Supply - End of life water tanks storage maintenance	1.Complete	163,587	163,587	177,959
District	P-10495A	District Water Supply - End of life water pumps and electrical	1.Complete	50,000	50,000	20,632
District	P-10503A	Mossburn Water Supply - Consent renewal preparation	3.DYC-$ spent	-	39,169	12,692
District	P-10507A	Ohai/Nightcaps Water Treatment Plant - Tank replacement	2.In progress	200,000	200,000	140,079
District	P-10517A	District Water Supply - Replacement of AC pipe at end of life	2.In progress	1,600,000	1,600,000	795,097
District	P-10520A	District Water Supply - Acuflo manifolds and check valves	1.Complete	115,741	115,741	115,741
District	P-11266	Tuatapere Water Supply - Ultraviolet system replacement	2.In progress	-	160,000	117,521
District	P-11406A	Riverton Water Treatment Plant - Upgrade	3.DYC-$ spent	150,000	100,000	143,111
District	P-11406B	Riverton Water Treatment Plant - Upgrade	4.DYC-No $ spent	150,000	100,000	-
Rural Water				**634,495**	**848,720**	**350,959**
District	P-10501A	Te Anau Rural Water Supply Mt York Water - Consent renewal preparation	4.DYC-No $ spent	51,750	51,750	-
District	P-10514A	Takitimu Rural Water Supply - Switchboards and pump	3.DYC-$ spent	-	214,225	10,928
District	P-10515A	Takitimu Rural Water Supply - Consent renewal preparation	3.DYC-$ spent	51,750	51,750	1,664
District	P-11223A	Te Anau Rural Water Supply - Scheme audit	2.In progress	500,000	500,000	307,372
District	P-11224A	Te Anau Rural Water Supply - Homestead intake modification	1.Complete	30,995	30,995	30,995
Total				**70,365,044**	**64,617,604**	**45,164,156**

Grant and visitor levy funding provided

Community assistance funding - A total of $1.9 million was budged to provide community assistance grant funding. $1.6 million was allocated over the year across the three categories of grants, scholarships and allocations as shown in the table below.

	2024/2025 Actuals ($)	2024/2025 Budget ($)
Grants		
Hollyford Conservation Trust	10,000	10,000
Iwi Funding	181,936	253,739
Safe Swim	23,000	23,000
Southland Indoor Leisure Centre (Stadium maintenance)	75,000	75,000
Southland Regional Heritage Committee	715,845	715,794
Enviroschools funding	10,000	10,000
Whakamana Te Waituna Trust	25,000	25,000
Warm Homes Trust	35,000	35,000
Around the Mountain Cycle Trail	30,000	30,000
Miscellaneous Grant (school prizegivings)	450	-
Scholarships		
Bursaries	6,500	7,000
Debating Competition	-	800
Outward Bound	-	8,000
Allocation Grants		
Creative Communities	46,940	26,730
District Heritage	69,500	69,500
John Beange Reserve	-	5,000
Northern Southland Development Fund	9,886	9,750
Ohai Railway Fund	66,747	55,000
Sport NZ	18,300	13,889
Stewart Island Visitor Levy	75,845	276,171
District Initiative Fund	64,497	64,497
Ardlussa Community Partnership Fund	6,522	6,522
Fiordland Community Partnership Fund	45,000	45,000
Northern Community Partnership Fund	6,245	6,245
Oraka-Aparima Community Partnership Fund	12,480	12,488
Oreti Community Partnership Fund	30,648	30,648
Stewart Island Community Partnership Fund	3,303	4,514
Tuatapere Tewaewae Community Partnership Fund	13,300	13,309
Waihopai Toetoe Community Partnership Fund	20,000	22,857
Wallace Takitimu Partnership Fund	18,535	18,543
Total	**1,620,480**	**1,873,996**

Schedule of Stewart Island Visitor Levy allocations - The Stewart Island/Rakiura Visitor Levy supports services and facilities for the island's many short-term visitors, helping ease the financial burden on local ratepayers. Collected annually, the funds are distributed by a subcommittee according to the Stewart Island Rakiura Visitor Levy Policy, which allows for both one-off and multi-year grants—up to 10 years for infrastructure and up to 3 years for operational costs. In 2024/2025, the Stewart Island/Rakiura Visitor Levy generated $337,723, exceeding the budgeted $315,000. The subcommittee allocated grants to seven applicants, totalling $115,037, compared with the $296,100 budgeted for allocation. Of this amount, $54,021 was already committed to multi-year grants awarded in previous funding rounds to two applicants.

Organisation	Purpose	Actual amount allocated	Multi-year
2024/2025 allocations			
Stewart Island Rakiura Community Board	Interpretation panels	$15,000	No
Stewart Island Promotions Association	Events manager Free wifi	$20,000 $1,043	Yes – each for two years No
The Lord Family Trust	Millar's Beach restoration project	$7,582	No
Rakiura Heritage Trust	Operational costs	$17,391	No
Prior year grants committed			
Stewart Island Rakiura Community Environment Trust	Community liaison costs	$34,688	Yes – each for two year
Stewart Island Rakiura Community Board	Footpath loan repayment	$19,333	Yes
Total		**$115,037**	


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


SOUTHLAND DISTRICT COUNCIL
ANNUAL REPORT
SUMMARY 2024/2025

A MESSAGE FROM

Mayor Rob Scott and chief executive Cameron McIntosh.





It's been a year of both challenge and achievement for Southland District Council. While external pressures – particularly around infrastructure funding and continuous national reform – have tested our resilience, they've also highlighted the strength of our people and our purpose.

It might seem to the casual observer that every annual report, annual plan or long-term plan we present is dominated by the work we do around our core infrastructure, and that would be right. We are very much an infrastructure-based council. The greatest percentage of our expenditure annually goes towards maintaining or upgrading the infrastructure in our geographically vast district.

One of the most significant challenges in the past year to achieving our full scheduled work programme has been the funding for our roads and bridging from the National Land Transport fund.

Our community through consultation requested a three-year roading programme totalling $174 million. Unfortunately, the NZ Transport Agency Waka Kotahi (NZTA) approved only $124 million for the programme, leaving a significant shortfall. This has meant reducing levels of service in certain areas.

Despite all this, our transport team still delivered two new bridges, regravelled 534km of unsealed roads, resealed 112km of sealed roads, and renewed 5.7km of sealed roads. These achievements reflect our determination to keep Southland connected.

We finalised our Water Services Delivery Plan, that is both compliant and financially sustainable, under the government's Local Water Done Well reforms. We confirmed an in-house delivery model, which was backed by strong community support and reflects the high performance of our water services team.







While Council approved our Water Services Delivery Plan in time for it to be submitted to the Department of Internal Affairs, at the time of its adoption the national standards around disposal of treated wastewater were still not confirmed, and therefore the possible financial impact on our township schemes and ratepayers remains uncertain.

The impact on our work programme of this uncertainty meant that we were put in the position of having to pause scheduled upgrades of our wastewater treatment plants until the new standards are known.

Council delivered 88 projects across the district, and another 35 are progressing, in various activity areas. From the solar energy solution for Stewart Island/ Rakiura to the revitalisation of Lions Park Playground in Te Anau, and the restoration of Tuatapere Railway Station, our nine community boards have led projects that will provide lasting benefits for our communities.

We also saw progress on long-term governance reform, with the Local Government Commission agreeing to investigate the proposal to reorganise Southland's councils. This is a bold step toward more efficient, community-focused local government.

> We're proud of what we've achieved in the 2024/2025 year. Together with our people, for our future. It's our Southland.

COUNCIL VISION

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

COUNCIL MISSION

Working together for a better Southland.

OUR STRATEGIC FRAMEWORK

The table below sets out Council's approach to planning and the strategies and proposals that are set out in the Long Term Plan 2024-2034, as well as the key priorities we intend to focus on.

WELLBEING

	ENVIRONMENT	CULTURE	ECONOMIC	SOCIAL
				
COMMUNITY OUTCOMES	Communities committed to the protection of our land and water	Communities with a sense of belonging for all	Communities with the infrastructure to grow	Communities that are connected and have an affordable and attractive lifestyle

STRATEGIC PRIORITIES

- Connected and resilient communities. We collaboratively engage with our partners and communities, along with investing in agile and sustainable practices, to support a vibrant and thriving Southland
- Ease of doing business. We transform the customer experience through partnership, technology and continuous improvement
- Providing equity. We enable all residents to be able to access the same services and tools as part of a fair society
- Robust infrastructure. We deliver innovative and sustainable community focused infrastructure and facilities for the future
- Thinking strategically and innovatively. We look for solutions outside of the norm and are not afraid to do something that we have not done before, and we think long term about the solutions we are providing, while having the flexibility and agility to change direction as necessary.

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KEY HIGHLIGHTS
EXECUTIVE SUMMARY

- Water services delivery plan finalised
- Reorganisation proposal
- Solar solution for Stewart Island energy
- Council buys office block



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KEY HIGHLIGHTS/ EXECUTIVE SUMMARY

WATER SERVICES DELIVERY PLAN FINALISED

Council confirmed its business plan for future delivery of water services this year.

Under central government's Local Water Done Well reforms, councils were required to determine and implement a financially sustainable model for the delivery of water services by 30 June 2025, then submit a full Water Services Delivery Plan (WSDP) to the Department of Internal Affairs (DIA) by 3 September 2025.

Following extensive public consultation in April and May 2025 we decided to deliver our future water services through an in-house business unit, building on our strong in-house delivery foundations.

The local water done well plan strives to set out:

The plan, prepared following consultation, was adopted by Council in August 2025. The WSDP outlines our commitment to delivering safe, reliable, and financially sustainable three waters services – drinking water, wastewater, and stormwater – across the district.

It is a legislative requirement and serves as a forward-looking blueprint for how Council will meet both regulatory obligations and community expectations under the Local Government (Water Services Preliminary Arrangements) Act 2024.



The plan achieves full compliance and financial sustainability by mid-2028.

Under the delivery model:

- Council retains ownership, governance, and operational control
- water revenues and expenses are ringfenced by activity
- in-house delivery is supplemented by contracted services.

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REORGANISATION PROPOSAL

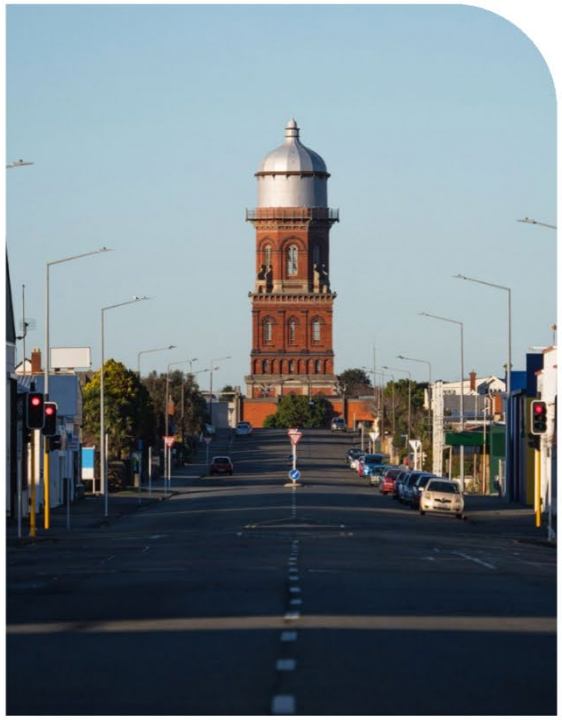
The Local Government Commission will investigate a reorganisation of councils in the Southland region.

Southland District Mayor Rob Scott made the proposal in August last year to reorganise local government in Southland into two unitary authorities – one rural based and one for Invercargill city. Southland District Council then decided to progress the suggestion by lodging a formal proposal with the Local Government Commission (LGC).

The commission consulted with Gore District Council, Invercargill City Council, Southland District Council and Southland Regional Council (Environment Southland), as the local authorities that would be affected by the reorganisation initiative, before deciding whether to undertake an investigation.

LGC also engaged with Te Ao Mārama Incorporated, on behalf of Ngāi Tahu ki Murihiku.

The commission announced in early July 2025 that it had agreed to undertake an investigation in relation to Southland District Council's reorganisation initiative, noting that it met the aims of the Local Government Act by aiming to improve democratic local decision-making, increase efficiency and effectiveness in service delivery, and strengthen regional collaboration and representation.





The commission said the initiative sets out potential benefits for the Southland region, and some concerns of the other affected councils may be able to be addressed in design of an investigation process.

"Each council and Ngāi Tahu ki Murihiku will have the opportunity to feed into development of the investigation process document, which may assist in allaying some concerns," the LGC decision said.

"On balance, there is sufficient potential to improve local government in the Southland region to justify the commission deciding to undertake a reorganisation investigation."

SOLAR SOLUTION FOR STEWART ISLAND ENERGY

Power consumers on Stewart Island/Rakiura will soon have cheaper, renewable electricity.

Associate Minister of Regional Development Mark Patterson announced a suspensory loan of $15.35 million to the Rakiura Energy Solutions project at a public meeting on the island in June. The suspensory loan, from the Regional Infrastructure Fund, will enable the construction of a 2 megawatt solar farm and a 4 megawatt battery, as well as upgrades to the electricity supply network.

The Rakiura Energy Solutions project is being run by Southland District Council and the Stewart Island/Rakiura Community Board, working closely with SIESA and PowerNet. It is needed to reduce the cost of electricity for the island's community and reduce their reliance on the current high-cost diesel generators.

The loan is needed as the small size of the community – 494 permanent electricity connections – means it is unable to pay for any large developments, and Council also has a small rating base and is unable to fund a major capital project.

Island consumers currently pay 85 cents per kilowatt hour for their electricity. This is about 240% more for than mainland New Zealanders pay.

Contracts for the solar farm are expected to be in place by the end of 2025. It is anticipated that construction and upgrades will begin at the start of 2026, with the project completed and the network integration fully commissioned by the end of 2027.

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Lower power prices will enable economic development opportunities in marine farming and tourism, currently constrained by the high cost of diesel generation.





COUNCIL BUYS OFFICE BLOCK

Southland District Council's Invercargill-based staff will be back in one building in the near future.

For nearly five years, since the original county council building in Forth Street was found to be earthquake prone, Council operations have been separated over three buildings, creating many challenges.

Improvements to the Forth Street building had been budgeted for since 2015. However, Council did not spend any money on that project (except emergency repairs following storms) until the viability of upgrading the building was established. When Henderson House came onto the market, buying and refurbishing it was seen as the more cost-effective option. The building will need a refit to make it suitable and the budgeted figure for this is $15.75 million, which has been in the LTP since 2018.

Importantly, relocating to Henderson House also means Council's office will no longer be situated in a potential flooding zone.

This move does not alter Council's intention to pursue a reorganisation of councils in Southland. A central base for staff will still be required, and the new location offers potential for future expansion if the structure of local government in the south changes.





COMMUNITY BOARD HIGHLIGHTS

ARDLUSSA COMMUNITY BOARD

- Speed warning signs were installed in the Waikaia township as well as a new school pedestrian crossing to improve safety for students and families.
- Funding support was also provided to the Waikaia Helipad project.
- Work started on the project to replace the Balfour hall roof.
- The Balfour playground was upgraded, and work began on a project to investigate subdividing a section of Council-owned land in Balfour to create a number of residential freehold sections to encourage development of the town.
- In Riversdale, additional lighting was installed around the community centre to improve visibility of the nearby playground, carpark, public toilets, recycling centre and self-contained camping area.





NORTHERN COMMUNITY BOARD

- The Mossburn playground was upgraded, and a review of levels of service for mowing, gardening and spraying were completed.
- Road naming for the St Thomas Estate in Garston was approved by the board.
- The interior of the Five Rivers hall got a refurbishment.
- In Athol new picnic tables were installed at the static railway display and the old saleyards site, and a new public toilet and water tanks were installed. The community helped to design the new wrap for the toilets.



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FIORDLAND
COMMUNITY BOARD





Considerable progress was made on the development of the Te Anau Basin Development Plan, a masterplan to guide the future growth and development of the area.

Various community engagement activities were carried out during the year to get input into the plan with workshops, surveys, hui and meetings held.

- The final draft plan, presented to the community board in December 2024, identifies several areas of focus with projects around town centre revitalisation, lakefront improvements, visitor accommodation, residential and play space improvements as well as tourism and business diversification.
- The board also carried out further engagement with the community to understand in more detail what improvements were most desired along the Te Anau lakefront. The feedback helped identify key themes that will inform the design direction and scope of works for future lakefront developments.
- A major redevelopment of Lions Park Te Anau was also completed, creating a destination playground with modern play equipment and improved landscaping.



- The boat ramp at Te Anau Downs was also replaced during the year.
- Work also started on the project to install a pontoon on Lake Manapouri with the Department of Conservation (DOC) granting concession for the new diving pontoon, which will allow recreational activities. New safe boating signage was installed in conjunction with DOC and Environment Southland, and the alcohol-free areas have had new signage installed in collaboration with Te Anau police.

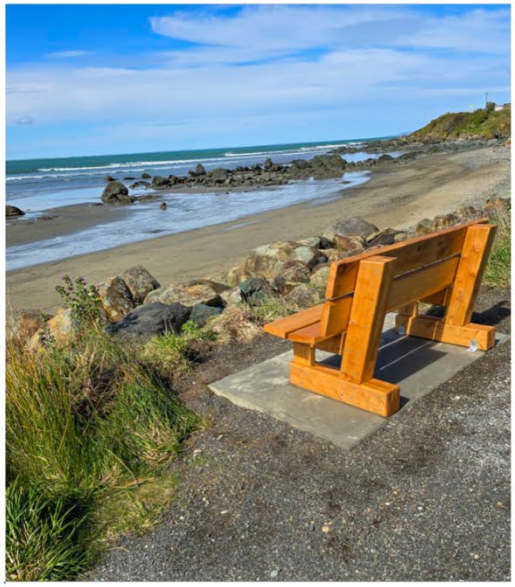
COMMUNITY BOARD HIGHLIGHTS

ŌRAKA APARIMA COMMUNITY BOARD





- Public feedback from engagement held during the year will inform the scope of works for stage two of the Taramea Bay redevelopment in Riverton. This follows the completion of stage one, which included a new public toilet and changing room block and the child/toddler play area, which was also opened in the year.
- The Colac Bay foreshore playground was renamed to honour George Tasman Dawson, a local hero recognised for his bravery in 1914 after saving 10 lives following a locomotive accident.
- The board hosted the Tunatuna portable pump track in Riverton over summer and celebrated the launch of matariki pou at Cosy Nook and Howell Point.
- During the year, a King's memorial seat was installed along the Riverton waterfront to honour local family members who tragically lost their lives when their boat capsized on the Riverton bar in 2024.



ŌRETI COMMUNITY BOARD



- Planting was carried out at Anzac Oval, in Winton.
- Kōwhai Reach Esplanade Reserve, at Kauana, had its new picnic and outdoor classroom area officially opened. Review of levels of service for mowing, gardening and spraying were completed.
- Scope and budget were approved for the Winton CCTV camera project.
- Trees were removed for the Wallacetown Community Centre to create additional space to enable the jump track to be expanded for local youth and improve sunlight to an area that is presently shady and damp.



TUATAPERE TE WAEWAE COMMUNITY BOARD

The board worked with the community to better understand the types of recreation and facilities people would like to see at Monkey Island, near Orepuki, and at the Jack and Mattie Bennett Playground in Tuatapere.



Feedback was collected through surveys, workshops and meetings, and will help shape the design and scope of future projects in these areas.

Work began on the refurbishment of the Tuatapere Railway Station following the release of Better Off grant funding from the Department of Internal Affairs.

The refurbishment, which is being led by the Tuatapere Railway and Heritage Trust Board, aims to revitalise the historic rail precinct including:

- restoration of the station buildings,
- creation of an information centre and café,
- installation of historic rail displays.

Additional projects included:

- replacing fencing at Clifden Domain,
- contributing funding to the ring fence at the Tuatapere domain,
- and refurbishing Orepuki's historic railway water tank.



STEWART ISLAND/RAKIURA COMMUNITY BOARD

The government announcement of a $15.35 million suspensory loan was good news for island power consumers and the culmination of a lot of work by the Rakiura Energy Solutions run by the board in conjunction with Southland District Council, SIESA and PowerNet.

A Healthy Homes initiative has the goal of delivering a wraparound service supporting residents in keeping their homes warm and dry, while also connecting them with government subsidies and financial support.





- A revision of Council's Roading Bylaw 2008 was adopted. It outlines new parking restrictions and a one-way system in Oban township.
- A review of levels of service for mowing, gardening and spraying was completed.
- The Mayors Taskforce for Jobs initiative held its first job hub on Stewart Island/Rakiura, with the help of from Great South's business support team.

COMMUNITY BOARD HIGHLIGHTS

WALLACE TAKITIMU COMMUNITY BOARD





- Progress has continued on the redevelopment of the Otautau camping ground with both resource and building consents granted and water and sewage connections installed.
- Several community drop-in sessions were held in Otautau, Ohai and Nightcaps during the year to provide an opportunity for local residents to speak to the board about local issues and projects.
- The Tunatuna portable pump track was installed in Otautau with an activation day held to mark its arrival.
- Trees were removed at the Drummond recreation reserve.
- In Ohai, the recycling container was moved from Birchwood Road to Hastings Street to reduce noise disturbances for nearby residents. Following discussions, Te Oruanui Marae at Ohai reopened after Council sold the old rugby club building to the new marae group for $1.
- The Otautau War Memorial restoration project continued with a structural assessment completed.
- Free hire was approved for the Ohai and Nightcaps halls to encourage greater use by residents.



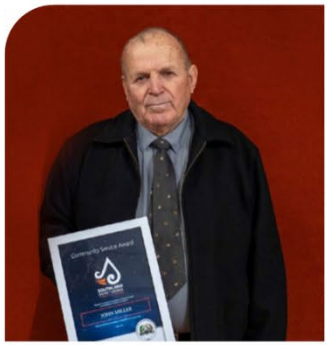
WAIHŌPAI TOETOE COMMUNITY BOARD



- The Edendale Recreation Reserve playground was refurbished, and community engagement was carried out about upgrades for the Wyndham and Tokanui playground upgrades.
- The old Wyndham museum building in Balaclava Street was demolished.
- A review of levels of service for mowing, gardening and spraying was completed
- Development of Doctors Square in Wyndham was carried out.



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HONOURING
OUR COMMUNITY HEROES



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



Those honoured (from left) were:

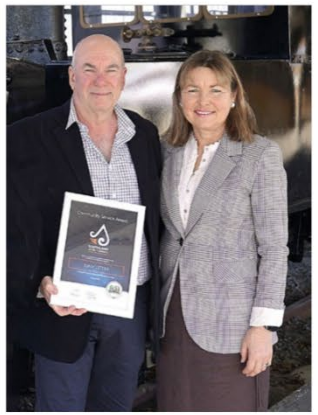
- JD (John) Miller (Riversdale)
- Jeanna Rodgers (Lumsden)
- Mairi Dickson (Waikaia)
- Michael McLees (Blackmount, posthumous award)
- Judy Matthews (Te Anau)
- John Titter (Lumsden)
- Gay Munro (Gorge Road)
- Anna Star (Te Anau)
- Andre Bekhuis (Otautau)













Māori contribution to decision-making

Southland District Council values its relationship with Māori and acknowledges the importance of tikanga Māori. Within Murihiku/Southland Ngāi Tahu are recognised as tangata whenua and represented through the four Papatipu Rūnanga o Murihiku. Ngā matawaka (other Māori who are not Ngāi Tahu) are also recognised.



Council formally received its Māori name in 2005. Te Rohe Pōtae o Murihiku was gifted to us at a naming ceremony at Takutai o te Tītī marae, Oraka Colac Bay. Links between Council and tangata whenua are strong and emphasise the importance of Council's partnership with Ngāi Tahu. Te Rohe Pōtae o Murihiku acknowledges Council's role as an all-embracing shelter (umbrella/lid) for the district.

Māori contribution to decision-making

Early in 2025 elected members and executive leadership from Council met with each of the Papatipu Rūnanga o Murihiku. Waihōpai and Awarua welcomed Council onto their marae with a formal pōwhiri. Hokonui hosted Council with a hui and presentation of their activities at their runanga office, and Council hosted Oraka Aparima at our chambers in Don Street, Invercargill.

The purpose of these hui was manyfold: introductions and whakapapa korero, acknowledgement of the mana of the people at place, recognition of the special place that papatipu hold within Murihiku and to demonstrate the sincerity of the commitment that Council has to its relationships with Papatipu Māori.

The korero that followed each of these engagements reaffirmed the richness of the relationship and the mutual offers of support going forward, promising a future of collaboration and support for the place of Murihiku and for all who live here.





PERFORMANCE AND PROJECTS OVERVIEW

Council activities are grouped into seven activity areas. Each group includes performance measures and key performance indicator (KPI) targets for 2024/2025 set in the Long Term Plan 2024–2034, along with associated capital and maintenance projects.

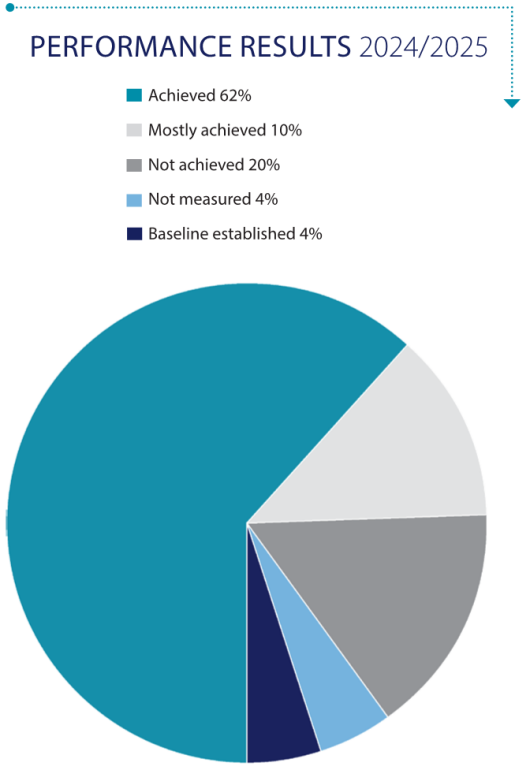
The following section provides an overview of Council's performance against the targets as well as progress on the project programme.

Key performance indicators

Of the 70 KPIs, 43 (62%) were achieved, 7 (10%) were mostly achieved (missed by 5% or less), 14 (20%) were not achieved, 3 (4%) were not measured and 3 (4%) established a baseline target for future years. Of the 14 targets not met, contributing factors included budget and resource limitations, environmental conditions beyond Council's control, and various technical and process-related challenges. More information about the KPIs are reported on in section two (our activities).

KPIs

Activity group performance results	Achieved	Mostly achieved (missed by 5% or less)	Not achieved	Not measured	Baseline established	Total
Community leadership	3	2	-	1	-	6
Community resources	5	2	1	1	3	12
Environmental services	6	1	3	-	-	10
Transport	6	-	2	1	-	9
Stormwater	8	1	-	-	-	9
Sewerage	8	-	1	-	-	9
Water supply	7	1	7	-	-	15
Total	**43**	**7**	**14**	**3**	**3**	**70**



PROJECTS

The Long Term Plan included 150 projects scheduled for delivery in 2024/2025, with a total budget of $70.4 million. Over the course of the year, Council and community boards approved several changes to the programme.

These included:

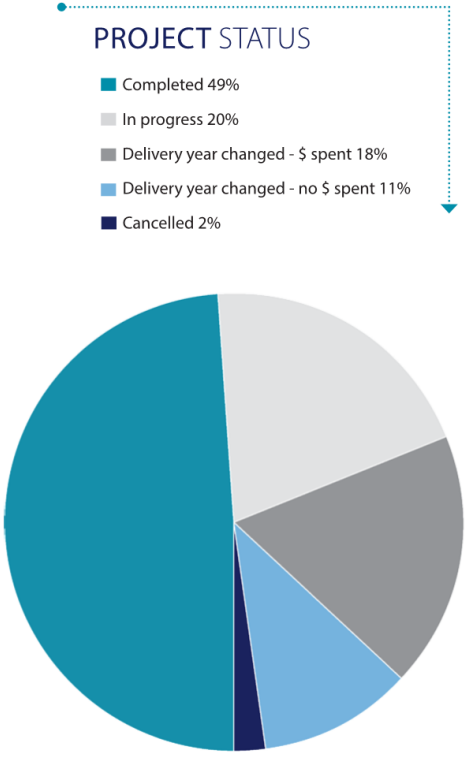
- carrying forward projects from the prior year that were underway but not yet completed ($11.4 million added)
- adjusting project budgets for changes in scope/costs or adding projects ($0.2 million added)
- revising the timing of delivery for some projects ($17.4 million removed).

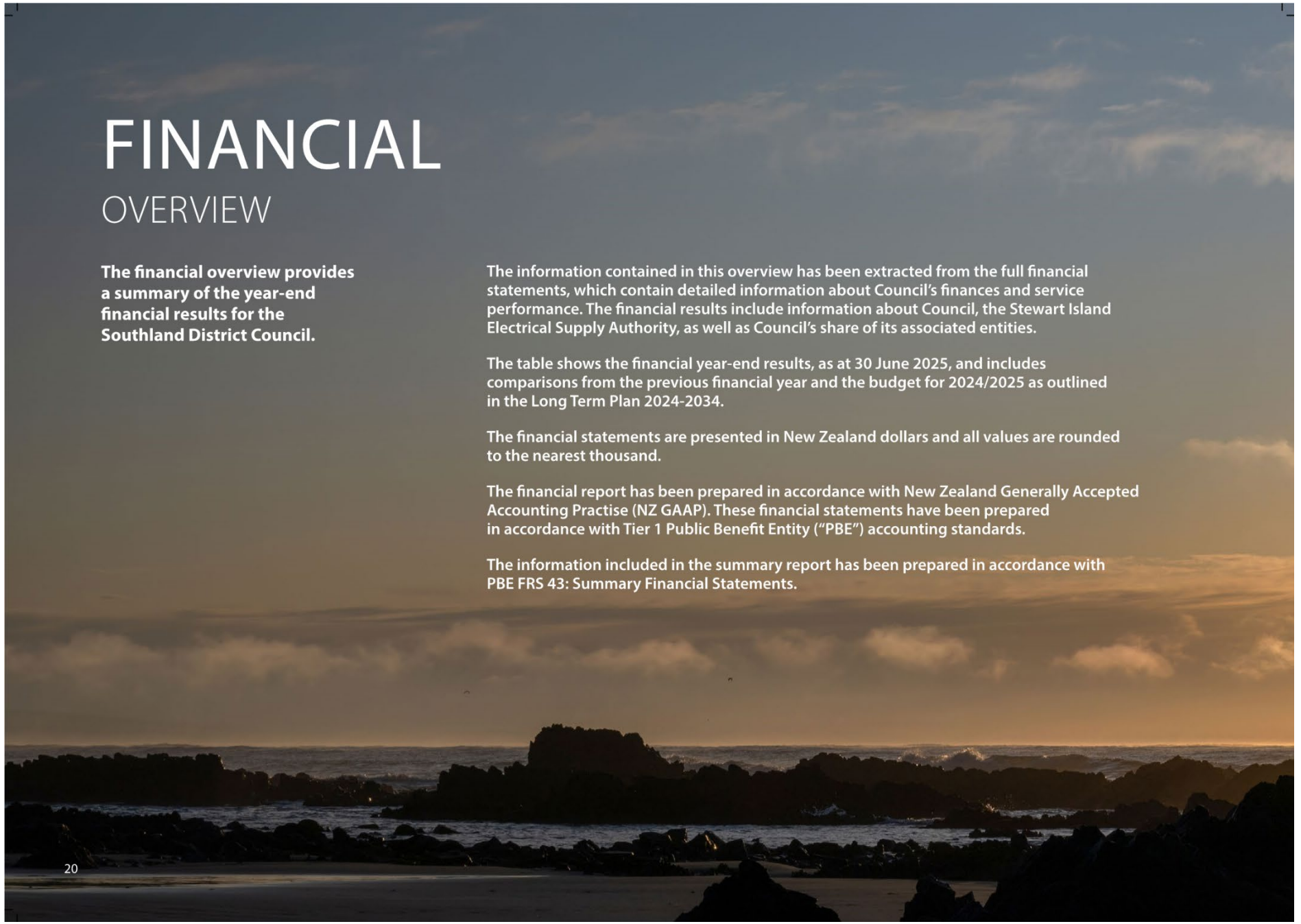
As a result, the revised programme expanded to 181 projects with a reduced total budget of $64.6 million.

The table and graph below provide a breakdown of the revised programme and actual expenditure by activity. Over the year 49% of the revised projects were completed, 20% were in progress, 18% incurred costs but were rescheduled to another year with another 11% rescheduled with no costs incurred and 2% cancelled. More information about the projects is included in the section two (our activities) with a full list included in section four (other information).

Activity group projects status	Completed	In progress	Delivery year changed - $ spent	Delivery year changed - no $ spent	Cancelled	Total
Community resources	53	19	13	16	2	103
Actual expenditure	*$1,584,030*	*$4,474,138*	*$730,514*	-	*$7,950*	*$6,796,632*
Transport	16	7	6	3	1	33
Actual expenditure	*$17,682,684*	*$230,879*	*$66,041*	-	-	*$17,979,604*
Stormwater	3	1	2		1	7
Actual expenditure	*$779,805*	*$124,686*	*$114,845*	-	*$986*	*$1,020,322*
Sewerage	7	1	6			14
Actual expenditure	*$1,530,467*	*$11,718,559*	*$1,608,529*	-	-	*$14,857,555*
Water supply	7	5	4	2		18
Actual expenditure	*$2,273,593*	*$1,535,216*	*$168,395*	-	-	*$3,977,204*
Corporate services*	2	3	1			6
Actual expenditure	*$473,901*	*$6,629*	*$52,308*	-	-	*$532,838*
Total	**88**	**35**	**33**	**21**	**4**	**181**
Actual expenditure	*$24,324,481*	*$18,043,165*	*$2,787,574*		*$8,936*	*$45,164,156*

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





FINANCIAL

OVERVIEW

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

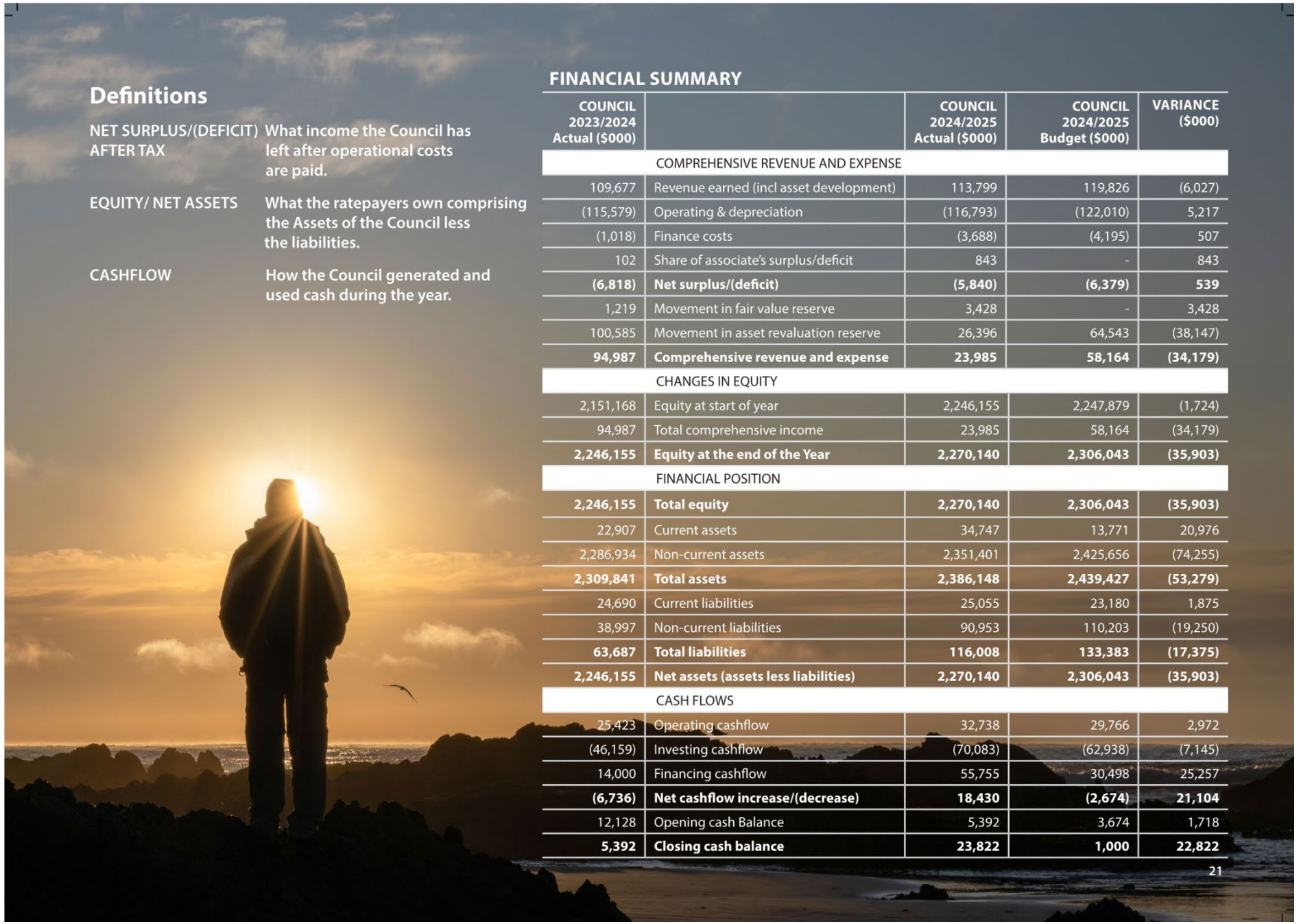
The information contained in this overview has been extracted from the full financial statements, which contain detailed information about Council's finances and service performance. The financial results include information about Council, the Stewart Island Electrical Supply Authority, as well as Council's share of its associated entities.

The table shows the financial year-end results, as at 30 June 2025, and includes comparisons from the previous financial year and the budget for 2024/2025 as outlined in the Long Term Plan 2024-2034.

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

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

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



Definitions

NET SURPLUS/(DEFICIT) AFTER TAX What income the Council has left after operational costs are paid.

EQUITY/ NET ASSETS What the ratepayers own comprising the Assets of the Council less the liabilities.

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

FINANCIAL SUMMARY

COUNCIL 2023/2024 Actual ($000)		COUNCIL 2024/2025 Actual ($000)	COUNCIL 2024/2025 Budget ($000)	VARIANCE ($000)
	COMPREHENSIVE REVENUE AND EXPENSE			
109,677	Revenue earned (incl asset development)	113,799	119,826	(6,027)
(115,579)	Operating & depreciation	(116,793)	(122,010)	5,217
(1,018)	Finance costs	(3,688)	(4,195)	507
102	Share of associate's surplus/deficit	843	-	843
(6,818)	**Net surplus/(deficit)**	**(5,840)**	**(6,379)**	**539**
1,219	Movement in fair value reserve	3,428	-	3,428
100,585	Movement in asset revaluation reserve	26,396	64,543	(38,147)
94,987	**Comprehensive revenue and expense**	**23,985**	**58,164**	**(34,179)**
	CHANGES IN EQUITY			
2,151,168	Equity at start of year	2,246,155	2,247,879	(1,724)
94,987	Total comprehensive income	23,985	58,164	(34,179)
2,246,155	**Equity at the end of the Year**	**2,270,140**	**2,306,043**	**(35,903)**
	FINANCIAL POSITION			
2,246,155	**Total equity**	**2,270,140**	**2,306,043**	**(35,903)**
22,907	Current assets	34,747	13,771	20,976
2,286,934	Non-current assets	2,351,401	2,425,656	(74,255)
2,309,841	**Total assets**	**2,386,148**	**2,439,427**	**(53,279)**
24,690	Current liabilities	25,055	23,180	1,875
38,997	Non-current liabilities	90,953	110,203	(19,250)
63,687	**Total liabilities**	**116,008**	**133,383**	**(17,375)**
2,246,155	**Net assets (assets less liabilities)**	**2,270,140**	**2,306,043**	**(35,903)**
	CASH FLOWS			
25,423	Operating cashflow	32,738	29,766	2,972
(46,159)	Investing cashflow	(70,083)	(62,938)	(7,145)
14,000	Financing cashflow	55,755	30,498	25,257
(6,736)	**Net cashflow increase/(decrease)**	**18,430**	**(2,674)**	**21,104**
12,128	Opening cash Balance	5,392	3,674	1,718
5,392	**Closing cash balance**	**23,822**	**1,000**	**22,822**

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FINANCIAL SUMMARY

The Council revenue was $6.0 million lower than budgeted due principally to the reduction in the NZTA funding as a result of the lower than expected roading programme approved for Council ($7.5 million).

The investment of Council's reserves in a managed fund has also led to the unrealised gain of $2.5 million being shown as part of the movement in fair value reserve rather than as interest and dividends in the budget ($1.5 million). This has been offset by additional income ($3.0 million) made up from assets vested to Council in relation to infrastructure and parks and reserves ($3.4 million) and offset by a lower forestry revaluation asset disposals ($0.4 million).

Operating and depreciation expenditure was $5.2 million under budget for the year. This is due to the reduced operational roading programme approved by NZTA ($2.4 million), lower than budgeted operating and project maintenance costs, some of which will be carried forward to 2025/2026 ($1.7 million). Additionally, lower employee-related costs and underspending on several operational projects, such as spatial planning, landfill remediation, and new software implementation, contributed to a total reduction in expenditure of $1.2 million. Interest costs were also $0.5 million lower than budgeted. As a result, Council's net deficit was $0.5 million less than budgeted.

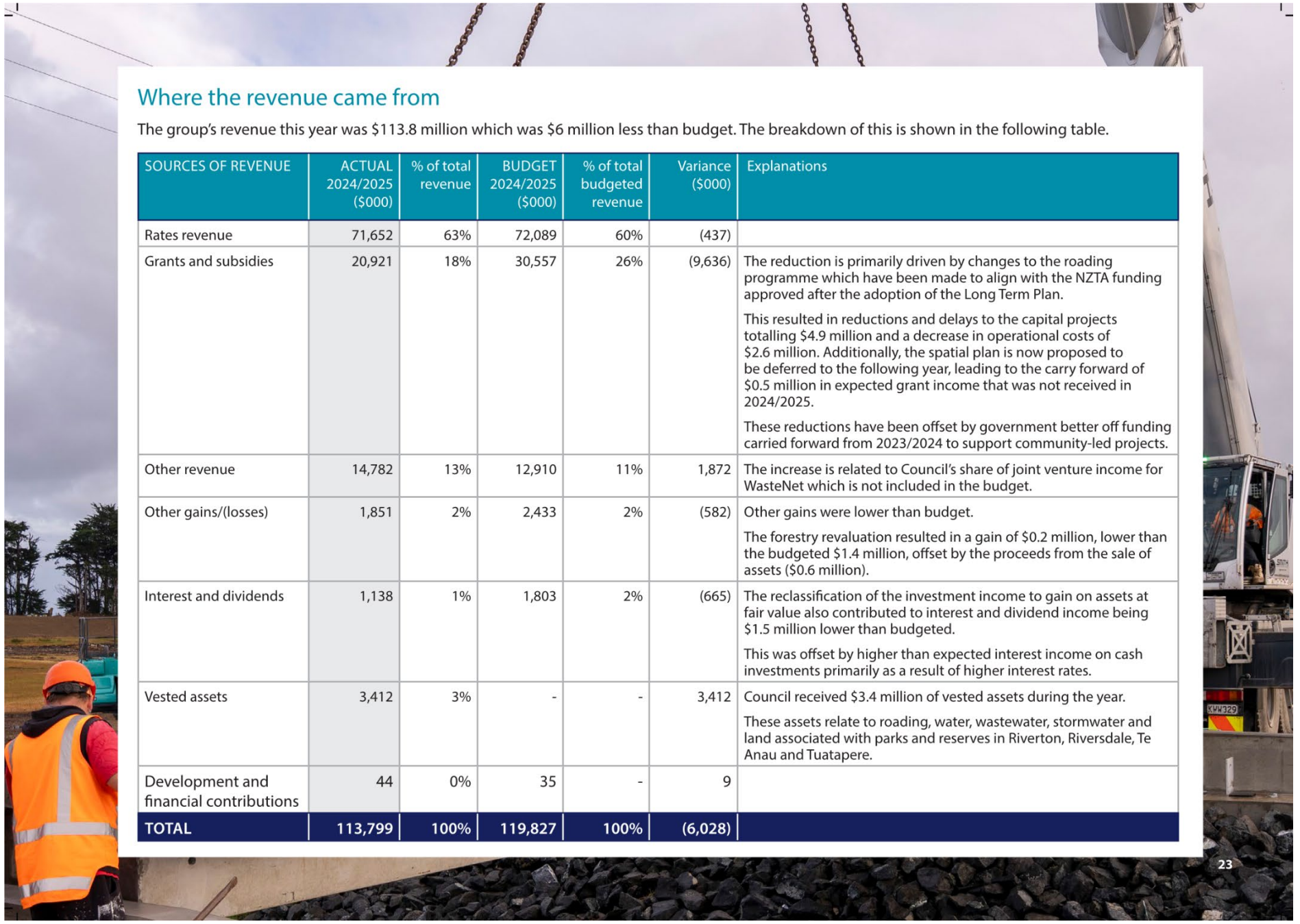
Council continues to maintain a strong financial position with $2.3 billion in net assets. Net assets are $36 million lower than budgeted, due mainly to the revaluation of Council's infrastructure assets coming in lower than expected.



Council's operating cashflows were $2.9 million higher than budget largely as a result of lower payments to staff and suppliers. Investing cash outflow was $7.1 million higher than budgeted largely due to Council implementing its investment strategy offset by lower than expected capital expenditure.

Financing cashflows were higher than budget, to support the implementation of Council's investment strategy and manage expected operational cashflows.

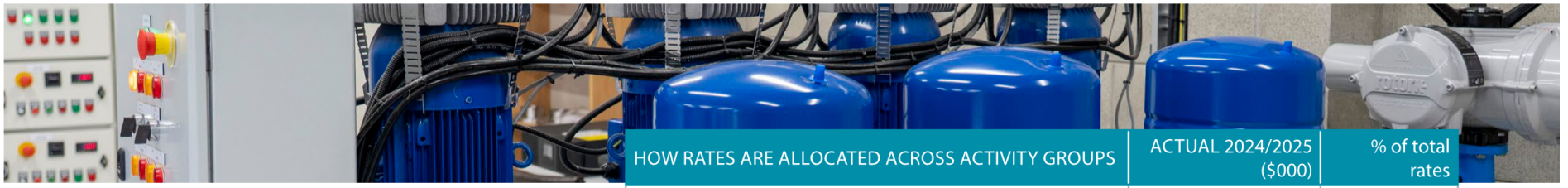
Further explanations of financial statement variances from budget can be found in note 36 of the financial statements.



Where the revenue came from

The group's revenue this year was $113.8 million which was $6 million less than budget. The breakdown of this is shown in the following table.

SOURCES OF REVENUE	ACTUAL 2024/2025 ($000)	% of total revenue	BUDGET 2024/2025 ($000)	% of total budgeted revenue	Variance ($000)	Explanations
Rates revenue	71,652	63%	72,089	60%	(437)	
Grants and subsidies	20,921	18%	30,557	26%	(9,636)	The reduction is primarily driven by changes to the roading programme which have been made to align with the NZTA funding approved after the adoption of the Long Term Plan. This resulted in reductions and delays to the capital projects totalling $4.9 million and a decrease in operational costs of $2.6 million. Additionally, the spatial plan is now proposed to be deferred to the following year, leading to the carry forward of $0.5 million in expected grant income that was not received in 2024/2025. These reductions have been offset by government better off funding carried forward from 2023/2024 to support community-led projects.
Other revenue	14,782	13%	12,910	11%	1,872	The increase is related to Council's share of joint venture income for WasteNet which is not included in the budget.
Other gains/(losses)	1,851	2%	2,433	2%	(582)	Other gains were lower than budget. The forestry revaluation resulted in a gain of $0.2 million, lower than the budgeted $1.4 million, offset by the proceeds from the sale of assets ($0.6 million).
Interest and dividends	1,138	1%	1,803	2%	(665)	The reclassification of the investment income to gain on assets at fair value also contributed to interest and dividend income being $1.5 million lower than budgeted. This was offset by higher than expected interest income on cash investments primarily as a result of higher interest rates.
Vested assets	3,412	3%	-	-	3,412	Council received $3.4 million of vested assets during the year. These assets relate to roading, water, wastewater, stormwater and land associated with parks and reserves in Riverton, Riversdale, Te Anau and Tuatapere.
Development and financial contributions	44	0%	35	-	9	
TOTAL	**113,799**	**100%**	**119,827**	**100%**	**(6,028)**	



Rates by activity

The following table shows the breakdown of how rates were allocated. More information about the activities which fit under each of these groups is included in section two of the report.

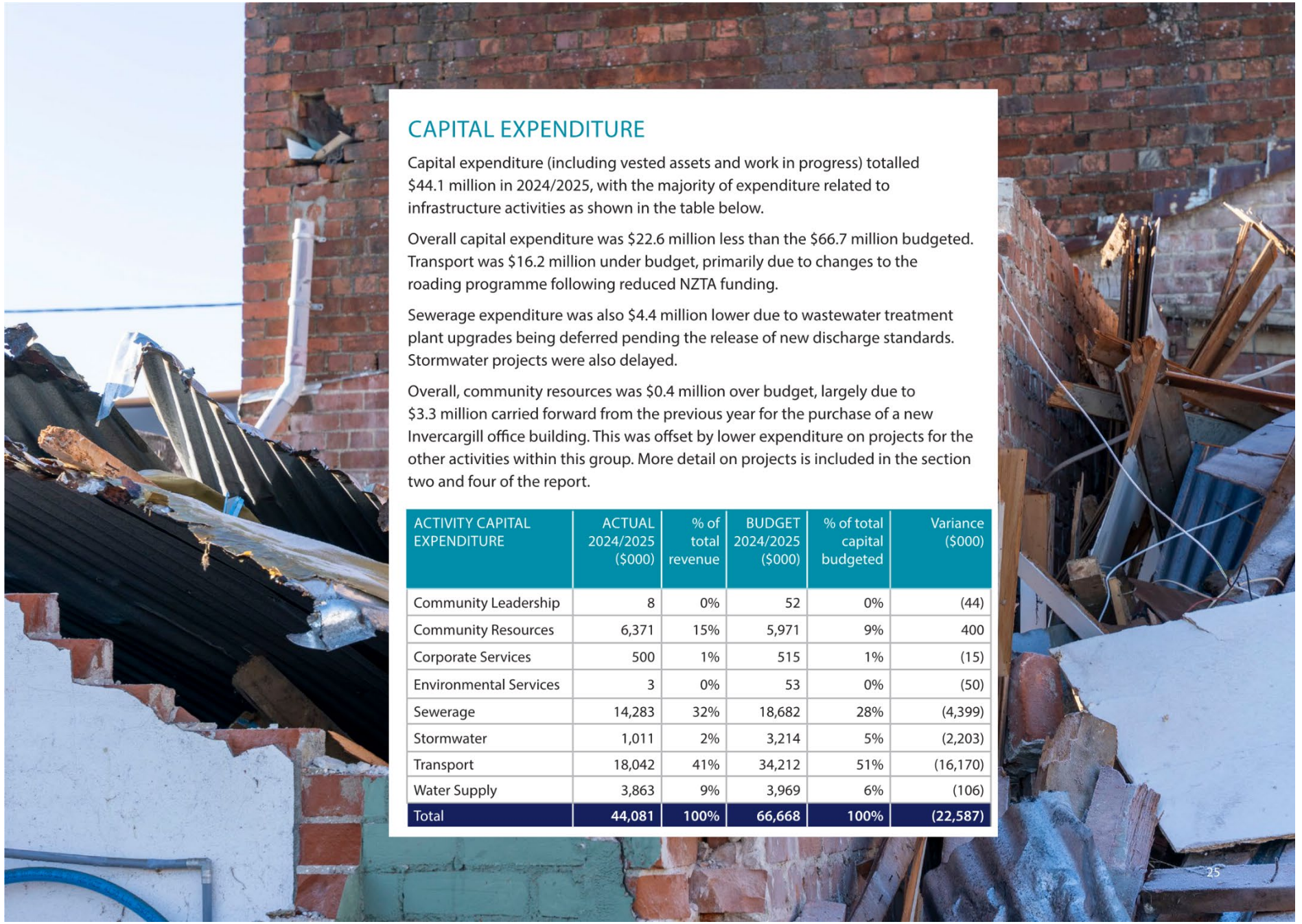
** Environmental services are partially funded by rates to reflect the public good component of the activities, which help to maintain public safety, hygiene and environmental protection. These activities include emergency management, building control, animal services, resource planning, environmental health and monitoring and compliance.*

HOW RATES ARE ALLOCATED ACROSS ACTIVITY GROUPS	ACTUAL 2024/2025 ($000)	% of total rates
Community leadership	9,546	13%
Community resources	15,370	21%
Environmental services *	6,101	9%
Sewerage	8,553	12%
Stormwater	1,496	2%
Transport	22,944	32%
Water Supply	7,642	11%
TOTAL	**71,652**	**100%**

Operational expenditure

Group operating expenditure totalled $120.5 million, with 41% relating to roading and transport services. Overall operating expenditure was under budget by $5.7 million. The breakdown of this is shown in the following table.

ACTIVITY OPERATIONAL EXPENSES	ACTUAL 2024/2025 ($000)	BUDGET 2024/2025 ($000)	Variance ($000)	Explanations
Other Council Expenditure	55,719	59,315	(3,596)	Operational costs within the NZTA approved roading programme were $2.4 million lower than budgeted. Overall, maintenance costs across Council were also below budget, both in day to day operations and projects planned, some of which will be carried forward to 2025/2026 ($1.7 million). Several costs have been deferred to 2025/2026, including the spatial planning project and building control software, ($0.7 million), future-proofing work at the Otautau landfill while alternative funding sources are explored ($0.9 million) and the implementation of the new financial system ($0.7 million). Additional underspends include managed investment fund fees and other staff related costs ($0.8 million), offset by an increase in cost of routine maintenance and cleaning ($0.7 million).
Depreciation and Amortisation	41,315	41,654	(339)	The main reason actual costs were less than budgeted is that inflation was lower than expected. This reduced the cost to replace infrastructure assets which in turn led to lower annual costs of using those assets.
Employee Benefit Expenses	19,759	21,041	(1,282)	This variance was due to several factors, including the timing of new staff appointments following vacancies, deferred recruitment and the allocation of staff costs to capital projects in accordance with accounting requirements.
Finance Costs	3,688	4,195	(507)	Debt levels were lower than planned and as a result interest costs were less than budgeted.
TOTAL	120,481	126,205	(5,724)	



CAPITAL EXPENDITURE

Capital expenditure (including vested assets and work in progress) totalled $44.1 million in 2024/2025, with the majority of expenditure related to infrastructure activities as shown in the table below.

Overall capital expenditure was $22.6 million less than the $66.7 million budgeted. Transport was $16.2 million under budget, primarily due to changes to the roading programme following reduced NZTA funding.

Sewerage expenditure was also $4.4 million lower due to wastewater treatment plant upgrades being deferred pending the release of new discharge standards. Stormwater projects were also delayed.

Overall, community resources was $0.4 million over budget, largely due to $3.3 million carried forward from the previous year for the purchase of a new Invercargill office building. This was offset by lower expenditure on projects for the other activities within this group. More detail on projects is included in the section two and four of the report.

ACTIVITY CAPITAL EXPENDITURE	ACTUAL 2024/2025 ($000)	% of total revenue	BUDGET 2024/2025 ($000)	% of total capital budgeted	Variance ($000)
Community Leadership	8	0%	52	0%	(44)
Community Resources	6,371	15%	5,971	9%	400
Corporate Services	500	1%	515	1%	(15)
Environmental Services	3	0%	53	0%	(50)
Sewerage	14,283	32%	18,682	28%	(4,399)
Stormwater	1,011	2%	3,214	5%	(2,203)
Transport	18,042	41%	34,212	51%	(16,170)
Water Supply	3,863	9%	3,969	6%	(106)
Total	**44,081**	**100%**	**66,668**	**100%**	**(22,587)**

audit

audit


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

Annual Report - Deloitte Management Report for the year ended 30 June 2025

Record No: R/25/8/42679
Author: Jo Hooper, Financial Accountant
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision ☐ Recommendation ☒ Information

Purpose

1. To present the management report from Deloitte for the audit of the Annual Report 2024/2025 and to review management comments in relation to the listed audit recommendations.

Executive Summary

2. As part of the audit process, Deloitte provides Council with a management report at the conclusion of the audit of the annual report. The management report is included as attachment A and outlines the work performed by Deloitte and lists any recommended areas for improvement.
3. Overall, it is a positive audit report with two recommendations noted. The report provides assurance to the Council and the public over the information presented in the report.
4. There were eight key areas of focus for the audit covering rates, management override of controls, valuation of property, plant and equipment as well as forestry, statement of service performance, Office of the Auditor-General (OAG) audit, local government funding agency, landfill aftercare provision and local water done well.
5. Overall Deloitte noted that the audit of rates, management override of controls, valuation of property, plant and equipment and forestry, OAG audit, local government funding agency were completed with no issues noted.
6. Deloitte noted insights in two areas - statement of service performance (SSP) and landfill aftercare provisions, however these findings did not impact on Deloitte's ability to provide an audit opinion.
7. In addition, the report includes an 'emphasis of matter' relating to local water done well to reflect the uncertainty associated with Council's decision to continue to deliver future water services through an in-house business unit given that the Secretary for Local Government has not yet accepted (or rejected) the water services delivery plan. The disclosure has been included to meet recent guidance from the Auditor-General.
8. Mike Hawken, Deloitte audit director, will be present at the meeting to discuss the management report.

Recommendation

That the Finance and Assurance Committee:

a) Receives the report titled "Annual Report - Deloitte Management Report for the year ended 30 June 2025".

Background

9. Under the Local Government Act 2002, Council must develop and adopt an annual report within four months of the end of the financial year. The report provides the community with an overview of how Council has delivered on the commitments set out in its long term plan (LTP) or relevant annual plan.

10. Within the annual audit process there are typically two audits. The first one is an interim audit which occurred in June 2025 and the second is the final audit which commenced on the 25 August 2025 and is currently being finalised.

11. The management report discusses the areas of audit focus, the internal control findings, any unadjusted differences, omitted disclosures, the quality of accounting records, other reporting matters and financial reporting and other developments. The management report also includes comments from Council staff on any recommendations made by Deloitte.

12. The Deloitte management report is included as attachment A. Deloitte have noted two audit findings and have provided recommendations based on the findings.

Issues

Audit Findings and recommendation

13. Deloitte have noted two internal control findings which have not impacted on Deloitte's ability to provide an audit opinion. The findings relate to the following:

Statement of Service Performance (SSP)

14. Deloitte identified that there was no evidence of review controls performed on the data used in the SSP and Deloitte recommend that management formally document a review process over the input data for the SSP, which should include a clear audit trail of the controls performed to ensure data accuracy and completeness. Management agreed with the recommendation noting that while results are reviewed, additional processes will be put in place to verify underlying information.

Landfill aftercare provision

15. An error was noted in the landfill aftercare provision calculation where the inflation rate was not included appropriately across the life of the expected future costs, resulting in a misstatement of the present value of the future remediation costs. Management acknowledge the recommendation and advise that the calculation of the provision has been corrected in the 2024/2025 financial information to incorporate cumulative inflationary increases and that this approach will be used for the basis of future landfill provision calculations.

Information technology (IT) control environment

16. Deloitte also conducted a review of the Council's information technology (IT) control environment, identifying six findings which will resolved and addressed as part of implementation of a new financial management system. The full report on this separate review, along with management's responses to the findings, are expected to be included in an upcoming committee meeting agenda.

Emphasis of matter – local water done well

17. The report also includes an 'emphasis of matter' relating to local water done well to reflect the uncertainty associated with Council's decision to continue to deliver future water services through an in-house business unit given that the Secretary for Local Government has not yet accepted (or rejected) the water services delivery plan.

18. The disclosure has been included to meet recent guidance from the Auditor-General.

19. An emphasis of matter does not indicate a problem or change the auditor's opinion, but rather draws attention to matters that readers should be aware of when reviewing the report. These are used by the auditor to highlight an issue that is already properly disclosed in the financial statements and is essential for understanding them.

Audit observations

20. During the revaluation of three waters and roading, Deloitte observed that the valuers Waugh and BECA (valuer for three waters and roading respectively) highlighted a number of data quality improvement areas following their revaluation. This is usual practice and part of the ongoing efforts to improve data quality used in the valuation process. Deloitte encourage Council management to work on continuous improvement of the data issues raised by the valuers. Council has and will continue to do this.

21. Deloitte reviewed the SSP for legislative compliance and alignment with the LTP 2024-2034 performance framework, noting some inconsistencies when agreeing the underlying data to certain performance measures. Where they did identify differences, these were corrected by management and their general observation was that the SSP reporting was of a high standard.

22. They also noted that Council had revised the performance scale from "Achieved/Not Achieved" to a three-tier scale: "Achieved," "Mostly Achieved," and "Not Achieved." "Mostly Achieved" is defined by management as a result missed by 5% or less. Their SSP review confirmed that the revised scale has been applied appropriately.

Factors to Consider

Legal and Statutory Requirements

23. Under the Public Audit Act 2001 the Auditor-General is appointed as the auditor of all public entities. Deloitte, as a business unit of the Auditor-General, has been appointed as the auditor of Council.

24. In reviewing the annual report, Deloitte are required to express an opinion on the presentation of the Council's annual report including its financial statements and non-financial performance measures. This includes considering whether the annual report achieves its overall statutory objective, as outlined in section 98, of promoting the accountability of the local authority to its community and whether it complies with the more detailed requirements in schedule 10 of the Local Government Act 2002.

25. In undertaking their work Deloitte are also required to remain alert to any potential issues that might be of interest to the Auditor-General in terms of his obligations to report on performance, authority, waste and probity in public sector entities. Deloitte did not identify any issue that needed to be advised to the Auditor-General during the audit.

26. PBE IPSAS 1 Disclosure of fees for audit firms' services requires Council to disclose the fees incurred for services received from its audit firm to ensure the audit firm retains objectivity and independence with the provision of non-audit services provided. During 2024/2025 Deloitte provided counter corruption initiative services to Council. There is no threat of independence due to the safeguard and the nature of the services as these do not directly impact the financial statement.

27. Deloitte is also required to exercise professional judgement and a degree of scepticism to their work and ensure that they understand the broader context within which the organisation is operating.

Community Views

28. The community would expect Council to actively consider and implement where appropriate, recommendations made by its auditors.

Costs and Funding

29. Deloitte conducted the audit based on the audit fee approved by at the committee meeting held on 19 March 2025. No additional costs are expected.

Next Steps

30. Staff will include Deloitte's report on the IT control environment in the agenda for the committee's next meeting.

Attachments

A FINAL Deloitte management report for year ended 30 June 2025

Deloitte.



Southland District Council

Report to the Finance and Assurance Committee for the year ended 30 June 2025

September 2025

MAKING AN IMPACT THAT MATTERS since 1845

Purpose of report

This report has been prepared for ***Southland District Council's Finance and Assurance Committee*** *and is part of our ongoing discussions as auditor in accordance with our engagement letter dated 31 May 2023 and as required by New Zealand auditing standards.*

This report is intended for the Finance and Assurance Committee (and other Councillors) and should not be distributed further. We do not accept any responsibility for reliance that a third party might place on this report should they obtain a copy without our consent.

This report includes only those matters that have come to our attention as a result of performing our audit procedures and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the financial statements rests with the Committee.

Responsibility statement

We are responsible for conducting an audit ***Southland District Council and its controlled entities (the 'Group')*** *for the year ended 30 June 2025 in accordance with New Zealand auditing standards issued by the NZ Auditing and Assurance Standards Board. Our audit is performed pursuant to the requirements of the Local Government Act 2002 with the objective of forming and expressing an opinion on the consolidated financial statements, non-financial performance information, and other information required by Schedule 10 of the Local Government Act 2002, and summary financial statements that have been prepared by management with the oversight of the Councillors. The audit is also completed under the terms of our contract with the OAG. In accordance with the Local Government annual audit brief, issued by the OAG, we are also required to focus on additional areas which are outlined in the Areas of Focus section of this report. The audit of the financial statements does not relieve management or the Councillors of their responsibilities.Our audit is not designed to provide assurance as to the overall effectiveness of the Group's controls but we will provide you with any recommendations on controls that we may identify during the course of our audit work.*

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Our final report

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Introduction

Dear Committee Members

We are pleased to provide you with the results of the audit of Southland District Council (the 'Council') for the year ended 30 June 2025. Included in this report are the results and insights arising from our audit which we consider appropriate for the attention of the directors.

These matters have been discussed with management, and their comments have been included where appropriate. We also include those matters we are required to report to you in accordance with the auditing standards. As a result, this report is intended for the committee and should not be distributed further.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

Yours sincerely,



Mike Hawken, Partner
For Deloitte Limited
On behalf of the Auditor General
Dunedin | 24 September 2025

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Executive Summary

This executive summary details the key matters arising from our audit including a summary of the key events relevant to this years audit.

Key areas of audit focus		Status
1	Rates	✓
2	Management Override of controls	✓
3	Valuation of Property, Plant and Equipment and Forestry	✓
4	Statement of Service Performance	🔑
5	OAG audit brief	✓
6	Local Government Funding Agency	✓
7	Landfill aftercare provision	🔑
8	Local Water Done Well	🔑

✓ Completed, no issues noted.	🔑 Completed, insights identified.	🔑 Completed, significant findings identified.

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Areas of audit focus – dashboard

Financial statements dashboard

The following areas of audit focus are consistent with the areas identified in our planning report.

Area of audit focus	Fraud risk	Level of management judgement required	Findings	Page #
Rates	✗	●	✓	9
Management override of controls	✓	N/A	✓	10
Valuation Property, Plant and Equipment, and Forestry	✗	●	✓	11
Statement of Service Performance	✗	●	🔍	13
OAG Audit	✗	●	✓	14

Level of management judgement required



Findings

✓ Completed, no issues noted

🔍 Completed, insights identified

🔍 Completed, significant findings identified

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Areas of audit focus – dashboard

Financial statements dashboard

The following areas of audit focus are consistent with the areas identified in our planning report.

Area of audit focus	Fraud risk	Level of management judgement required	Findings	Page #
Local Government funding agency	✖	●	✓	15
Landfill aftercare provision	✖	●	🔍	16
Local Water Done Well *	✖	●	🔍	17

* In our planning repot this was not deemed to be an area of audit focus

Level of management judgement required

Low ● ● ● High

Findings

✓ Completed, no issues noted

🔍 Completed, insights identified

🔍 Completed, significant findings identified

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Areas of audit focus

Rates revenue

Risk identified

Over the past decade, there have been a number of issues within the Local Government sector with regards to rates not being set in accordance with the Local Government (Rating) Act 2002 (LGRA). Compliance with the detail of the LGRA is vital: if the rate is not within the range of options and restrictions provided for in that Act, it may not be valid.

Management and Council need to continue to ensure that the requirements of the LGRA are adhered to and that there is consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy.

For the audit we plan to rebut the presumed significant fraud risk associated with a material misstatement in the financial statements as a whole due to fraud in rates. This approach is consistent within the sector.

Audit response

We have:

- Obtained an understanding and evaluated the rating process and controls over rates revenue recognised in the financial statements;
- Completed a 'Rates questionnaire' compiled by the OAG, (similar to that completed in prior years), to assess whether rates have been set correctly by Council;
- Reviewed the meeting minutes recording the adoption of the rates resolution, considering whether the Rates are in accordance with the revenue and financing policy as well as reviewing any other information available with regard to rates;
- Confirmed that the rates are issued appropriately in line with the Local Government Act;
- Reconciled the rates to the general ledger; and
- Reconciled the quotable value data to the rates strike and compare the rates per the rates resolution to a sample of individual ratepayer's calculations.

Key observation

We note that the Council is ultimately responsible for ensuring rates are set in accordance with the LGRA and the work we have carried out does not give absolute assurance that rates have been set in accordance with the requirements stipulated within the Act.

No findings were noted to report to the Committee.

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Areas of audit focus

Management override of controls

Risk identified

Under our auditing standards there is a presumed risk of fraud relating to managements override of controls and as a result we are required to design and perform audit procedures to respond to the risk of management's override of controls.

Audit response

We have:

- Obtained understanding and evaluated the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements.
- Tested the appropriateness of a sample of journal entries and adjustments and make enquiries about inappropriate or unusual activities relating to the processing of journal entries and other adjustments.
- Reviewed accounting estimates for biases that could result in material misstatement due to fraud, including assessing whether the judgements and decisions made, even if individually reasonable, indicate a possible bias on the part of management.
- Performed a retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements.
- Obtained an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the Group and its environment.

Key observation

As part of our usual testing, we identified no anomalies. No findings were noted to report to the Committee.

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Areas of audit focus

Property, plant and equipment and Forestry valuation

Risk identified

The Council completes an annual revaluation of its infrastructure and forestry assets. The fair value is assessed by external valuers. The revaluation assumptions are key judgements, and the infrastructure assets represent a large component of the balance sheet of the Council.

Audit response

We have:

- Challenged the assessment completed by the relevant valuers, including an assessment of the assumptions used.
- Held discussions with the valuers and management.
- Reconciled the fixed asset register to the general ledger, and agree the opening balances at 1 July 2025 (which are used as inputs to the valuation).
- Obtained the detailed calculations from the valuers and verified their completeness by reconciling the data with the relevant infrastructure systems.
- Reviewed the valuers' assumptions, including rates and other key factors, and appropriately challenged and corroborated these as necessary.
- Confirmed that the external valuers are independent and have the necessary skills and expertise to perform the valuation.
- Reviewed the fixed asset register movements and test samples of additions, disposals and depreciation.
- Ensured the valuation movements have been correctly accounted for as well as verify the relevant financial statement disclosures.

Key observation

We bring to the Committees attention that Waugh and BECA (valuer for three waters and roading respectively) have highlighted a number of data quality improvement areas following their revaluation. This is usual practice and part of the ongoing efforts to improve data quality used in the valuation process. We encourage Council management to work on continuous improvement of the data issues raised by the valuers.

Refer to the next slide for the detailed movement analysis of the three waters, roading and forestry assets.

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Areas of audit focus

Property, plant and equipment and Forestry valuation

Topic	Key observations
Roading	Roading assets are valued using the Optimised Depreciated Replacement Cost (ODRC) methodology. In the current year, were valued at $1.8 billion, representing an increase of $6 million compared to the FY24 revalued amount. This year-on-year uplift was primarily driven by an increase in the roading index provided by NZTA, which underpins the valuation model. We reviewed the valuer's report and specifically challenged the unit rates used, as these are the most sensitive inputs in the valuation. Following our discussions and analysis of the key changes in valuation assumptions, we have not identified any matters that require reporting to the Committee.
Three waters	Consistent with the approach used for roading assets, three waters infrastructure, including associated facilities, is valued using the Optimised Depreciated Replacement Cost (ODRC) methodology. In the current year, these assets were valued at $393 million, reflecting a $6 million increase compared to the FY24 revalued amount. This year-on-year uplift was primarily driven by an increase in the Capital Goods Price Index (CGPI), and unit rates increase relating to manholes. We reviewed and challenged the key valuation inputs, with particular focus on the unit rates applied and the asset database, to ensure the completeness and accuracy of the underlying information. One key valuation input is the CGPI. The March 2025 CGPI was used due to timing, which is consistent with the prior year and has no material impact on the valuation. Based on our discussions with the valuer and analysis of the key changes in valuation assumptions, we have not identified any matters requiring reporting to the Committee.
Forestry	We have noted the revaluation loss recorded of in the current year for forestry of $0.2 million. The main factors causing the change in value are as follows: • Growth (positive 1.4 million) • Harvest Budget (negative 0.8 million) • Cartage (negative 0.4 million) Based on analysis performed on key changes in valuation inputs, we have not noted any issues to report to the Committee.

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Areas of audit focus

Statement of Service Performance

Risk identified

The Council's annual report is required to include an audited Statement of Service Performance (SSP) which reports against the performance framework included in the annual plan.

The SSP is an important part of Council's annual performance reporting, and it is important it adequately "tells the performance story" for each group of activities.

Our audit opinion considers whether the service performance information:

- Is based on appropriately identified elements (outcomes, impacts, outputs), performance measures, targets/results; and
- Fairly reflects actual service performance for the year (i.e. not just reports against forecast).

Based on our 2025 audit we noted that the SSP reporting was of a high standard. However, we did note some inconsistencies in the SSP which were corrected following communication to management. It is important that management have their own procedures in place to ensure information used in the SSP is correct.

Audit response

We have:

- Reviewed Council's SSP against legislative requirements and good practice. This will include checking consistency with the performance framework included in the 2024-2032 LTP and 2024/2025 annual plan.
- Audited a sample of the reported performance measures, with a focus on the more significant groups of activities.
- Reviewed the narrative commentary and explanatory information provided in the annual report to ensure that this provides sufficient information to the readers i.e. "tells the performance story".

Key observation

We have included an internal control finding on slide 20 in relation to the missing audit trail for SSP measures. Furthermore, we noted some inconsistencies when agreeing the underlying data to certain performance measures. However, our general observation was that the SSP reporting was of a high standard. Where we did identify differences, these were corrected by management.

The performance scale has been revised from "Achieved/Not Achieved" to a three-tier scale: "Achieved," "Mostly Achieved," and "Not Achieved." "Mostly Achieved" is defined by management as a result missed by 5% or less. Our review of the SSP confirms that this revised scale has been applied appropriately.

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Areas of audit focus

OAG Audit Brief

Risk identified

The OAG Audit Brief has been updated (no material impacts for 2024/2025 audit). The main areas of focus include:

- **Related party transactions, conflicts of interest, sensitive expenditure and severance payments**
- **Legislative compliance**
- **Procurement:** Procurement is an area of focus for the work programme of the Auditor-General (OAG) and while no specific projects have been identified relating to local government at this stage for 2024/2025, it is expected that major capital projects and significant procurement activity are areas where audit effort is focused.
- **Central government/stimulus funding:** It is important that Council is accounting for this funding in accordance with PBE accounting standards, being transparent with communities and meeting any obligations.
- **New Zealand Mutual Liability Risk pool scheme:** Although Risk pool is in wind down, member councils have an ongoing obligation to contribute to it should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.
- **Climate Change:** Climate change is an area of focus for the work programme of the OAG as Local government is becoming a focus for climate change related action. The OAG focuses on the Councils ability to provides for the resilience of infrastructure assets to the risk of natural hazards, including making sufficient financial provision to respond to these risks.
- **Capital expenditure delivery** : Capital expenditure is a focus area for the OAG and the focus will be placed on Councils ability to delivery in line with the 2024/34 LTP.

Audit response

We have:

- Met with management to update our understanding of the plans and processes in place to address the focus areas of the OAG, including understanding any information requests from central government organisations during the period.
- Evaluated the relevant business processes.
- Performed testing on sensitive expenditures.
- Tested the related party transactions.
- Evaluate the legislative compliance.
- Reviewed the disclosures in the financial statements and tested whether these are in with the requirements by the OAG.

Key observations

We have no findings to report to the Committee.

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Areas of audit focus

Local Government Funding Agency

Risk identified

The Council voted to become a guarantor member of the LGFA in fiscal year 2022 in order to obtain the favourable borrowings rates available. At June 2025 Council's total borrowings from the LGFA was $91.5 million.

Audit response

We have:

- Reviewed the funding documentation and assess whether the accounting treatment of the debt is appropriate and in line with guidance provided to the Local Government sector.
- Obtained confirmation from the LGFA of the security stock issued at 30 June 2025.
- Reviewed the disclosure relating to any borrowings at 30 June 2025.
- Performed the debenture trust reporting.

Key observations

We have no key observations based upon our work performed. We have no findings to report to the Committee.

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Areas of audit focus

Landfill aftercare provision

Risk identified

While SDC always had obligations under its Resource Consent for the landfills and had disclosed these as such as contingent liabilities in the financial statements, it was not until 2020/2021 when Environment Southland completed additional investigative work on Southland landfills and recommended that 19 out of 56 landfills required additional information that follow up work was undertaken. A risk assessment report was completed in 2021, and it was deemed 5 of these landfills were high risk and required remedial action. Prior to this SDC had no view of which sites were high risk, and or would require remedial action.

The landfill risk assessment report was completed in September 2022 and identified that out of the 56 council landfill sites that 5 required remedial action. A management report was then undertaken on the 5 at risk landfill sites and completed in June 2023. This report provided recommendations and estimates on the work required.

Landfill after care provision balance as of June 2025 amounted to $9,495,953 (2024: $ 8,189,680).

The movement compared to last year is mainly explained through the work performed on Bluecliffs which was moved forward from a risk perspective. This removed $1.2 million from the provision which is offset by the inflation increase on the initial estimates.

Audit response

We have:

- Challenged the assessment completed by the engineers, including an assessment of the assumptions used.
- Reconciled the provision calculation received from management against the ending balance in the general ledger as at 30 June 2025.
- Performed an independent recalculation to verify the accuracy of the provision balance in the general ledger.
- Ensured the provision movements have been correctly accounted for as well as verify the relevant financial statement disclosures.

Key observation

We have identified a finding in relation to Landfill aftercare provision. Management has subsequently addressed this finding appropriately. Further details can be found on page 20 and 21.

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Areas of audit focus

Local Water Done Well

Risk identified

Local Water Done Well is New Zealand's current water services reform framework, replacing the former Three Waters programme and came into effect from 3 September 2024. It is governed by the Local Government (*Water Services Preliminary Arrangements*) Act 2025 and related legislation, which aim to ensure water services are financially sustainable, safe, and locally controlled while meeting national standards.

Due to the significant impact the Local Water Done Well reforms will have the council is required to include disclosures on the reforms in the audited annual financial statements. These disclosures should describe any relevant events that have occurred up to the date of elected members adopting the audited annual report.

Audit response

We have:

- We reviewed the council's disclosure to confirm alignment with the Auditor-General's Local Water Done Well – Guidance for 2025 Financial Year Audit.
- Per the guidance council is required to disclose:
    - Status of the water reforms – council should set out that the Water Services Act has come into force and what they are required to do under the WSPA Act.
    - In responding to the water reforms, what decisions the territorial authority has made, and the implications of those decisions – the focus here should be on decisions around how the council will deliver water services, as described in the water services delivery plan.
    - Whether the Secretary for Local Government has accepted the water services delivery plan and known implications if the Secretary for Local Government has rejected the water services delivery plan.
    - A statement that the territorial authority's decision remains uncertain – this is required only if the Secretary for Local Government has not yet accepted or has rejected the water services delivery plan.

Key observation

We have determined that we are satisfied with the disclosures presented in the financial statements. Accordingly, we have included an Emphasis of Matter paragraph in the audit report regarding the basis of preparation, using the following wording:

"Without modifying our opinion, we draw attention to pages 162 to 163, which outline that in response to the Government's Local Water Done Well reforms, the Council has decided to directly deliver water, wastewater and stormwater services from 11 June 2025. There is some uncertainty as the proposal is yet to be accepted by the Secretary for Local Government."

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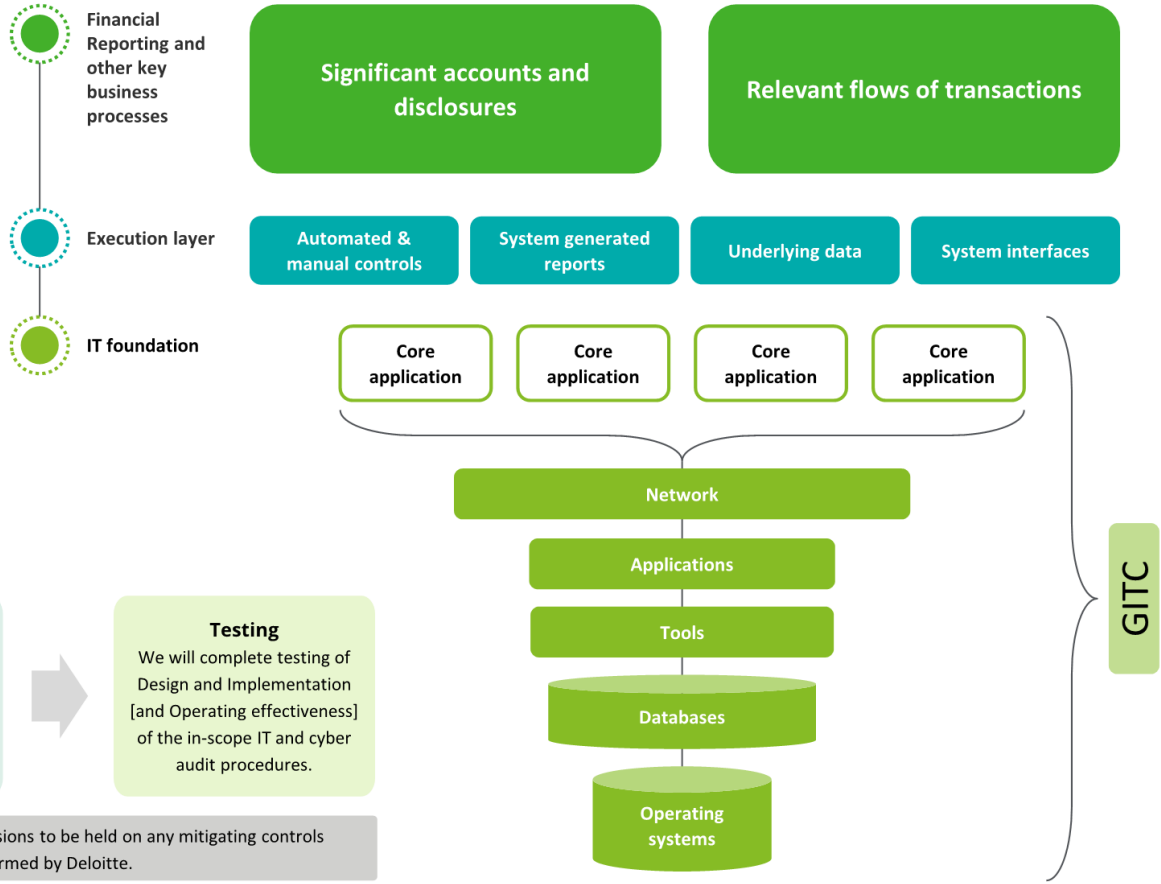
A focus on your IT control environment

Our approach to the IT environment which underpins financial reporting

A specific focus on foundational technology controls

Technology plays a substantial and important role in the overall system of internal controls. Manual controls in the form of approvals, reviews and reconciliations typically rely on information produced by IT systems, or are enforced through the systems. A myriad of automated controls are also baked into modern systems to enhance the integrity of information, protect data and assets and create internal efficiencies. All of these depend, in turn, on effective general IT controls (GITCs) to ensure that access to information is protected, that people are able to fulfil their responsibilities but not bypass any of the controls, and that IT systems continue to operate effectively and evolve to meet ever-changing business needs and the ever-changing risk landscape.

Where you have invested in technology-based internal controls it ultimately allows directors greater confidence in the accuracy of financial reporting and an opportunity for us to leverage your systems in our audit approach. This starts with identification of the most relevant automated and partially automated controls, as well as the underlying and pervasive general IT controls on which they depend. Where effective, reliance on these IT controls provides tremendous benefits in the efficiency and effectiveness of our audit, and allows us to provide feedback, insights and opportunities for improvement in critical business risk areas such as cyber risk and technology change.



Our approach for the year included:

Updating understanding
Update knowledge of IT environment including status of prior year deficiencies and date of remediation.

Business Walkthrough
Together with the financial audit team the IT specialists will walkthrough key business processes that may be IT dependent.

Testing
We will complete testing of Design and Implementation [and Operating effectiveness] of the in-scope IT and cyber audit procedures.

Continuous timely reporting of any deficiencies, and, if necessarily, discussions to be held on any mitigating controls performed by you or mitigating procedures performed by Deloitte.

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A focus on your internal control activities

Dashboard of our internal controls approach to key processes

We outline below our approach for testing controls over key systems and the outcome of our testing:

Key process	Audit Approach	Deficiency identified	Key matters for Board consideration
Revenue	M D		No significant issues noted within the revenue controls or business process.
Financial reporting	M D	!	Process improvement identified relating to the landfill provision calculation.
Expenditure & Payroll	M D		No significant issues noted within the expenditure & payroll controls or business process.
Fixed Assets	M D		No significant issues noted within the fixed asset controls or business process.
Statement of Service Performance	M D	!	Process improvement identified relating to SSP controls or business process.

Key – Deficiency level

! Significant deficiency

! Deficiency / Process Improvement

Types of controls tested

M Manual controls

A Automated controls

Controls approach planned

D Evaluate whether relevant control is designed and implemented to address risk appropriately

O Planning to test if controls were operating effectively and can be relied upon

S IT specialists testing automated controls

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Control findings

Details of findings identified

We set out below the details for the control deficiencies identified, along with the business implication of the deficiencies, recommendations and management response.

Finding/observation	Account balance/Financial Statement line item or system impacted	Business implication from control deficiency	Deloitte recommendation and management response	Type of deficiency
Statement of Service Performance (SSP) There is no evidence of review controls performed on the data used in the SSP.	Statement of Service Performance	The absence of documented controls over the SSP data can lead to inaccuracies and inconsistencies in the reported performance measures. This lack of audit trail undermines the reliability and credibility of the SSP, potentially impacting stakeholders' trust and decision-making.	**Deloitte recommendation** We recommend that management formally document a review process over the input data for the SSP. This documentation should include a clear audit trail of the controls performed to ensure data accuracy and completeness. **Management response** The comment is noted. Although results are reviewed, additional processes will be put in place to verify underlying information.	!
Landfill aftercare provision There was an error in the landfill aftercare provision calculation. Within the calculation of the provision the inflation rate was not included appropriately.	Landfill provision	During our audit of the landfill aftercare provision, we noted, the inflation rate was incorrectly applied across the life of the expected future costs, resulting in a misstatement of the present value of the future remediation costs.	**Deloitte recommendation** We recommend that management ensure inflation assumptions are applied correctly to future cash flows. We also suggest that management review the overall methodology used in estimating long-term provisions to ensure consistency with applicable accounting standards. Where significant judgment is involved, documentation of assumptions and consultation with valuation or actuarial experts may be beneficial. **Management response** The recommendation is acknowledged, and management consistently aims to ensure compliance with applicable accounting standards. The calculation of the provision has been updated to incorporate cumulative inflationary increases moving forward. This will be used for the basis of future landfill provision calculations.	!

Key – Deficiency level

! Significant deficiency ! Deficiency / Process Improvement

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Summary of unadjusted differences

We have communicated to management all misstatements accumulated during the audit and have requested that management correct those misstatements. We have obtained an understanding of the misstatements below, and management's reasons for not making the corrections, and based on our evaluations have determined that no uncorrected misstatements individually or in aggregate, have a material effect on the financial statements for the year ended 30 June 2025.

The unadjusted differences we have identified are set out below.

Unadjusted misstatements identified	Assets Dr/(Cr) ($'000)	Liabilities Dr/(Cr) ($'000)	Equity Dr/(Cr) ($'000)	Profit or loss Dr/(Cr) ($'000)	If applicable, control deficiency identified
Current year:					
2024 component of the adjustment for inflation applied to the landfill provision.			843	(843)	Page 20
Prior year:					
Intercompany correction	256	(256)			N/a
Total before tax	256	(256)	843	(843)	
Tax effect @ 28%	0	0	0	0	
Total	256	(256)	843	(843)	

Note: Immaterial balance sheet and income statement reclassifications have not been included in the summary of unadjusted differences

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Our audit report

Matters relating to the form and content of our report

Here we discuss how the results of the audit impact on our audit report.

Our opinion on the financial statements

Subject to completion of outstanding matters discussed below, we expect to issue an unmodified opinion on the financial report.

Going concern

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.

Emphasis of matter and other matter paragraphs

We have concluded that an Emphasis Of Matter paragraph will be included as a result to the Local Water Done Well disclosure requirements as determined by the OAG.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.

Other reporting responsibilities

As appointed auditor on behalf of Auditor General, we have a reporting responsibility to Office of the Auditor-General.

Outstanding matters required before we can issue our opinions and/or report

- Outcome of enquiries on litigation, claims and regulatory compliance
- Review of final version of annual report
- Quality reviews
- Subsequent events confirmation
- Signed letter of representation
- Signed annual report

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Appendices

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Independence and fees

Relationships / non-assurance services

We are aware of the following relationships (including provision of non-audit services) between us and the Group that, in our professional judgement, may reasonably be thought to bear on our objectivity and independence. The following relationships represent matters that have arisen in the current financial year.

Relationship / Service provided	Entity service provided to	Fees $'000	Threats to auditor independence	Safeguards in place *	Evidence of informed management
Counter Corruption initiative	Southland District Council	18	There is no threat of independence due to our safeguard and the nature of the services as these do not directly impact the financial statement.	(1)	Confirmed through the issuance and signing of the engagement letter.

* Where non-assurance services have been provided, we have identified the particular safeguards applied in order to protect our objectivity and independence:

(1) The non-assurance engagement was provided by individuals not involved with the audit.

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Independence and fees (cont.)

Fees

The professional fees earned by Deloitte Limited for the audit over fiscal year 2025 are as follows:

	CY ($'000)	PY ($'000)
Fees payable for the audit of the Council's financial statements	210	188
Fees for the audit of the subsidiaries pursuant to legislation	-	4*
Total audit fees for financial statements	**210**	**192**
Other assurance services	4.6	4.5**
Total audit related and other assurance fees	**214.6**	**196.5**
Non-assurance services as outlined on the previous slide	18****	1***
Total non-assurance fees	**18**	**1**
Total fees	**232.6**	**197.5**

* The fees for audit of subsidiaries pursuant to legislation relates to the audit of Milford Community Trust. This entity is exempt from audit from fiscal year 2025.

** The fee for other assurance services relates to the debenture trust audit.

*** The non-assurance services related to fraud services performed in fiscal year 2024.

**** The non-assurance services related to Counter Corruption initiative performed in fiscal year 2025.

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Other information in your annual report

Our work on other information is limited

We have a responsibility to read other information, whether financial or non-financial, that is included in your annual report. We have to assess the other information for consistency with the information and understanding we obtain during our audit of the financial statements and service performance information, however we are not required to audit the disclosures or metrics presented. Our work is therefore limited, and no assurance is provided on the other information.

As a reminder, there are key elements of the annual report where we have further reporting responsibilities. We have held discussions with management regarding new disclosures and key metrics as follows:

Area	Work we do	Deloitte comment	Findings / Observations
Chief Executive's Report	●	We evaluate whether the report is in line with our understanding and our audit procedures.	As at the date of preparing this report we have read this other information. No inconsistencies were noted.
Governance Report	●	We evaluate whether the report is in line with our understanding and our audit procedures.	As at the date of preparing this report we have read this other information. No inconsistencies were noted.
Statement of Compliance and Responsibility	●	We have evaluated the statement of compliance and responsibility and whether this is compliant with the regulations.	As at the date of preparing this report we have read this other information. No inconsistencies were noted.

Work required by ISA (NZ):		Work beyond ISA (NZ) requirements:	
●	Assess other information for consistency with the financial statements and information obtained in the course of the audit	●	Tested as part of a separate engagement

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Other communications

Additional matters we report to you in accordance with the requirements of New Zealand auditing standards

Accounting policies / Financial reporting	We have not become aware of any significant qualitative aspects of the Group's accounting practices, including judgements about accounting policies, accounting estimates and financial statement disclosures that need to be communicated to the Committee other than those matters raised elsewhere in this report.
Related parties	No significant related party matters other than those reflected in the financial statements came to our attention that, in our professional judgement, need to be communicated to the Finance and Assurance Committee.
Written representation	A copy of the representation letter to be signed on behalf of the Council will be circulated separately.
Specialists	As planned, specialists assisted in the audit to the extent we considered necessary. This includes computer assurance specialists participated in the evaluation of internal controls and in the use of our computerised audit applications.
Other information	As at the date of preparing this report we have read the other information (the financial and non-financial information other than the financial statements) contained within the annual report. We have not identified any material inconsistencies to bring to your attention.
Independence	We confirm that we have maintained our independence in accordance with the independence requirements of both *Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners* issued by the NZ Auditing and Assurance Standards Board and *AG – Professional and Ethical Standard 1 (AG – PES 1)* and, in our professional judgement, we are independent, and the objectivity of the audit engagement partner and audit staff are not compromised.

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Analysis of Actual Results to Forecast for the year ended 30 June 2025

Record No: R/25/9/45414
Author: Joanie Nel, Senior accountant
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision ☐ Recommendation ☒ Information

Purpose

1. To compare the actual financial results for the 2024/2025 financial year against the final forecast budget approved by Council on 2 April 2025.

Background

2. The actual results outlined in this report closely aligns with the draft Annual Report 2024/2025 which is also presented at this meeting. However, this report compares actual results with forecast budget for 2024/2025 while the annual report will compare the actual results to the Annual Plan budget for 2024/2025.

   - 2024/2025 actual is the actual result for financial year ended 30 June 2025
   - 2024/2025 forecast is the Annual Plan budget for 2024/2025 adjusted for the 2023/2024 carried forward items (approved by Council on 18 September 2024) and any budget adjustments as a result of the February 2025 forecasting period (approved in April 2025) which includes unbudgeted expenditure requests during that period.

3. In summary the results are as follows:

	2024/2025 ACTUALS ($000)	2024/2025 FORECAST ($000)	VARIANCE ($000)	VARIANCE %
Income	113,799	115,598	(1,799)	(1.60%)
Operating expenditure	120,481	126,769	(6,288)	(5.0%)
Net surplus/(deficit)	(6,682)	(11,172)	4,490	(40.2%)
Capital expenditure	47,534	61,440	(13,906)	(22.6%)

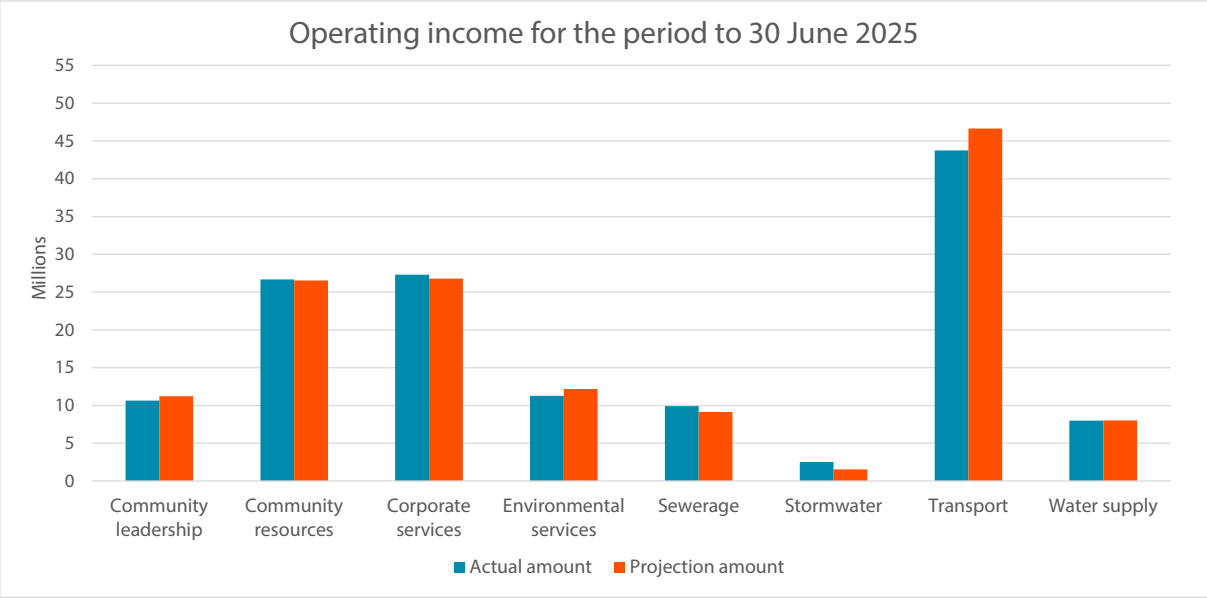
4. Explanations for the variances are outlined in the background section below.

5. Please note that there is a difference in the numbers contained in the summary financial table above and the Profit and Loss report in paragraph 30 compared to the rest of the information discussed in the report. Both of these financial tables align with Council's Annual Report which is based on accounting standards which eliminates internal transactions. Whilst internal transactions are excluded from the tables, they are included in the information provided in paragraphs 7 to 29.

Detailed analysis

Income

6. Overall operating income is $2 million (1%) less than forecast ($140.1 million actual vs $142.1 million). The key reasons for the variances are detailed for each activity below.



7. Community leadership income is $280 thousand (2%) below forecast due to lower better off funding being required to meet costs this year with the balance carried forward to 2025/2026, lower rates penalties applied, lower proceeds on sale of asset due to the timing of vehicles being replaced.

8. Community resources income is $171 thousand (1%). This is due to a number of overs/unders compared to projection as follows:

- additional funds received for the remediation of the Bluecliffs landfill site and additional waste minimisation income
- fee income received overall were above projection due to increased transfer station charges, higher volumes of waste received and an increase in SIESA electricity charges partway through the year
- this was offset by lower proceeds on sale of assets versus projection for property sales.

9. Environmental services income is under projection by $890 thousand (7%) predominantly due to a decrease in building consent applications as discussed during the year in Councils financial report.

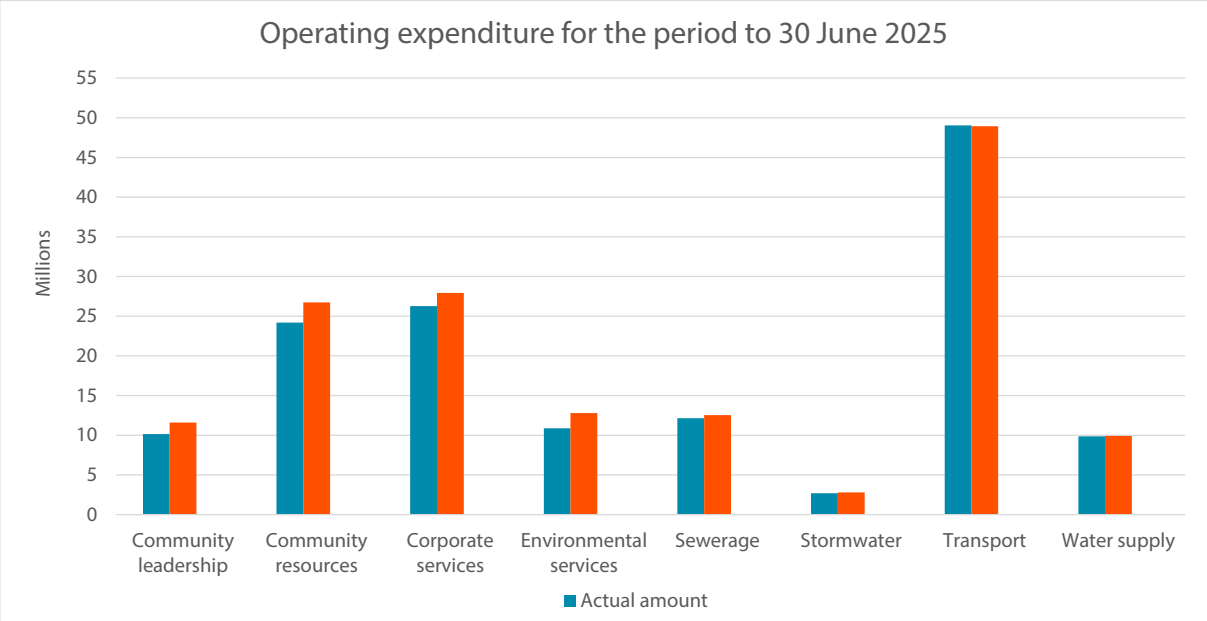
10. Stormwater income is $991 thousand over forecast due to accounting for vested assets of $994 thousand.

11. Transport income is $2.9 million (6%) below forecast. Operating and capital grant income from Waka Kotahi was below projection by $3.4 million with a lower delivery than was anticipated due in a major part to when NZTA confirmed the three year programme. With this being a three - year programme the balance of the programme has been carried forward to 2025/2026. This is being offset by $1.1 million of vested assets received not budgeted for. Stewart Island

Jetties grant income is under projection by $451 thousand due to the project for the Ulva Island jetty rebuild being carried forward to 2025/2026.

Operating expenditure

12. Operating expenditure is $8 million (5%) less than forecast ($145 million actual vs $153 million forecast).



13. Community leadership expenditure is $1.1 million under forecast (10%) due to the better off funding projects still being underway ($221 thousand), less grants being paid from the Stewart Island Visitor levy ($188 thousand), Community and Futures are under forecast ($127 thousand) due to less expenditure on general projects and motor vehicle expenses. Other cost savings to projected budget include lower consultants, legal costs, district survey costs for Representation and Advocacy.

14. Community resources expenditure is $2.8 million lower than forecasted. (11%) Parks and reserves are under projection by $1.4 million mainly due to maintenance not being required in parks and reserves to the level budgeted ($948 thousand) and $324 thousand for lower depreciation versus projection. Halls are lower than forecasted mainly due to $88 thousand underspend in maintenance costs. SIESA operations incurred lower depreciation costs versus projection due to lower capital expenditure in previous years versus budgeted. ($80 thousand). Toilets had a $254 thousand underspend for maintenance project versus projection due to the district wide toilet refurbishment project being carried forward to 2025/2026.

15. Environmental services expenditure is $1.9 million under forecast. (15%) The main variance is due to lower staff, legal costs and consultants' costs.

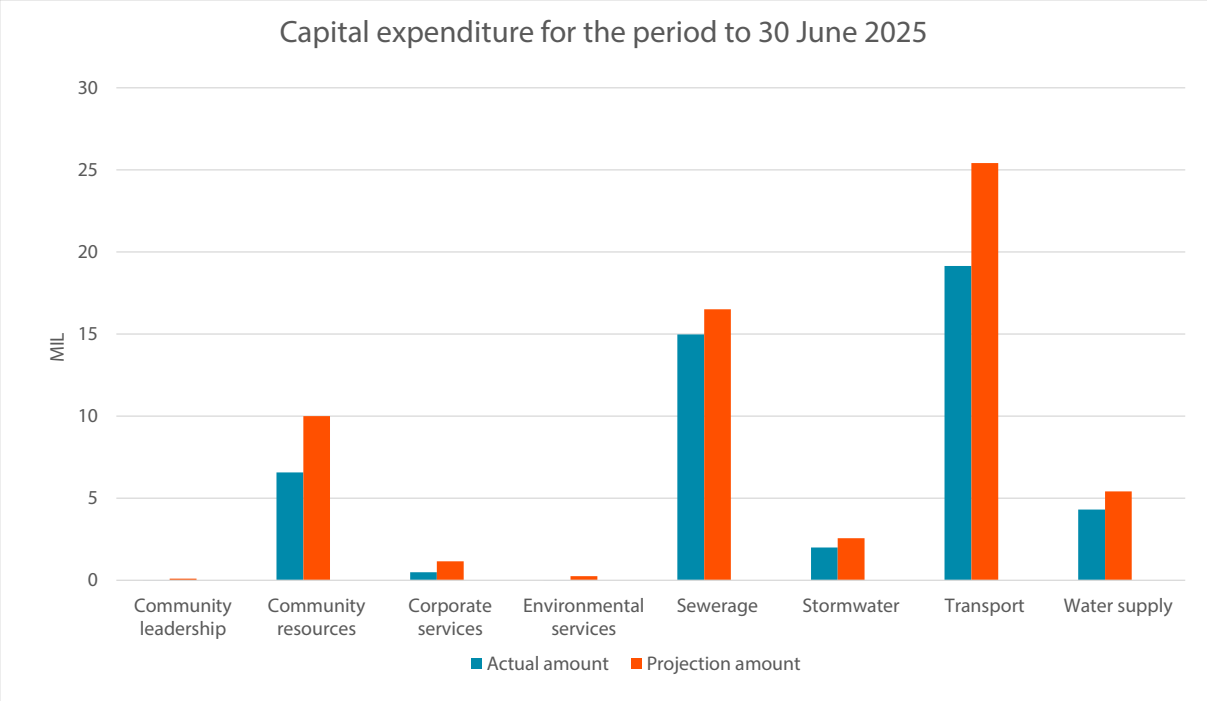
16. Sewerage expenditure is $403 thousand under forecast mainly due to depreciation costs being lower than previously forecasted due to the timing of capital projects.

17. Stormwater expenditure is $112 thousand under forecast mainly due to an underspend on the condition assessment budget.

18. Transport expenditure is $103 thousand above forecast mainly due to an additional $1.7 million for depreciation which is offset by lower operational costs for the Roading department due to the timing of works as discussed above.

Capital expenditure

19. Capital expenditure is $13.9 million (23%) less than forecast ($47.5 million v $61.4 million forecast).



20. Community resources capital expenditure is $3.4 million lower than forecast (34%), The main variances include:

- offices and buildings are lower than budget by $519 thousand. This is mostly related to the renewal of the Invercargill building replacement as well as vehicles not replaced for the work scheme team. These items have been carried forward to the new financial year
- toilet capital expenditure is $1 million under forecast due to two of the toilet projects being completed under projection. The remainder of the projects which are still in progress are now expected to be completed in 2025/2026, with related carry forwards approved by Council
- the cemeteries capital spend is under projection by $222 thousand due to the Riverton cemetery project being carried forward to acquire land for expansion as initial discussion with the adjoining landowners have not progressed
- parks and reserves are $952 thousand under forecast with numerous project budgets carried forward to the 2025/26 year including the multi-year project for the Holt Park camping ground.

21. Corporate services capital spend is $664 thousand (57%) under forecast mainly due to motor vehicle budgets being carried forward.

22. Environmental services are $250 thousand (99%) under projection due to the vehicle renewals budget not utilised and carried forward to 2025/2026 for the building solutions and health licensing teams.

23. Sewerage capital costs is under forecast by $1.5 million, projects carried forward for completion in 2025/2026 are $2.2 million mainly due to the district wide wastewater main reticulation network renewal and the Manapouri wastewater treatment upgrade which is currently in the procurement process. This is offset by vested assets of $700,000.

24. Stormwater capital costs variance is below forecast by $567,000, projects carried forward for completion in 2025/2026 are $1.5 million mainly due to the work on Wyndham stormwater replacement project with construction due to begin in November 2025. This is offset by vested assets of $994,000.

25. Transport capital costs are $6.3 million (23%) below forecast.

    - the Te Anau Manapouri Airport runway renewal project is underspent at a projected budget of $900 thousand with the budget being carried forward to the 2025/2026 financial year. The pre seal dig outs for the project have been done in May 2025 and the resurfacing will be happening during optimal weather and usage conditions
    - Stewart Island Jetties are underspend due to the Ulva Island Jetty rebuild project being carried forward to 2025/2026 for $582 thousand
    - the 2024/2025 financial year was the first year in the NZTA three year roading cycle. Final approval from the NZTA was delayed and only received in September 2024. As a result, the programme required review and reconsideration and the following roading projects have been carried forward to 2025/2026.
        - District wide unsealed road renewal programme
        - District wide drainage renewal programme
        - District wide pavement rehabilitation programme
        - District wide structure component renewal programme
        - District wide traffic services programme
        - District wide bridge renewal.

26. The Water supply capital variance is $1.1 million, projects carried forward for completion in 2025/2026 are $1.5 million mainly due to the multiyear AC pipe renewal project and rural water scheme investigations and switchboard and pump replacements, the projects carried forward are in process with work continuing in the new year. This is offset by vested assets of $456,000.

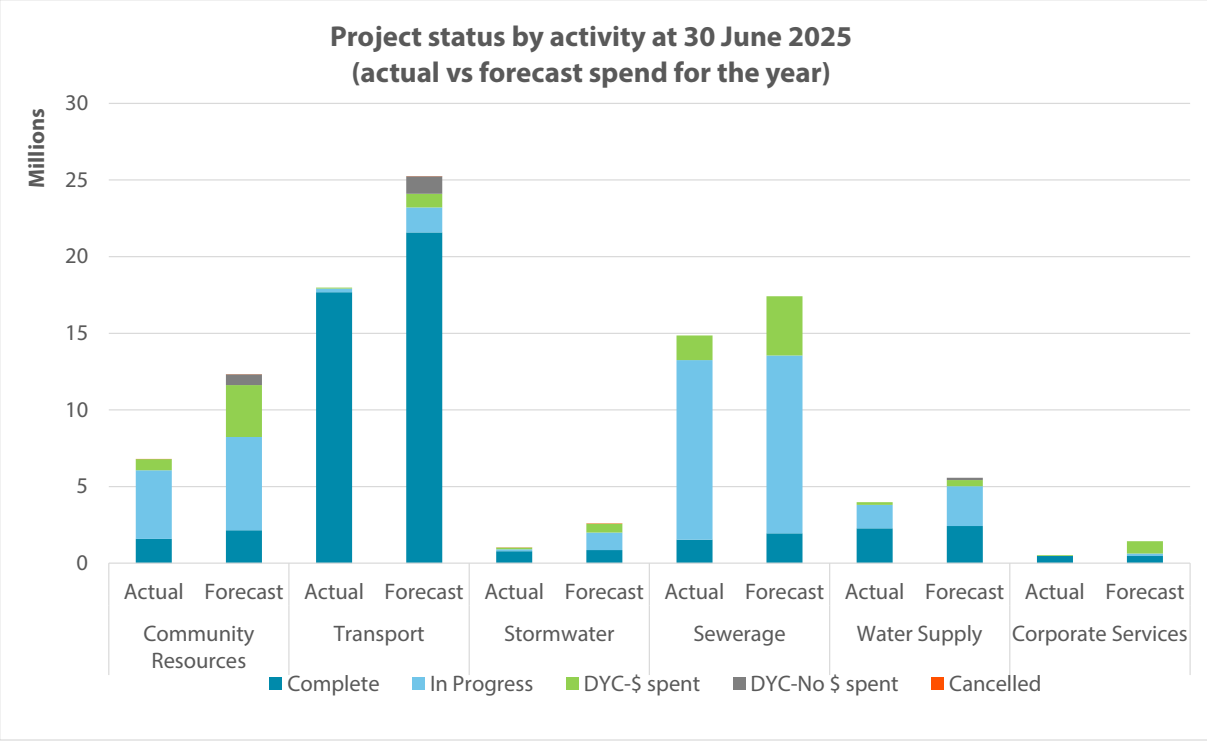
Projects

27. The following table and graph relate to operational and capital expenditure identified as projects in Councils planning processes and their status as at 30 June 2025. The projects include those identified in the Annual Plan and additional projects identified for delivery during the 2024/2025 year as a result of unbudgeted expenditure requests, carry forwards and the forecasting process.

INDIVIDUAL PROJECT (OPERATING AND CAPITAL) STATUS AT 30 JUNE 2025						
Status	**Number of projects**		**Actual expenditure $000**		**Forecast expenditure $000**	
Completed	88	49%	**$23,324**	52%	$29,441	46%
In Progress	36	20%	**$18,090**	40%	$23,206	36%
Delivery year changed - $ spent	32	18%	**$2,741**	6%	$9,924	15%
Delivery year changed – no $ spent	21	12%	**$-**	0%	$1,993	3%
Cancelled	4	2%	**$9**	0%	$54	0%
Total	**181**	**100%**	**$45,164**	**100%**	$64,618	100%

28. Specific details of the projects in progress, not started and deferred are included in the "Budget carry forward requests from 2024/2025 financial year into the 2025/2026 financial year" report presented to Council on 27 August 2025.

29. The graph below shows graphically, the actual project compared to the forecast spend by activity. A number of projects were split to occur over multiple years as part of the April forecasting round and many of these are shown as "in progress".



Statement of comprehensive income

30. The actual versus forecast comparative statement of comprehensive income for the year-ending 30 June 2025 is detailed below and the explanations above are the key reasons for the differences:

Comparative Statement of Comprehensive Income for the period ending 30 June 2025

	Actual 2024/2025 ($000)	Forecast 2024/2025 ($000)	Variance
Revenue			
Rates revenue	71,652	72,089	($437)
Other revenue	14,782	12,466	2,316
Interest and dividends	1,138	770	368
Waka Kotahi NZ Transport Agency	17,761	21,354	($3,593)
Grants and subsidies	3,159	4,438	($1,279)
Other gains/(losses)	1,851	4,446	($2,595)
Vested assets	3,412	-	3,412
Development and financial contributions	44	35	9
Total Revenue	**113,799**	**115,598**	**($1,799)**
Expenditure			
Employee benefit expenses	19,759	21,056	($1,297)
Depreciation and amortisation	41,315	41,654	($339)
Finance costs	3,688	4,195	($507)
Other council expenditure	55,719	59,864	($4,145)
Total expenditure	**120,481**	**126,769**	**($6,288)**
Surplus/(Deficit) before tax	**($6,682)**	**($11,172)**	**4,490**
Share of associate's surplus/(deficit)	843	-	843
Income tax benefit	-	-	-
Surplus/(Deficit) after tax	**($5,839)**	**($11,172)**	**5,333**
Gain/(Loss) on assets revaluations	3,428	1,033	2,395
Gain/(Loss) on property, plant and equipment revaluations	26,396	64,543	($38,147)
Total Comprehensive revenue and expense	**23,985**	**54,404**	**($30,419)**

Recommendation

That the Finance and Assurance Committee:

a) Receives the report titled "Analysis of Actual Results to Forecast for the year ended 30 June 2025".

Attachments

There are no attachments for this report.

Draft Insurance Policy

Record No: R/25/7/31639
Author: Joanie Nel, Senior accountant
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision ☒ Recommendation ☐ Information

Purpose

1 The purpose of this report is to review Council's draft Insurance Policy (Attachment A) and recommend to Council its adoption.

Executive Summary

2 The aim of the Insurance Policy is to guide Council staff in the insuring of Council's assets into the future. Councils purpose for having insurance is to mitigate its financial risk for any loss or damage of its assets or from particular events that may occur.

3 The Insurance Policy was originally adopted by Council in 2019. Generally, staff have found the policy to function well however given it has been six years since it was implemented it is now due for review.

4 In undertaking the review staff have reflected on how it has been working, previous questions raised in relation to the policy and thought about how inflationary changes over the years may affect the monetary tables in the policy.

5 Overall, the key principal within the policy remains unchanged, being the insurance of all assets if possible, for replacement and mitigate any potential risks that may result in significant financial loss.

6 The ability to still ensure non-Council community assets remains in the policy. Council has previously commented that the preference would be for community entities to obtain their own insurance however for some entities closely related to Council, it has been easier to insure through us. It is added administration for Council staff and the higher excess of $5000 is often a disadvantage, however we have left the option in the policy for discussion at the meeting. The preference would be for no new entities to be accepted and to continue to explore other opportunities for those currently with us as time allows.

7 Changes are being proposed to the following areas, based on further work after the workshop with the Committee at its last meeting and the review of the policy:

- further discussion in this report and at the meeting will be sought over the timing of building valuations and other assets insured under the material damage policy with insurance payouts based on replacement cost value but limited by Councils estimation of this
- it is proposed to change the calculation of council vehicles older than one year from an independent valuation to using depreciated replacement cost. Councils broker does not believe this is unreasonable and reflects what we currently do
- the policy has been changed to allow for the consideration of insurance cover for bridges as and when this is further explored

- updates have been made to the roles and responsibilities to reflect the current staffing structure.

8 It is not proposed to change the existing requirement of the policy to obtain the Committees approval for any requests to insure for less than replacement cost on assets covered by the material damage policy unless the committee would like to consider this.

9 Staff are requesting the committee recommends the draft policy, which is included with the report as Attachment A, for adoption by Council along with any amendments agreed at the meeting. Tracked changes within the report clearly identifies the changes made for the committee's reference.

Recommendation

That the Finance and Audit Committee:

a) receives the report titled "Draft Insurance Policy".

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

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

d) agrees to continuing to include in the draft insurance policy the ability to insure existing non-council assets within its annual insurance renewal.

e) recommends to Council that it adopts the draft Insurance Policy, as attached to this report, including any amendments agreed at this meeting.

Background

10 This Insurance Policy was first approved by Council on 24 July 2019.

11 The aim of the Insurance Policy is to guide Council staff in the insuring of Council's assets into the future.

12 No significant principal changes are proposed. The current policy's key principal is to fully insure assets where possible for replacement and mitigate any potential risks that may result in significant financial loss. This is, of course, limited by what can be insured and exclusions within policies as well as the administrative cost of seeking cover when dealing with minimal amounts.

13 Overall, the approach is to limit the financial risk to Council from an event occurring.

14 Additionally, this policy attempts to capture decisions on the processes to be followed to insure these assets.

15 A copy of the draft policy is included in Attachment A.

Summary of policy

16 Below is a summary of the key aspects of the Draft Insurance Policy (Attachment A).

Underground assets

17 This Insurance Policy looks to insure key underground infrastructure, being water, wastewater and stormwater assets. These assets are insured at replacement/reinstatement value and the value is reviewed on an annual basis. Replacement/reinstatement value is established based on the annual asset revaluation provided for the preceding year's Annual Report and encompasses the costs associated with sealing the old pipes with concrete, which remain undisturbed. Consequently, there is no need to insure for demolition costs separately.

18 Given the significant value of Council's underground assets, these assets may be insured using non-traditional insurance policies, such as a cash accumulation mutual pool, whereby members make an annual contribution in return for cover for the cost of restoring infrastructure as a result of a disaster. There is a risk with this approach that the cover available by the mutual pool will not sufficiently cover the total claims, especially when more than one member is affected or there are multiple major events in an insurance year.

19 Please note, roads, footpaths and bridges are not currently insured. The insurance market currently does not provide coverage for roads and footpaths. We have been advised that coverage may be possible for bridges. This will be investigated and discussed with the committee in the future, noting a focus on lifeline bridges.

Material Damage

20 This policy provides coverage for aboveground infrastructure (water and wastewater treatment structures and plant), buildings (including specified non-Council owned buildings), airport runways, jetties/wharves, sea walls, boat ramps, public toilets, associated contents and other specified assets as noted on the property schedule.

21 These assets are insured at replacement/reinstatement value (including demolition costs where appropriate), which is reviewed on an annual basis. The review comprises of either updating the insured value or by undertaking an independent valuation. Where an insurance valuation does not occur, the policy requires a level of inflation to be applied to the prior year's insured value as well

as reviewing the assets for any known changes (e.g.: additions, disposals, significant deterioration etc). Valuations for insurance purposes occur at an interval dependent on the value of the asset. Discussion around the timing of these asset valuations is discussed in more detail below.

22 Where a specific reason exists for an asset to be insured at less than replacement/reinstatement value (i.e. a specified value or indemnity value), the Committees approval is required. To date, this has been sought for some community halls and jetties. Staff are not proposing to change this but encourage the committee to discuss further if it wishes to change this.

23 Allowance is also made for contract works and capital additions to any of our buildings anywhere in New Zealand during the year. This is capped at $2million each.

Business interruption

24 This policy provides coverage for loss/increased costs as a result of an interruption to the business as a result of damage to property insured by the material damage policy.

25 This risk is insured based on a specified value. The value is determined based on the potential loss of specified revenues being:

- all individual revenue streams over $10,000 per annum plus inflation
- all commercial rentals over $10,000 per annum plus inflation
- all residential revenues plus inflation.

26 The revenues will be calculated based on actual revenue streams plus inflation and the policy provides coverage for up to 18 months post event.

Motor Vehicle

27 All Council owned vehicles covered under this policy are insured at market value, or replacement value for vehicles less than 12 months old. Previously the policy sought independent valuations for vehicles older than one year. It is proposed to change this to using depreciated replacement cost. In speaking to Councils insurance broker, this is not unreasonable. Insurers are made aware of how the values are attained during reinsurance by receiving detailed schedules of Councils assets.

Standing Timber/Forestry

28 Council forestry is insured at market value. Market value is based on the annual revaluation provided for the preceding year's Annual Report, completed by a suitably qualified party. Insured events are fire and hail. Windstorm and earthquake cover are excluded. In the event of a windstorm, it is expected that harvesting will still occur.

Crime/Fidelity Guarantee, Employers Liability, Statutory Liability, Public Liability, Professional Indemnity

29 These risks are all insured for a relevant specified value. The values are reviewed on an annual basis and amended as necessary.

Airport Owners and Operators Liability, Harbourmasters Liability and Wreck Removal

30 These risks are insured based on a specified value. The value is to be reviewed on an annual basis and amended as necessary.

Personal Accident

31 This policy provides coverage for executive management (24 hours a day, worldwide) and all other staff (24 hours a day whilst on Council business).

32 This risk is insured based on a specified value. The value and level of indemnity is to be reviewed on an annual basis and amended as necessary.

Travel

33 This policy provides coverage for disruption to travel, accident, illness, injury or death of a staff member and accompanying family members whilst travelling outside of New Zealand on authorised Council business and associated private travel.

34 This risk is insured based on the anticipated number of relevant overseas travel days. With an adjustment at year end for actual days. The level of indemnity is reviewed on an annual basis and amended as considered necessary.

Issues

Roads, footpaths and bridges

35 This policy excludes the insurance of roads and footpaths but has been amended for the Committee to consider the insurance of bridge assets in the future.

36 There is a limited insurance market for the insurance of bridges. The policy has been changed to allow for the consideration of cover for bridges. The assets covered and the values agreed will be determined at that time.

37 No insurance market exists for roads and footpaths. The reliance is on Government to assist through emergency provisions and increased NZTA funding for emergency events along with Council funding.

Valuation frequency for Council owned buildings

38 Currently buildings are independently valued for insurance purposes. However, this is undertaken on a cycle as indicated below. In the intermediary years, the last valuation is updated for inflation.

Valuation frequency for insurance purposes	Criteria	2019	2025
5 yearly	< $1.0 million	145 buildings	123 buildings
3 yearly	$1.0 million - $2.0 million	26 buildings	22 buildings
Annually	> $2.0 million	12 buildings	26 buildings

39 All other assets insured under the material damage policy are subject to an insurance valuation every five years. This includes jetties/wharves, boat ramps, seawalls, band rotundas, viewing platforms, generators, runway etc.

40 In reviewing the current policy, we have been advised that although we insure for replacement, this is limited to the total sum insured we advise the insurers as part of the information provided to them which is based. Therefore, the committee needs to consider if it wishes to revisit when buildings and other assets under the material damage policy are valued.

41 Staff are currently confirming but have been advised that the valuations we obtain is generally valid for two years as it includes an inflationary component. However, if building costs exceeds the inflationary allowance, then it would only be relevant for one year.

42 Valuations are a mixture of desktop and onsite each costing around $200 to $400. In total we have around 222 assets insured. So, the maximum amount payable would be around $55,500 if they were all to be valued on an average cost of $250.

43 Staff will present some further information at the meeting for discussion as to the approach the committee wants to proceed with.

Insuring non-Council owned assets

44 For some time, Council has insured approximately 34 non-Council owned assets, predominately sports clubs and halls. This was initially done to assist the communities, as Council was able to obtain more competitive premiums given the volume of assets that we insure. However, community groups now have policies with a $5,000 excess which potentially is not suitable to the nature of their activities and risks. It also exposes Council to a level of additional risk that we have no control over, i.e. if there are frequent claims for non-Council owned assets, this will increase our claims history and potentially future premiums. To date claims have been minimal.

45 Staff wish to take this opportunity to seek confirmation from the Committee that they agree to continue to insure the existing non-Council owned assets. The policy has been drafted to continue to do this. Please note, the premium on such assets is invoiced to the relevant community group.

Factors to Consider

Legal and Statutory Requirements

46 Section 101 of the Local Government Act requires Council to manages its finances prudently and provide for current and future interests of the community.

Community Views

47 Council staff have not specifically sought community views; however, staff believe that the public will be in support of the intent of the policy ensuring Council has appropriate insurance in place to mitigate its risk.

Costs and Funding

48 There is no specific cost with the establishment of this policy, however, the final policy will affect Council's approach to insurance and may result in additional premiums and/or insurance valuation costs.

Policy/Risk Implications

49 Council staff have considered this draft policy in conjunction with other Council policies as outlined in section 10 of the draft Insurance Policy.

50 The main risk associated with this policy is that Council's level of insurance may not be sufficient to cover the full amount of any loss/damage. For this reason, Council holds a specified disaster recovery reserve (approximately $1.4 million) as well as the ability to access government funding in the event of a natural disaster.

Analysis

Options Considered

51 Two reasonably practicable options have been identified regarding how the committee could proceed. These are:

- option 1: that the committee recommends to Council that it adopts the draft Insurance Policy, including any amendments agreed at this meeting
- option 2: that the committee recommends major changes to the draft insurance policy and this is brought back to the committee at a future date.

Analysis of Options

Option 1 – That the committee recommends to Council that it adopts the draft Insurance Policy, including any amendments agreed at this meeting

Advantages	*Disadvantages*
• the draft policy considers the various Council assets and risks and approach to insurance. It is good practice in the local government sector to have Council's approaches documented in a policy • provides Council staff with guidance on its approach to insuring its assets and business risks.	• none identified.

Option 2 – That the committee recommends major changes to the draft Insurance Policy and this is brought back to the committee at a future date

Advantages	*Disadvantages*
• if the staff approach to the proposed draft policy is incorrect it can be rectified by revisiting the policy.	• none identified.

Assessment of Significance

52 This policy is not considered significant in terms of Council's Significance and Engagement policy. As a consequence, community feedback is not being sought on this policy.

53 However, although consultation is not being undertaken, Council is still required to consider the views and preferences of people likely to be affected by or have an interest in the matter, as required by Local Government Act 2002 section 78(1).

54 As noted above Council staff believe that the public will be in support of the intent of the policy ensuring Council has appropriate insurance in place to mitigate its risk.

Recommended Option

55 It is recommended that the committee recommends to Council that it adopts the draft Insurance Policy, including any amendments agreed at this meeting (Option 1).

Next Steps

56 If the committee proceed with Option 1, staff will make any agreed amendments from this meeting and present the draft Insurance Policy to Council at its meeting on 30 July 2025, for adoption.

57 Additionally, the approaches outlined in this policy, where possible (due to time constraints), will be followed in preparation for the 2025/2026 insurance renewal due on 30 June 2025.

Attachments

A Draft Insurance Policy

Draft Insurance Policy

Group responsible: Financial services

Date approved: 24 July 2019

File no: R/19/3/4902

1. Purpose

Council's approach to insurance is to insure all assets if possible, for replacement and mitigate any potential risks that may result in significant financial loss.

Accordingly, the purpose of this policy is to:

- set guidelines for Council staff to insure Council's assets and business risks
- mitigate Council's exposure to the effects of business risks
- mitigate Council's exposure to potential loss
- outline Council's approach to insurance.

2. Definitions and abbreviations

Term	Meaning
Contents	these are personal possessions, for example, things like furniture, computers, equipment, business tools, carpets, curtains etc.
Council	Southland District Council
Excess	the amount of a claim that you have to pay yourself. For example, a standard excess might be $1,000. So you would pay the first $1,000 of any claim on that policy, and your insurer pays the rest.
Indemnity value	this is an item's current value allowing for its age and condition, immediately before the loss or damage happened.
Insurance broker	a person or company registered as an adviser on matters of insurance and as an arranger of insurance cover with an insurer on behalf of a client.
Insurance premium	this is the amount you pay the insurer to have your property or personal effects insured. Depending on the type of cover you have, your premium can also include Earthquake Commission and Fire Service levies. When you pay your premium, you accept the policy offered by the insurance company.
Market value	the cost of replacing the same asset in the same condition in the current market.

Term	Meaning
Policy	a policy is a contract between you and your insurance company, setting out the terms, conditions and exclusions of your insurance cover.
Policy schedule	this sets out the individual details of your insurance including the items being insured, your details, and excesses, the premiums due and any exceptions or special terms.
Reinstatement value	the cost of replacing or reinstating on the same site, property of the same kind or type but not superior to or more extensive than the insured property when new.
Replacement value	the actual cost to replace an item or structure at its pre-loss condition.
Total loss	when damage to an asset is so severe that it becomes uneconomical to repair. For a building, this means it needs to be demolished and rebuilt.

3. Scope

This policy applies to Council's assets and business risks, including Stewart Island Electrical Supply Authority. In some instances, Council's policies also provide coverage for other Council related entities (specifically non-Council owned hall committees).

- Assets include:
  - underground infrastructure
  - above ground infrastructure (excluding roads, footpaths and bridges)
  - runways
  - public toilets
  - buildings
  - contents, plant and equipment (including SIESA)
  - jetties, wharves, sea walls and boat ramps
  - motor vehicles
  - standing timber/forestry
- Business risks include:
  - business interruption
  - crime/fidelity
  - employers liability
  - statutory liability
  - public liability/professional indemnity

harbourmaster's liability

  - airport owners and operators liability
  - personal accident
  - travel
  - cyber
  - other business risks as identified

4. Insurance policy renewal

Council's insurance policies are renewed on an annual basis, typically the 30 June each year.

5. Specified values

A number of Council's policies are insured based on a specified value. The specified value is determined after undertaking discussions with relevant Council staff and giving consideration to the relevant risk and the outcome of recent insurance events.

Guidance on specified values is obtained from Council's insurance broker based on their knowledge and expertise of the insurance market, local government and Council's operations and risks.

Specified values are approved by the Finance and Audit Committee at the time of the annual renewal.

6. Policy details

6.1 Infrastructure assets

Infrastructure assets insured under this policy:

- underground assets
  - water
  - wastewater
  - stormwater
- aboveground assets (included in the material damage policy)
  - water
  - wastewater

All Council owned infrastructure assets covered under this policy should be insured at replacement/ reinstatement value. This value should be reviewed on an annual basis. Replacement/reinstatement value is established for water, wastewater and stormwater assets based on the annual revaluation provided for the preceding year's Annual Report.

Where relevant, demolition coverage is included for all above ground infrastructure assets.

Given the significant value of Council's underground assets and the limited market options for insurance ~~(in excess of $200 million)~~ these assets may be insured using non-traditional insurance policies, such as a cash accumulation mutual pool, whereby participants make an annual contribution in return for cover for the cost of restoring infrastructure as a result of a disaster. The contribution is set to cover the risk, administration costs, re-insurance premiums and a component for building the self-insurance fund. Claims are met from the investments in the fund and the reinsurance that it has in place.

Roads, footpaths and bridges:

~~Council do not insure road, footpath and bridge infrastructure.~~

Roads and footpaths are not insured.

Council will consider the insurance of bridges, if a market opportunity is available. The assets covered and the values agreed will be determined at that time.

6.2 Property, plant and equipment (material damage coverage)

Property, plant and equipment assets insured under this policy include, but are not limited to:

- residential buildings
- non-residential buildings (including specified non-Council owned buildings)
- airport buildings
- runways
- jetties, wharves, boat ramps
- public toilets
- playgrounds
- water and wastewater treatment structures and plant
- associated contents
- other specified assets as noted on the property schedule.

All Council owned property, plant and equipment covered under this policy is insured at replacement/reinstatement value. This value is reviewed on an annual basis.

Demolition coverage is included in the total sum insured where appropriate.

Where a specific reason exists for a building to be insured at less than replacement/reinstatement value (ie a specified value or indemnity value), this must be approved by the Finance and Audit Committee at the time of the annual renewal.

Replacement/reinstatement value is determined at the frequency outlined below:

- Buildings – revalued for insurance purposes as follows:
  - under $1 million – 5 yearly
  - $1 million - $2 million – 3 yearly
  - over $2 million – annually
- Water, wastewater and stormwater assets – revalued annually, based on the annual revaluation in the preceding year's Annual Report
- Other assets – revalued for insurance purposes every 5 years

In the years where an insurance valuation does not occur, Council staff will apply inflation to the prior year's insured value and review the assets for any know changes in value (additions, disposals, significant deterioration etc).

Inflation will be determined based on BERL cost indices for capital expenditure for the relevant year, or an equivalent publicly available inflation index.

6.3 Motor vehicles

Motor vehicle assets insured under this policy:

- vehicles
- trailers
- book bus
- rubbish trucks.

All Council owned motor vehicles covered under this policy will be insured at market value (or cost price for vehicles less than 12 months old). Market value is established from the depreciated cost of the vehicles at the 30 June prior to renewal.~~by obtaining an independent valuation by a suitably qualified party.~~ Adjustments to this will be made for any extensive customisation of the vehicle.

6.4 Forestry

Forestry assets insured under this policy:

- standing timber

All Council owned assets covered under this policy will be insured at market value.

Market value is based on the annual revaluation in the preceding year's Annual Report, completed by a suitably qualified party. Adjustments to this will be made for any extensive harvesting/planting that has subsequently occurred.

Insured events are fire and hail. Windstorm and earthquake/volcanic eruption events are excluded.

6.5 Public indemnity, public liability and environmental impairment liability

Types of liability insured under this policy:

- public liability - indemnity for legal liability in connection with the business arising from occurrences resulting in personal injury or property damage
- professional indemnity - indemnity for legal liability in respect of any negligent act, error or omission, including defense costs and expenses
- environmental impairment liability - indemnity for legal liability in connection with the business arising from pollution, including clean-up, bodily injury and/or property damage.

These risks are insured for specified values. The specified values are to be reviewed on an annual basis and amended as considered necessary.

6.6 Business interruption

Types of liability insured under this policy:

Business risk is a loss consequent upon interruption to the business as a result of damage to property

insured by the material damage policy, resulting in losses or increased costs.

Business risk is insured based on a specified value. The specified value is determined based on specified revenues being:

- all individual revenue streams over $10,000 per annum plus inflation
- all commercial rentals over $10,000 per annum plus inflation
- all residential revenues over $20,000 per annum plus inflation.

Inflation will be determined based on BERL local government cost index for the relevant year, or equivalent publicly available inflation index.

The indemnity period is 18 months (meaning revenues will be covered for up to 18 months in the event of a claim). The values are to be reviewed by the Finance team on an annual basis and amended as considered necessary.

6.7 Airport owners and operators liability

Types of liability insured under this policy:

Loss arising from the business of Airport Owner or Operator where Council is legally obligated to pay damages for bodily injury of any person (non-employees) and/or for loss or damage to property of others.

Airport owners and operators liability risk is insured based on a specified value. The value is to be reviewed on an annual basis and amended as considered necessary.

6.8 Employers liability

Types of liability insured under this policy:

Loss arising from legal liability to pay damages as a result of an employee sustaining personal injury in the course of their employment, and to pay the costs and expenses in the investigation, defence or settlement of claims, where such injury is not covered by Accident Insurance legislation.

This risk is insured based on a specified value. The value is to be reviewed on an annual basis and amended as considered necessary.

6.9 Statutory liability

Types of liability insured under this policy:

Costs of defense and penalties as a result of an alleged breach of any act of Parliament other than specifically excluded Acts. This policy coverage excludes fines imposed under the Health and Safety in Employment Act.

This risk is insured based on a specified value. The value is to be reviewed on an annual basis and amended as considered necessary.

6.10 Personal accident

Types of liability insured under this policy:

Provides financial assistance in the event a member of staff suffers death, disablement or significant injury. Executive management are covered 24 hours a day, worldwide. All other staff are covered 24 hours a day whilst on Council business.

This risk is insured based on a specified value. The value and level of indemnity is to be reviewed on an annual basis and amended as considered necessary.

6.11 Travel

Types of liability insured under this policy:

Disruption to travel, accident, illness, injury or death of a staff member and accompanying family members whilst travelling outside of New Zealand on authorised Council business and associated private travel.

This risk is insured based on the anticipated number of days of business and associated private overseas travel. The level of indemnity is to be reviewed on an annual basis and amended as considered necessary. The policy is revised retrospectively at the end of the term to adjust to the actual days travelled.

6.12 Crime/ fidelity guarantee

Types of liability insured under this policy:

Loss of money or goods, belonging to Council as a result of an act of dishonesty by an employee or elected member. It includes fraud, third party crime and electronic/computer crime.

This risk is insured based on a specified value. The value is to be reviewed on an annual basis and amended as considered necessary.

6.13 Harbour masters liability and wreck removal costs

Types of liability insured under this policy:

Loss arising from the business of Harbour mastering and wreck removal where Council is legally obligated to pay damages for bodily injury of any person (non-employees) and/or for loss or damage to property of others.

This risk is insured based on a specified value. The value is to be reviewed on an annual basis and amended as considered necessary.

6.14 Cyber

Types of liability insured under this policy:

Loss arising from cyber attacks such as computer hacking, ransomware, data theft and other cyber events.

This risk is insured based on a specified value. The value is to be reviewed on an annual basis and amended as considered necessary.

7. Other risks

As part of the annual insurance review process, Council staff will identify any other potential risks to Council that could be mitigated by insurance. These will be brought to the Finance and Audit Committee in a report for consideration and further action (as required).

8. Insurance broker

Council may engage an insurance broker to provide independent expert guidance and advice and facilitate the placement of the various policies with insurance companies.

9. Role and responsibilities

Party/ parties	Roles and responsibilities
~~**Chief financial officer**~~**General Manager Finance and Assurance ~~(CFO)~~**	The GM Finance & Assurance~~chief financial officer~~ is responsible for: • developing and maintaining the governance and strategy aspects of this policy • overall ownership of this policy. ~~The chief financial officer has delegated authority to:~~ ~~• approve the placement of Council's insurance policies, including signing the relevant renewal documentation~~ ~~• approve payment of Council's insurance premiums within the set financial delegations~~ ~~• approve/authorise modification of any Council insurance policies during the policy period~~ ~~• approve write-off of any insurance related debts.~~
Financial Controller	The Financial Controller has delegated authority to: • approve the placement of Council's insurance policies, including signing the relevant renewal documentation • approve payment of Council's insurance premiums within the set financial delegations • approve/authorise modification of any Council insurance policies during the policy period • approve write-off of any insurance related debts.

Party/ parties	Roles and responsibilities
Financial Accountant~~manager~~	The ~~finance manager~~Financial Accountant is responsible for: • developing, maintaining and implementing this policy • overall administration of this policy • oversight and review of the insurance broker and insurance process.
Activity manager	The activity manager is responsible for: • annual review of the assets to be insured and the associated values. • ensuring independent revaluations for insurance occur in accordance with this policy. The activity manager has delegated authority to: • submit an insurance claim.
Senior Accountant~~Finance officer~~	The Senior Accountant~~finance officer~~ is responsible for: • application of this policy. • compilation of information to support the annual insurance renewal. • oversight of insurance arrangements to ensure they are in compliance with this policy. • maintenance of the various asset registers for insurance purposes and associated records. • liaising with Council's insurance broker. • ensuring Council's insurance records are accurate and up to date. • providing reports on insurance as required. • keeping the finance manager advised of any significant issues with insurance. • communicating established insurance policies and procedures. • following up with claimants, activity mangers and the insurance broker. • submitting an insurance claim. • allocation of insurance premiums. • on-charging of insurance premiums to external parties.

10. Associated documents

Risk management framework

Risk management policy

Corporate risk register

Delegations manual

Financial strategy

Finance transactional update as at 30 June 2025

Record No: R/25/9/44158
Author: Shelley Dela Llana, Transactional project lead
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision ☐ Recommendation ☒ Information

Overview

1 This report provides a summary of Council's transactional activities to 30 June 2025, to assist the committee to monitor Council's financial performance and risks associated with debt management. The report details the status of the outstanding balances of each revenue stream and any associated actions.

2 The balance owing for each Council revenue stream as of 30 June 2025 is shown in the table and graph below against prior years. A negative (-) shown in green in the variance column indicates an improvement over the prior year. All figures included in this report are GST inclusive and include any credit balances.

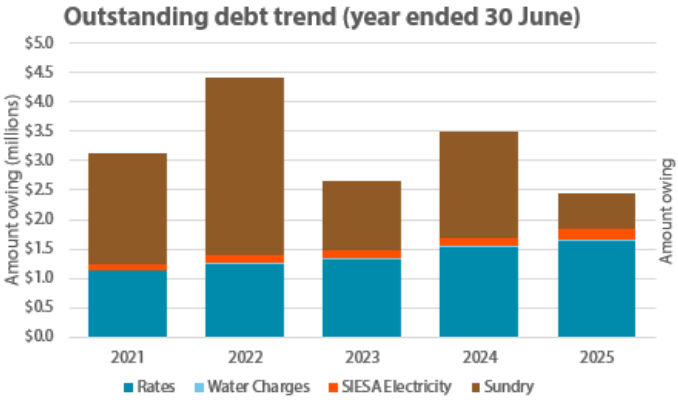
Balance owing by revenue stream (outstanding debt)

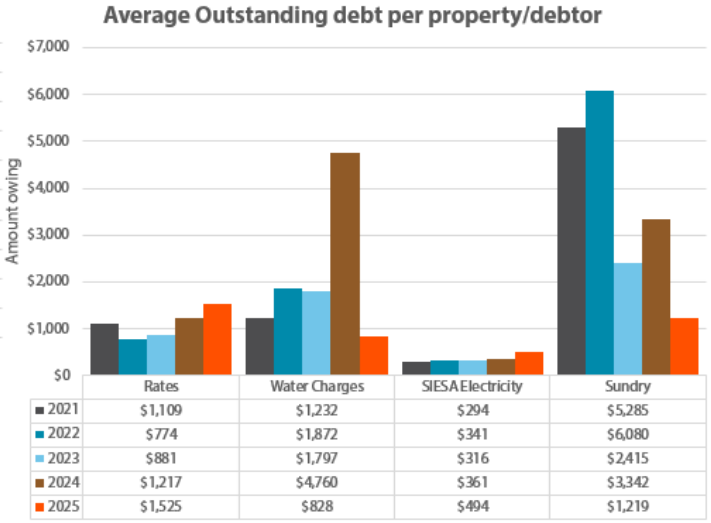
Revenue Stream	30 June 2023 Actual		30 June 2024 Actual		30 June 2025 Actual		Variance			
							$		Number (No.)	
	$	No.	$	No.	$	No.	$	%	No.	%
Rates	$1,325,728	1,505	$1,538,826	1,264	$1,643,822	1,078	$104,996	7%	-186	-17%
Metered water	$25,154	14	$28,557	6	$9,111	11	-$19,446	-68%	5	45%
SIESA electricity	$114,571	362	$127,403	353	$195,557	396	$68,154	53%	43	11%
Sundry+	$1,185,987	491	$1,814,758	543	$608,061	499	-$1,206,697	-66%	-44	-9%
Total	**$2,651,440**	**2,402**	**$3,509,544**	**$2,114**	**$2,456,550**	**1,984**	**-$1,052,994**	**-30%**	**-130**	**-7%**

+ Sundry debt includes building consent, licensing fees, rental etc.

3 The information indicates a decrease in metered water and sundry debt and an increase in rates and SIESA debt over the prior year, noting that the number of rates and sundry debtors has decreased.

4 The graphs below show the debt trending. The increase in rate debt is primarily due to the fact that total rates have increased as per the long term plan and, while we have less properties with debt, the amount they owe is more. Further analysis of each of these outstanding debt types is included later in the report.

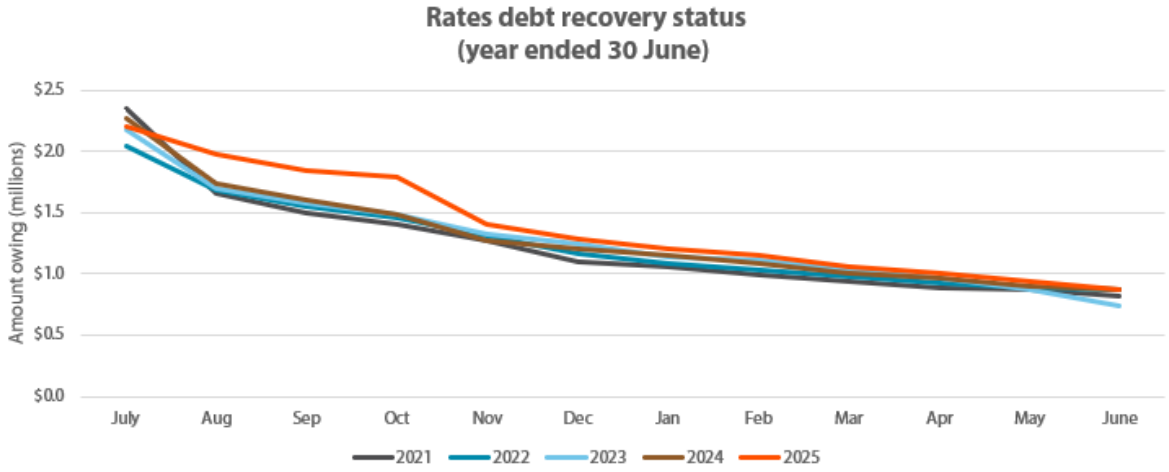




	Rates	Water Charges	SIESA Electricity	Sundry
2021	$1,109	$1,232	$294	$5,285
2022	$774	$1,872	$341	$6,080
2023	$881	$1,797	$316	$2,415
2024	$1,217	$4,760	$361	$3,342
2025	$1,525	$828	$494	$1,219

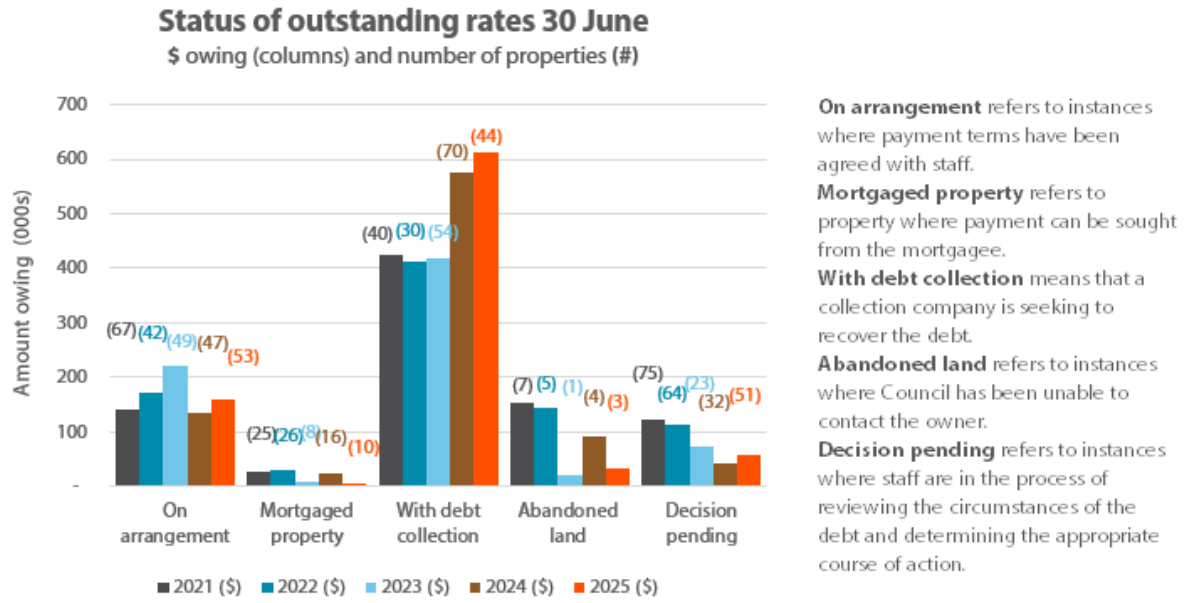
Rates

5 The rates amount owing on 30 June 2025 of $1,643,821 (2024: $1,538,826) is the net amount. The gross amount owing is $2,680,797 (2024: $2,601,516) after adding back revenue received in advance of $1,036,976 (2024: $1,062,690).



6 Of the $2.6 million rates outstanding, 33% ($869,333) relates to the previous financial year's debt. This is similar to 2024 ($868,380 of $2.6 million) and indicates that current debt is being well managed during the year.

7 The steady decrease leading up to December shows the result of working with banks and mortgage holders prior to banks paying out in those months, with small movements on remaining debt for the remainder of the year.



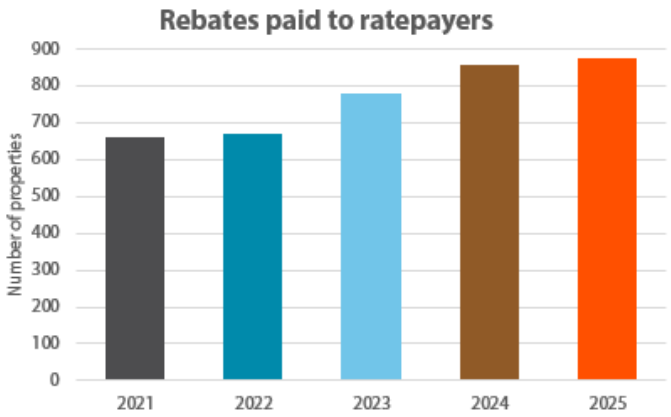
8 The breakdown of the status of rates debt as of 30 June 2025 is shown in the graph above.

9 The number of properties on a payment arrangement has increased slightly, accompanied by a rise in the total amount owing from $135,000 to $160,000, reflecting the proactive response to managing payment defaults. The average debt for a property on an arrangement has increased by 5% from $2,878 to $3,017. Staff are continuing to work with ratepayers who are having difficulty paying and have taken the approach of encouraging ratepayers to enter payment arrangements rather than progressing to other methods of debt recovery.

10 No new debt has been referred to debt collection, with more properties being managed in-house. This has reduced the number of active debt collection cases to 44. Of these, six properties are currently progressing through the rating sale process, while another sixteen are at various stages of the legal process. Four properties are being assessed as potentially abandoned land, and the remaining eighteen are under payment arrangements. In addition, sixteen files have recently been referred to debt collection which will reduce the number of files with decision pending to 35. This reflects the approach of managing as many cases in-house as possible, using debt collection as a last resort rather than a standard practice.

11 Rates rebates: A rates rebate is a partial government rates subsidy for low-income homeowners towards their rates. This year 877 properties received a rebate, 2% more than the prior year (2024: 857). Staff have continued to actively promote the scheme and follow up with ratepayers regarding applications. The maximum rates rebate is now $805 with the threshold for household income rising to $64,000 and rates to $6,000.

12 Although we followed up with previous recipients last year, not everyone reapplied. Staff will continue to focus on improving reapplication rates this year, especially with the updated eligibility criteria to allow SuperGold Card holders with household incomes up to $74,000 for super gold card holders. With more people qualifying, staff are aiming to surpass 900 successful applications. The year began with a strong uptake, with 435 rates rebates processed within the first two months.





13 Emailing rates and direct debit: These are the preferred method for payment and are actively promoted at every opportunity. The number of rates being emailed has increased by 20% this year, reaching 7,497 (2024: 6,263). Direct debit uptake remains steady at around 38% which is low for a council despite consistent promotion over the past five years. Despite this the number of new properties added to direct debit continues to grow, with 211 added this year (2024: 292).

Metered water rates

14 Outstanding metered water rates decreased by 68% ($19,446) at year-end, primarily due to the settlement of historic debt through the courts. Of the remaining eleven, only four are currently outstanding. One has been referred to debt collection with staff following up on the remainder.

15 Metered water rates outstanding on 30 June are summarised in the table below.

Year ended 30 June		Current outstanding	Older debt	Total at year end
2024	Amount outstanding	-$3,357	$31,914	$28,557
	Number of debtors	0	6	6
2025	**Amount outstanding**	**-$340**	**$9,451**	**$9,111**
	Number of debtors	**0**	**11**	**11**

* The debt also includes $445 of credit balances.

Electricity charges (SIESA)

16 SIESA has recorded an 11% ($68,154) increase in total debt compared to the prior year. This is primarily due to higher invoicing in June 2025 relative to June 2024 ($41,724). Older outstanding debt has also increased in both value ($26,430) and volume indicating that payments are taking longer to be received. More frequent follow-up will be required this year to maintain closer oversight. Of the three accounts that fall into the 'older than 60 days' category, one is on a payment arrangement, while the alternative recovery options are being pursued for the remaining two.

17 Electricity charges outstanding on 30 June are summarised in the table below.

Year ended 30 June		June-current	May	April	Older than 60 days	Total at year end
2024	Amount outstanding	$110,410	$12,170	$2,971	$1,850	$127,403
	Number of debtors	304	38	8	3	353
2025	**Amount outstanding**	**$152,134**	**$32,163**	**$5,581**	**$5,679**	**$195,557**
	Number of debtors	**333**	**39**	**8**	**16**	**396**

Sundry debt

18 Sundry debt includes amounts owing for various invoiced income such as consent fees, licensing fees, leases, and rents. While the total appears significantly lower than the previous year, this is primarily due to a one-off $1 million invoice issued in June 2024, which distorts year-on-year comparisons. Older outstanding sundry debt is currently progressing through the debt collection process. Of the 71 older debtors, nine have now paid, 13 have been referred to debt collection, four are on payment arrangements and 44 are under review. Timely collection of sundry debt will be a key focus this year, with increased attention on progressing outstanding accounts through appropriate recovery channels.

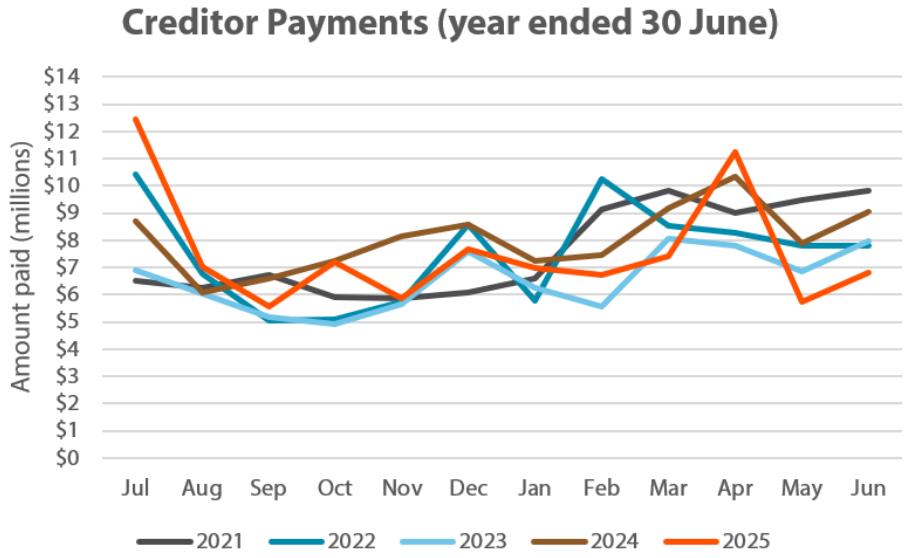
19 Outstanding sundry debt balances at 30 June are summarised in the table below.

2024	Amount outstanding	$1,445,395*	$119,307	$47,062	$28,987	$45,654	$128,353	$1,814,758
	Number of debtors	252	124	54	33	12	68	543
2025	**Amount outstanding**	**$328,142**	**$132,227**	**$12,701**	**$3,431**	**$19,693**	**$111,867**	**$608,061**
	Number of debtors	**246**	**115**	**27**	**32**	**8**	**71**	**499**

* The debt also includes $24,975 (2024: $44,377) of credit balances.

Creditors

20 The graph below illustrates payments to creditors throughout the year (excluding overseas payments). Overall, total payments for the year were $6 million lower than the prior year. Monthly payments also tended to be lower, noting that April and July were higher than usual.



Team summary

21 The following provides an update on other transactional team initiatives and issues:

- the team remained stable throughout most of the year with two members leaving to take up other roles near year-end. This temporarily paused rebate follow-ups and debt collection efforts. Both roles have now been filled and training is underway. Debt collection continues to be a key focus area, and the team is well-positioned to improve in this space thanks to the

addition of a new staff member with prior experience in debt collection, something new for the team. New ideas are already being introduced to enhance efficiency and effectiveness

- the timing of monthly direct debits was changed in February from the last working day to the 20th of each month. Feedback has been mostly positive with this also leading to a reduction in bounced payments. Staff are now exploring systems to better manage direct debits, as payment failure rates have been gradually increasing over time
- two team members attended the Local Government Rating Forum, which provided valuable opportunities to connect with peers, discuss common issues and hear about key initiatives across the sector. The team have also initiated catch-ups with ICC, ES, and GDC and met twice during the year.
- customer services and the rates team continue to work together well, however, staffing constraints this year have placed pressure on both teams.

Recommendation

That the Finance and Assurance Committee:

a) Receives the report titled "Finance transactional update as at 30 June 2025".

Attachments

There are no attachments for this report.

B2B project update

Record no: R/25/8/41459
Author: Jendi Paterson, Project Director
Approved by: Cameron McIntosh, Chief executive

☐ Decision ☐ Recommendation ☐ Information

Purpose

1. The purpose of this report is to update the Committee on progress with the Back Together Build (B2B) project, including preliminary design development, staff and working group engagement, governance, and next steps toward detailed design and procurement.

Executive summary

2. The B2B project has now moved through concept and preliminary design, with refinements shaped by significant staff and working group input. Over the past two months the architects, supported by the Project Delivery Group and working groups, have reworked the layouts to improve circulation, light and visibility, and to ensure the design reflects how staff and elected members will use the building.

3. Engagement with staff has been extensive. More than 120 submissions were received and 122 staff attended workshops and information sessions. Feedback consistently raised issues such as desk layouts, meeting space provision, noise and privacy, storage, technology, natural light and cultural design. These themes were carefully considered by the Design Advisory Working Group and by the Project Steering Group, with many adjustments made to the plans as a result. While not all suggestions could be accommodated, the process has ensured transparency and alignment with the outcomes the project has committed to deliver.

4. The design has also been presented to elected members, with refinements made at their request to the Council Chamber, kitchenette location, storage provision and window placement. Governance remains strong, with the Project Steering Group providing direction and oversight, supported by the Project Delivery Group which is managing day-to-day technical and project progress.

5. The project continues to track against programme and budget. The target of staff moving into Henderson House in December 2026 remains achievable.

Recommendation

That the Finance and Assurance Committee:

a) Receives the report titled "B2B project update".

Background

6. The accommodation project was initiated to bring all Southland District Council staff into a single, fit-for-purpose civic building. Henderson House was purchased in October 2024 to enable

this outcome. The intention is to provide modern, functional workspaces for staff, while also creating a civic building that supports elected members in their governance role. The project aims to improve operational efficiency, strengthen collaboration across teams, and provide long-term financial benefits by streamlining facility management.

Outcomes measurement

7. The committee defined the outcomes we are striving to achieve as follows:

    - a fit for purpose civic building for Southland which enables elected members to do their jobs efficiently and effectively
    - a design and fit out which fosters team collaboration, a positive culture, and supports a high performing organization
    - the move takes place by the target date of December 2026 falls within the budget of $15 million and the workspaces are functional and modern.

8. These outcomes will be used to assist in guiding all aspects of the project from communication through to procurement.

9. The Working Group chairs update the measurement table on a monthly basis to monitor progress towards achieving the outcomes. (Refer attachment A).

Governance and Project Plan

10. The governance framework remains well embedded. (Refer attachment B) The Project Steering Group retains responsibility for strategic oversight, budget and risk monitoring, and reporting through to this Committee. The Project Delivery Group, chaired by the Project Director, is managing day-to-day delivery and coordination and includes the architect, structural engineer, quantity surveyor and project manager.

11. Four internal working groups continue to provide targeted input. The Design Advisory Working Group has led the review of layouts and advised on design refinements. It provided feedback on initial concepts and preliminary designs for Henderson House. The group were impressed with the final design outcomes and felt the changes reflected most of the feedback provided by staff (where feasible). The group will continue to use staff feedback during the next steps in the design process, turning their focus towards the aesthetic and feel of the workspaces.

12. The Technology and Infrastructure Working Group has focused on ICT needs, photocopiers, and meeting space booking systems.

13. The Communications and Engagement Working Group has ensured staff and elected member feedback is fed into the design process the group has provided guidance about how to engage with staff, and advice on appropriate communication channels and content.

14. The Logistics Working Group will begin planning for sequencing the staff move and associated operational requirements. Each group is chaired by staff and supported by ELT members on an ex officio basis.

Design progress and engagement

15. Staff engagement has been central to shaping the preliminary design. Over 120 submissions and 122 attendees at two workshops provided clear themes that have informed the architects' refinements. Staff consistently highlighted the importance of:

- good access to natural light and views
- acoustic privacy in open-plan areas
- adequate storage to support day-to-day operations
- a balance of quiet spaces for focused work alongside collaborative zones
- adjacency between related teams to improve efficiency and communication
- ensuring desks are not positioned in busy circulation areas
- integrating cultural elements into the design to reflect community identity.

16. The architects have responded to these themes through a revised layout. The updated design includes a modest extension into the eastern carpark bay, allowing for improved circulation and a more functional Council Chamber. Customer service and contact centre areas have been enlarged to address operational requirements. Central hubs have been introduced on each floor to maximise access to natural light, while additional storage and secure bike parking have been incorporated. A dedicated parent's room has been confirmed, and the design now includes a mix of gender-specific and unisex toilets.

17. The preliminary design was also shared with elected members at an information session in July. Their input informed minor tweaks and refinements to ground floor layouts.

18. Overall, staff have expressed strong support for the project and the opportunity to co-locate under one roof. While acknowledging that the design represents a change in working style, particularly for those moving from private offices to more open-plan environments, staff have highlighted the benefits of improved collaboration, better technology, and enhanced cross-team interaction.

19. Alongside the design development, the PDG has been working through the technical aspects of the build. This has included reviewing HVAC and climatic requirements, acoustic performance, and IT infrastructure. Professional services have been procured for mechanical, electrical, and hydraulic design, as well as an independent peer review of the structural solutions to support the building consent process. This work will provide assurance that the building's seismic and service design is robust and future-proofed, aligning with best practice and Council's procurement framework.

20. The project delivery team will continue to work closely with specific project working groups and teams where required to test assumptions, identify gaps, and ensure the final layout meets our project objectives (refer point 7 above).

21. The approved designs to progress are as Attachment C.

Construction Procurement

22. On 9 September the Project Director and Project Delivery Team held a full-day workshop onsite at Henderson House. This was a valuable opportunity to walk the building, test assumptions against the design concepts, and discuss practical sequencing of works. A key outcome from the day was agreement that the most prudent approach is to split the construction procurement into two stages.

23. The Project Steering Group has since endorsed this direction. The recommended pathway is to go to market in October for a specialist demolition and strip-out contractor to complete a

comprehensive internal clearance of Henderson House, effectively taking it back to a cold shell. This would involve:

- Removal of all floor coverings, grid ceilings, and internal non-structural walls
- Stripping linings from internal faces of exterior walls (maintaining weather-tightness)
- Removal of redundant ducting, heating and mechanical plant, and making good penetrations
- Deconstruction of the obsolete plant deck
- Removal of all existing bathrooms for later remodel
- Disconnection and capping of all redundant services including water, electrical and data cabling
- Clearing existing service shafts of remaining legacy equipment.

24. This work will also be supported by a Demolition Plan prepared by the architect (Foley Group) and will be subject to a separate Demolition Building Consent application.

25. The rationale for this early enabling contract is fourfold:

    1. **Programme progress** – it allows physical works to commence on site in 2025, visibly advancing the project while detailed design and procurement for the main contract are finalised.

    2. **Risk management** – strip-out will expose the structure and services early, reducing the likelihood of unforeseen conditions surfacing later in the programme. Identifying asbestos, mould, or structural complexities at this stage enables proactive treatment and cost control.

    3. **Improved pricing certainty** – main construction contractors will be able to visit and price a clean shell building with significantly reduced provisional sums and "unknowns", resulting in sharper and more comparable tenders.

    4. **Efficiency** – regardless of which redevelopment option is pursued, full internal strip-out is required. Undertaking it now brings forward a scope of work that is common to all scenarios.

26. The main rebuild and fit-out contract will then follow through an open market tender on GETS, consistent with Council's Procurement Policy and the Government Procurement Rules. This will be let on a lump sum basis wherever possible to maximise cost certainty and public value. Packaging the works in this way aligns with the adopted Back Together Build Procurement Strategy, which deliberately blends direct procurement of professional services (architect, QS, structural engineer) with competitive tendering of physical works.

27. In summary, splitting the procurement into an early enabling demolition contract followed by the main refurbishment and fit-out contract provides a balanced pathway that keeps the project moving, reduces delivery risk, improves pricing certainty, and aligns with both SDC's procurement obligations and the Back Together Build project outcomes.

Risk register

28. Risk management continues to play a central role. Key risks currently identified include budget pressures, cost escalation, procurement complexity, integration of new building services into the existing structure, and stakeholder expectations. These risks are being managed through early consultant engagement, regular review of design against budget, and procurement strategies that reduce onboarding risk. The risk register is live and reviewed regularly by the Project Steering Group. The updated Risk Register is attached as per attachment D.

Project update and key milestones

29. The project remains in Phase 3, which is centred on design development and integration. With the preliminary design now formally signed off by the PSG, the PDG have been given the green light to progress into the next level of detailed design. This milestone provides greater certainty on layout and functionality and allows the supporting technical workstreams to align their inputs with the approved design.

30. The Project Director has confirmed to the PDG at their first full design meeting on 12 August that key areas of focus include maintaining strict budget discipline, ensuring early and effective integration of building services, and resolving the façade design. Procurement has also been advanced for specialist services, including the replacement of the lift, alongside professional design inputs in mechanical, electrical, and hydraulic services. These steps ensure that the project remains compliant with technical standards and future-proofed for operational needs.

31. An updated Quantity Surveyor's report is underway. This will provide revised costings based on the approved preliminary design, enabling governance to confirm that the project remains within the agreed budget envelope. The Project Director and PSG have been open and transparent with the PDG throughout the project to ensuring that expectations around costs, scope, and deliverables are clear and that potential risks are being actively managed.

32. Programme tracking continues to confirm that the target date for staff to move into Henderson House by December 2026 is achievable, provided design and procurement milestones continue to be met.

Phase	Completion	Description
1. Discovery & foundation	October 2024-March 2025	• site acquisition and due diligence • governance structures confirmed (PSG, Project Delivery Group, Working Groups) • initial structural and service investigations • definition of project objectives and budget envelope • Communications & Engagement WG begins building narrative and staff story
2. Structural and strategy	April 2025-June 2025	• governance and delivery framework finalised • Working Group roles, expectations and memberships confirmed • Communications WG develops internal engagement strategy • Technology & Infrastructure WG and Design Advisory WG provide early critical advice • monthly B2B updates begin to ELT and WGs

3. Design development and integration	July -October 2025	• concept design development and testing • Design Advisory WG supports staff and elected member feedback • Council Chamber requirements refined • Technology WG confirms key ICT, data and cabling requirements • Communications WG supports broader consultation on space layouts • procurement planning advances
4. Procurement and pre delivery readiness	November – March 2026	• construction procurement initiated and awarded • final design documentation completed • Technology WG develops IT transition and infrastructure installation plan • Logistics WG confirms move sequencing, storage and safety needs • Communications WG leads external messaging and ELT updates
5. Construction and operational transition	April – October 2026	• building and refurbishment works underway • regular site updates and risk oversight through PDG • Logistics WG preps office layout and workstation installations • Technology WG manages implementation of digital systems • Communications WG provides fortnightly updates to staff and councillors • orientation resources prepared
6. Move in and post occupancy support	November 2026- February 2027	• staged relocation of staff and services • welcome and orientation sessions run by Logistics WG • Technology WG ensures all systems operational from day 1 • Design Advisory WG monitors early-stage issues and adjustments • communications WG supports storytelling and transition • project close out, final reporting, and celebration of completion

Factors to consider

Legal and statutory requirements

33. This report meets the requirements of the Local Government Act 2002.

Community views

34. Not applicable to this report.

Cost and funding – to be updated

35. The project remains within budget and the budget envelope allocated.

Policy implications

36. Not applicable to this report.

Analysis

Options considered

37. This is an information only report.

Assessment of significance

38. The contents of this report are not considered significant under s76 of the Local Government Act.

Next steps

39. The project now moves firmly into the design development phase. Over the coming months, the Project Director and members of the PDG will meet with the relevant authorities to progress building consents requirements. At the same time, the design team will begin to adapt the approved preliminary design to incorporate key building systems and ensure technical requirements are fully integrated.
40. Specific areas of focus in the next stage include:
    - **Services integration** – refining the layout to accommodate HVAC, electrical, and mechanical systems, including identifying where structural penetrations are possible and where they should be avoided
    - **Fire safety** – incorporating advice from the fire engineer to ensure compliance and resilience across all parts of the building
    - **Digital and network planning** – consideration is being given to engaging a network engineer to work alongside internal expertise. This will help ensure that IT systems, servers, and connectivity are designed with appropriate redundancies and future-proofing in mind
    - **Consent preparation** – working with the consenting authority to confirm requirements and align the design programme with regulatory approvals.
41. This next stage represents a shift from broad design principles to detailed, system-level planning. It will ensure the design can support day-to-day operations, meet compliance obligations, and provide a robust and future-ready workplace.

Attachments

A B2B outcomes measurement table September 2025
B B2B goverance and delivery framework phase 3
C B2B preliminary design - August 2025
D B2B risk register - August 2025

B2B project outcomes measurement

Updated18 September 2025 **Prepared by working group chairs**

Outcome	What this means/key result area	Key Performance indicator	Method of measurement	Progress indicator (traffic light)	Comments
Fit for purpose civic building for Southland	The building instils a sense of pride in Southlanders • all members of the public can access and navigate the building easily • the building is safe and welcoming • people are proud of the building • there is a sense of belonging • Long term adaptability and scalability	Emergency exit plan in place	Plan signed off at appropriate level		A preliminary fire assessment has been completed for Henderson House, with design refinements already incorporated to enhance safety. This includes the addition of a new exit in the staff hub area to improve egress options. Work is also underway to assess the feasibility of fully replacing, rather than refurbishing, the existing fire escape stairs to ensure long-term resilience and usability. Importantly, the redeveloped building will fully comply with the requirements of the Building Act, which sets clear standards for fire safety and emergency egress. These measures are aimed at not only meeting compliance but also providing staff and visitors with confidence that the building is safe, modern, and future-ready.
		Design incorporates Mobility access	Design sign off includes Mobility access		Accessibility requirements are comprehensively addressed through compliance with the Building Act, but the project goes further to ensure Henderson House is welcoming and inclusive for everyone. In addition to meeting statutory obligations, the design incorporates an access ramp at the main public entry, with equivalent staff access also provided. Additional accessible toilets and shower facilities, along with a parents' room, are being included to support a wide range of needs and make the workplace more accommodating for staff and visitors alike. The Council Chambers will also be fitted with an Alura hearing loop system, ensuring that people with hearing impairments can fully participate in meetings and civic processes. Together, these measures reflect the project's commitment to creating a civic building that is not only compliant but also genuinely accessible, safe, and inclusive.
		Good ventilation clean air and modern environment	Appropriate ventilation system in place		Too early to assess
		Chambers design reflects district culture, geography, and heritage	Design incorporates innovation and infrastructure requirements that consider current and future needs Chambers design incorporates District culture, geography and heritage		Early concepts being discussed
		Plan in place for restricted access to ensure health and safety of staff and Councillors	Design incorporates restricted access		Early design plans incorporate restricted access

Outcome	What this means/key result area	Key Performance indicator	Method of measurement	Progress indicator (traffic light)	Comments
		Spaces that can evolve as the needs of the workforce change over time	Building is designed to accommodate new technologies, such as 5G, AI and automation		Being incorporated into detailed design planning
Enables elected members to do their jobs efficiently and effectively	There are appropriate infrastructure/services/facilities for elected members	Chambers have appropriate formality and flexibility	Design balances formality with flexibility		Being incorporated into detailed design planning
		IT services are best in class	Pre entry testing confirms networks, devices and other technology are fit for purpose		Work in progress
		Flexible committee rooms - at least one near Council chambers	Design incorporates flexibility Design incorporates a committee room near chambers that can seat approx 18 pax		On track
		Office for mayor and mayoral support in an appropriate place Elected members have access to: • kitchen facilities • bathrooms • CE/Exec	Mayor and CE sign off design Design incorporates elected members accessing kitchen facilities, bathrooms, CE/Exec		On track, hot desk available for mayoral support, could fit full size desk if need be On track
Design and fit-out to foster team collaboration	All head office staff are accommodated in the building Design/fit-out encourages teams to work together, build relationships and break down silos There are appropriate spaces for people and groups to eat together, connect and socialize	Design matches headcount (and allows for growth?)	A space for all staff		All staff will have a dedicated desk, supported by a limited number of hot desks on each floor to provide flexibility for visitors, contractors, or project-based work. The design has been developed with a clear focus on long-term adaptability. Should significant growth occur in the future as local government functions evolve, the building has been deliberately planned to allow expansion to the east and south. This ensures the facility is future-proofed and capable of responding to organisational needs for decades to come. Equally important, the project is not only about the physical move into one office but also about reshaping the way we work together. Co-location offers an opportunity to review our work practices, embrace modern technology, and create efficiencies across teams. Staff feedback has highlighted the importance of balancing collaboration with spaces for focus, improving acoustic performance, access to natural light, and creating an environment that is welcoming and professional. The redevelopment will embed these principles while enabling more effective day-to-day interactions between teams. In short, Henderson House is being designed as both a functional civic building and a workplace that supports a high-performing organisation. It will provide staff with a modern,

Outcome	What this means/key result area	Key Performance indicator	Method of measurement	Progress indicator (traffic light)	Comments
					efficient, and adaptable environment, while ensuring the Council is well placed to meet future demands.
		Where possible, teams who interact together are placed together or nearby	Design takes account of how teams interact with each other		On track
		Adequate number of "tea/coffee nooks" and one central social heart/hub	No of nooks Design of social heart/hub		On track
Design and fit-out to foster a positive culture	People's views are heard and considered in the planning process Appropriate lighting, noise control, ventilation and temperature Healthy lifestyle/wellbeing initiatives are incorporated	Decisions on seating/office allocation/car parking etc are fair/equitable Appropriate infrastructure, services, facilities, quiet/private spaces incorporated in design Modern tech is available and works well Appropriate number/location of bathrooms/showers/photocopiers/ kitchens/meeting rooms/stairs/lifts etc Consideration given to showers, scooter/bike parks, recreation/play spaces, art, greenery, natural light etc	Regular reports from Working Groups confirm progress		On track On track On track, early discussions On track On track
Design and fit-out to support a high performing organisation	Functional and modern workspaces with • Confidentiality and private spaces available when required	Private spaces available for booking that reflect business need (quantity, size, location and confidentiality/soundproof requirements) Individual offices with small meeting spaces for GMs, CEO, and Mayor Technology supports operations	No. of meeting rooms Design considers current meeting room provision and staff/working group feedback Provision of IT services/equipment to individuals reflects current practice		On track On track, following up about current meeting room provisions On track, looking at future proofing etc
	• Technology with appropriate back up supports staff	Fit-out allows teams to work together and build relationships where appropriate	Regular reports from Working Groups confirm progress		On track
	• Space planning incorporating work and social needs	Appropriate spaces for people to eat together, connect and socialise			On track
Move by Dec 2026	All staff in HH by 1 Dec 2026	Logistics plan to co-ordinate the move Minimum disruption to workflows Furniture in place and technology up and running prior to people moving in	Logistics plan in place by Aug/Sept 2026		Too early to assess

Outcome	What this means/key result area	Key Performance indicator	Method of measurement	Progress indicator (traffic light)	Comments
Within budget	Includes purchase price, any building extension, stabilising, fit-out and office set up.	Project expense tracked cost forecasts reported approved budget met	Regular reports to Steering Team from Project Director		Feedback to steering group has indicated this is on track

Status key	Month	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	May 2026	Jun 2026	Jul 2026	Aug 2026	Sep 2026	Oct 2025	Nov 2026	Dec 2026
On track	**Total**	8	12	14															
Needs attention		3	0	1															
Needs escalation		0	0	0															

SOUTHLAND DISTRICT COUNCIL

B2B - BACK TOGETHER BUILD

The journey to bring Invercargill staff all back together into one building.

B2B BACK TOGETHER BUILD

Phase 3: Design development and integration July - October 2025

Outcomes sought

- A fit-for-purpose civic building for Southland that enables elected members to do their jobs efficiently and effectively
- A design and fit-out that fosters team collaboration, a positive culture, and supports a high-performing organisation
- The move takes place by the target date of December 2026, falls within the budget of $15 million, and the workspaces are functional and modern

Monitoring, measuring and reporting

Mayor and councillors

↑

Finance and Assurance Committee

↑

Chief executive

Delivering

PROJECT STEERING GROUP

Purpose:

- To provide strategic direction, approve budgets, monitor risk, compliance and overall project purpose.
- To ensure a robust communication plan that ensures key stakeholders are kept informed is in place.
- To prepare reports as required but particularly for the Finance and Assurance Committee.

Membership:
Jane Parfitt, Jendi Paterson, Robyn Rout, Susan McNamara – ex officio Cameron McIntosh

PROJECT DELIVERY GROUP

Purpose:

- To lead the co-ordinated design and delivery by translating strategic objectives into practical outcomes
- To ensure delivery is on time, on budget and fit for purpose

Membership:

Jendi Paterson, project manager, architect, quantity surveyor, structural engineer

In-and-out membership:

Mechanical, electrical, fire and hydraulic engineers, planning and main contractor

Supporting the teams to deliver the outcomes

Working Groups	Communications and engagement	Technology and infrastructure	Design advisory	Logistics and execution
Purpose	To recommend a process to identify an appropriate name for the project To generate a draft communication plan To act as an information conduit between staff and the steering group To assist/support engagement and consultation processes, including reviewing draft materials To monitor the engagement/ communication undertaken on the project and provide feedback To provide any other engagement/communication support sought by the steering group	To ensure that the new office has the required internet speed, network setup, and telecommunications infrastructure to prevent any technology related setbacks To ensure that any data systems migration is safely secured with minimum downtime To ensure a good transition of IT systems including servers, workstations, phones, and internet connections occur with no disruption to business operations To ensure staff and councillors have the right technology to enable them to do their work	To act as a sounding board for the project delivery group as it moves through the design phases To provide advice on the requirements for a fit-for-purpose council chamber To monitor progress of design-related outcomes	To oversee the appointment of professional movers experienced in office relocations To ensure proper packing and labelling of boxes by department and content To prepare office spaces, including setting up workstations, furniture and safety protocols To hold a one-day orientation to introduce the new office, layout and safety procedures
Deliverables	A project name and logo A communications plan Ongoing monitoring and advice	Fit-for-purpose IT systems that work from day one	A design that reflects the desired outcomes of B2B	A seamless transition to the new civic office

Operating principles

OPERATING PRINCIPLES

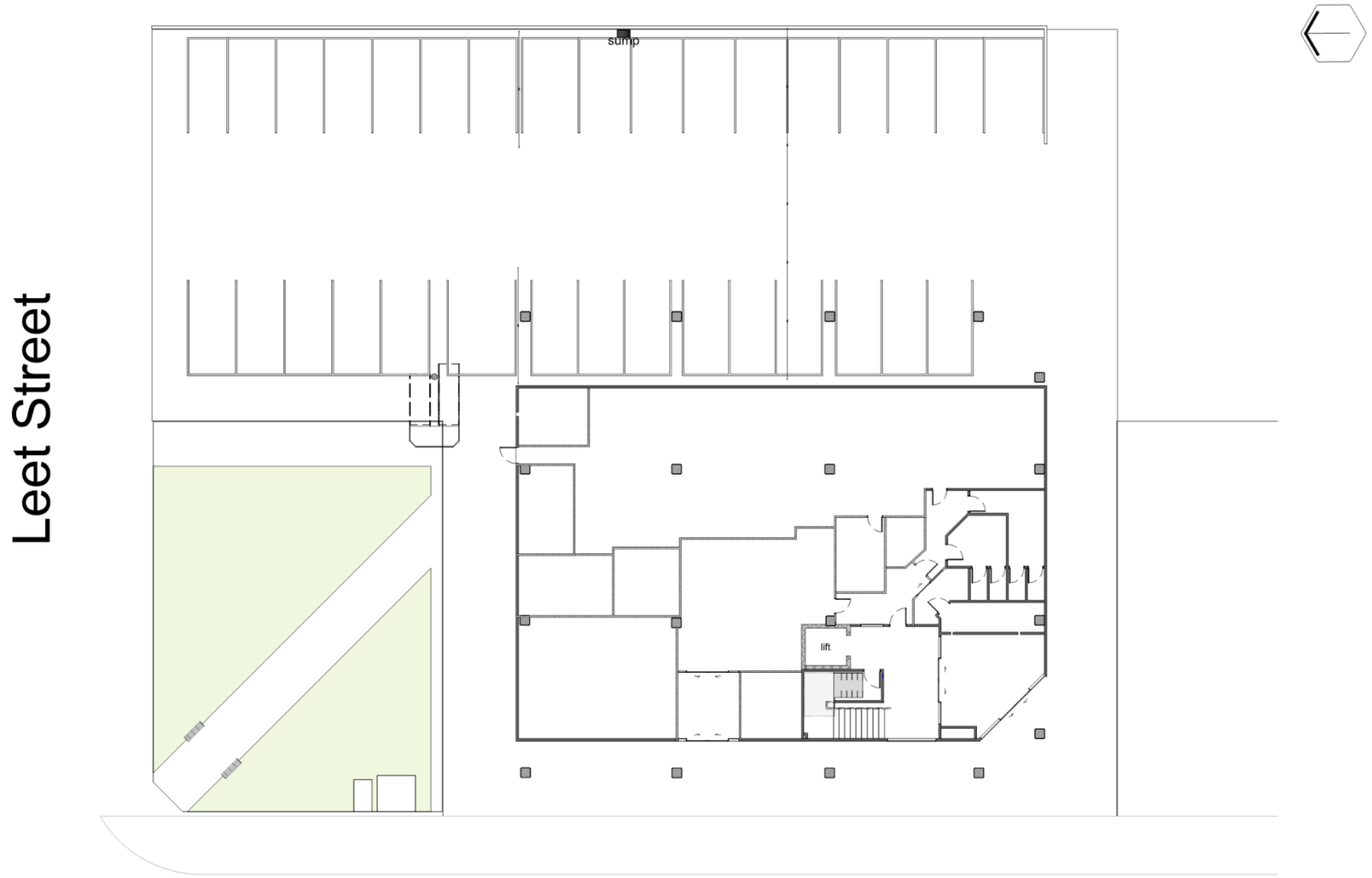
- The key role of WG chairs is to ensure cross group alignment and no duplication, take a best for council approach, and make sure everybody in the group has an equal say. They will also have a role in setting the outcomes traffic lights.
- The SG Chair will support WG chairs as required and the Project Director will be the interface between Working Groups and the Project Delivery Group
- Each group will do their own admin. A standard minimalist approach will be taken to agenda setting and note taking. All notes will be available to all WG members and ELT
- All agendas will be provided to all members of ELT and all members of ELT are ex officio all groups.
- WG Chairs will contribute to outcome tracking, including project traffic light status
- All discussions and outputs should align with the endorsed project outcomes and budget envelope
- Working Groups should actively engage with staff feedback and consider operational impacts in all advice and outputs noting that the Chair of the comms working group will be a member of all WGs to support communication strategies

FOLEY GROUP

SOUTHLAND DISTRICT COUNCIL - HENDERSON HOUSE

CONCEPT DESIGN SET

by FOLEY GROUP ARCHITECTURE LTD


sump
lift
Leet Street
Kelvin Street

FOLEY GROUP ARCHITECTURE LTD.



FOLEY GROUP 3555 | SOUTHLAND DISTRICT COUNCIL - HENDERSON HOUSE PROPOSED SITE PLAN | 1:200 @ A3 SK.05
14.08.25

FOLEY GROUP ARCHITECTURE LTD.





FOLEY GROUP | 3555 | SOUTHLAND DISTRICT COUNCIL - HENDERSON HOUSE | PROPOSED FIRST FLOOR | 1:100 @ A3 | SK.07 14.08.25

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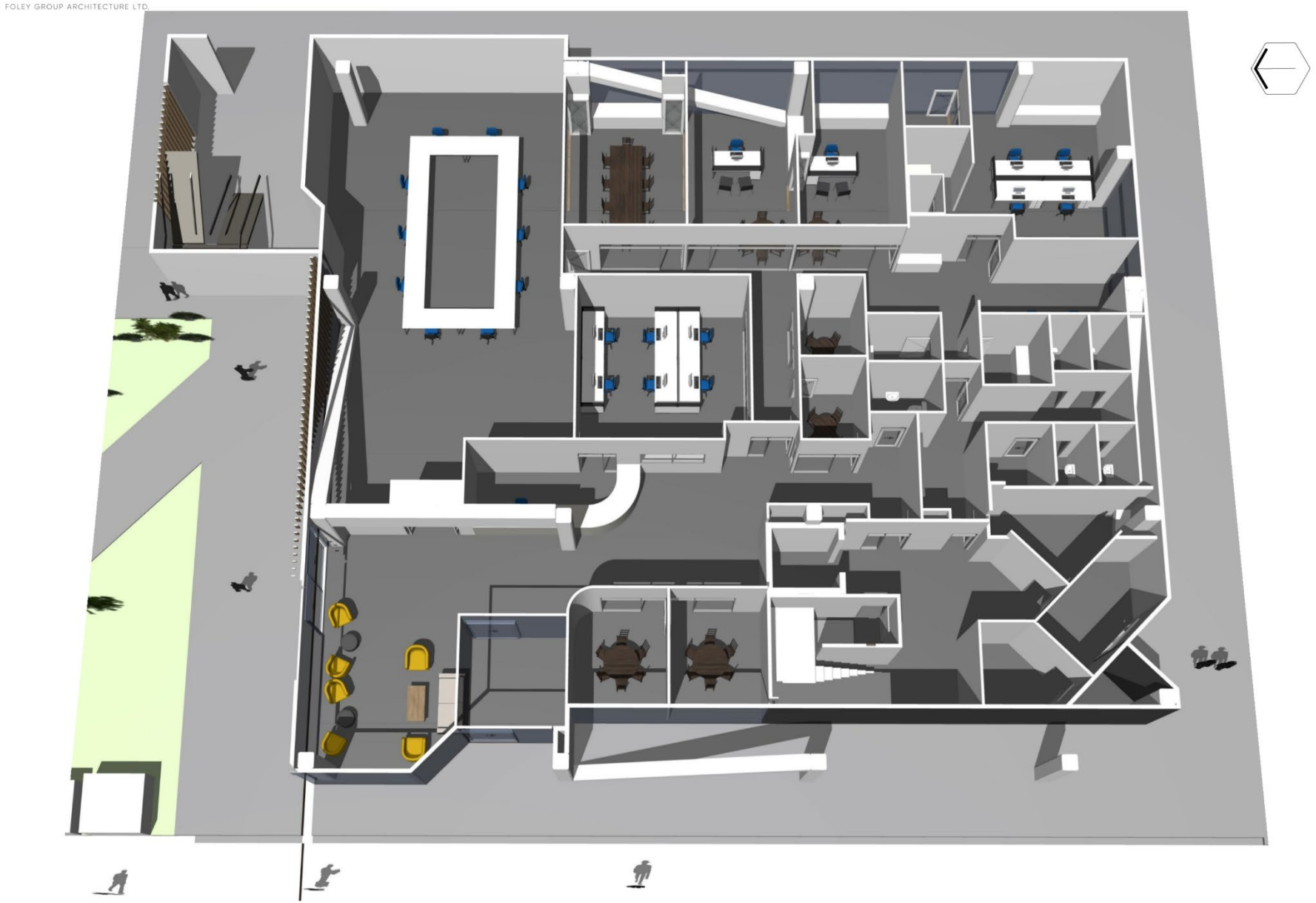
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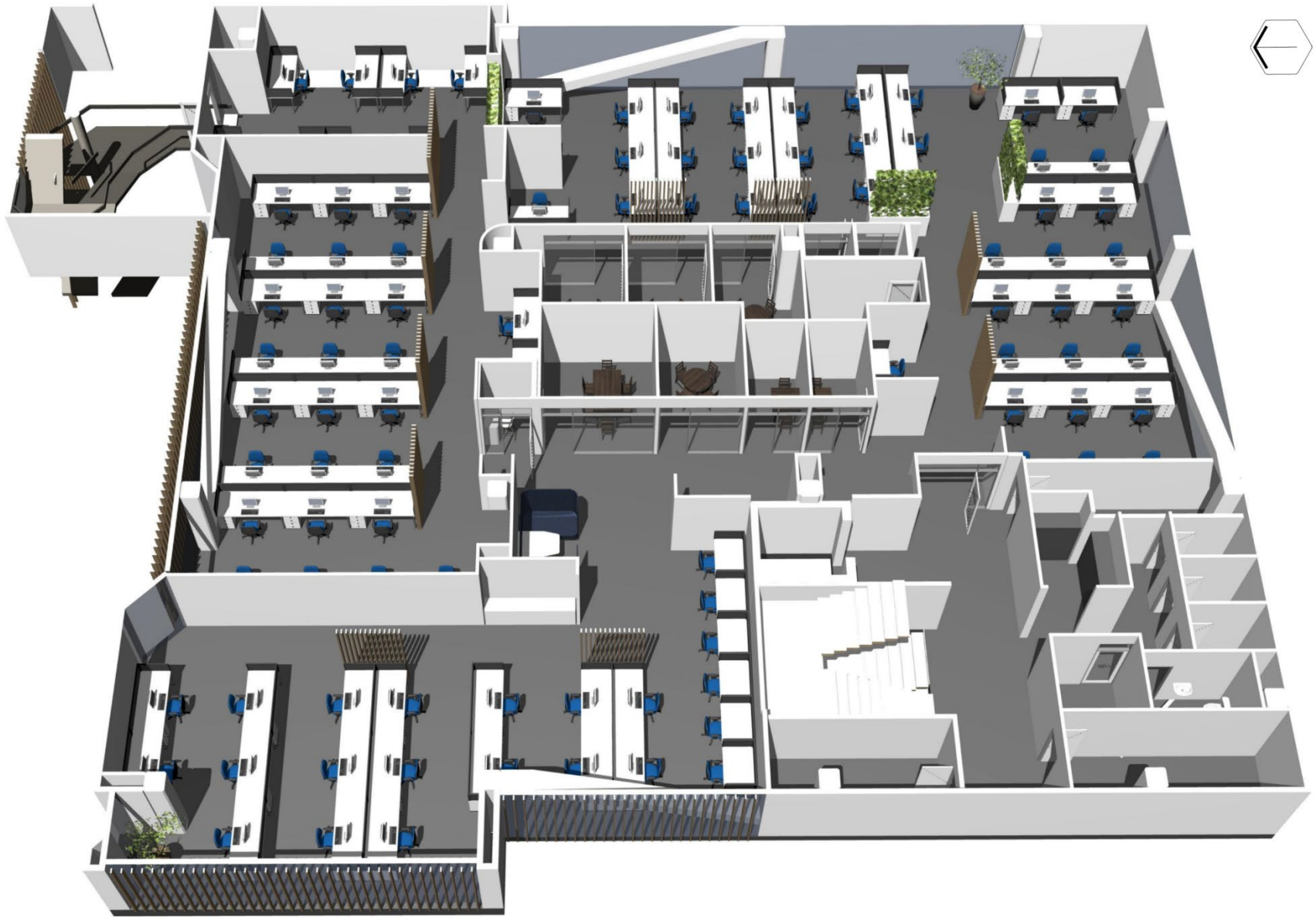
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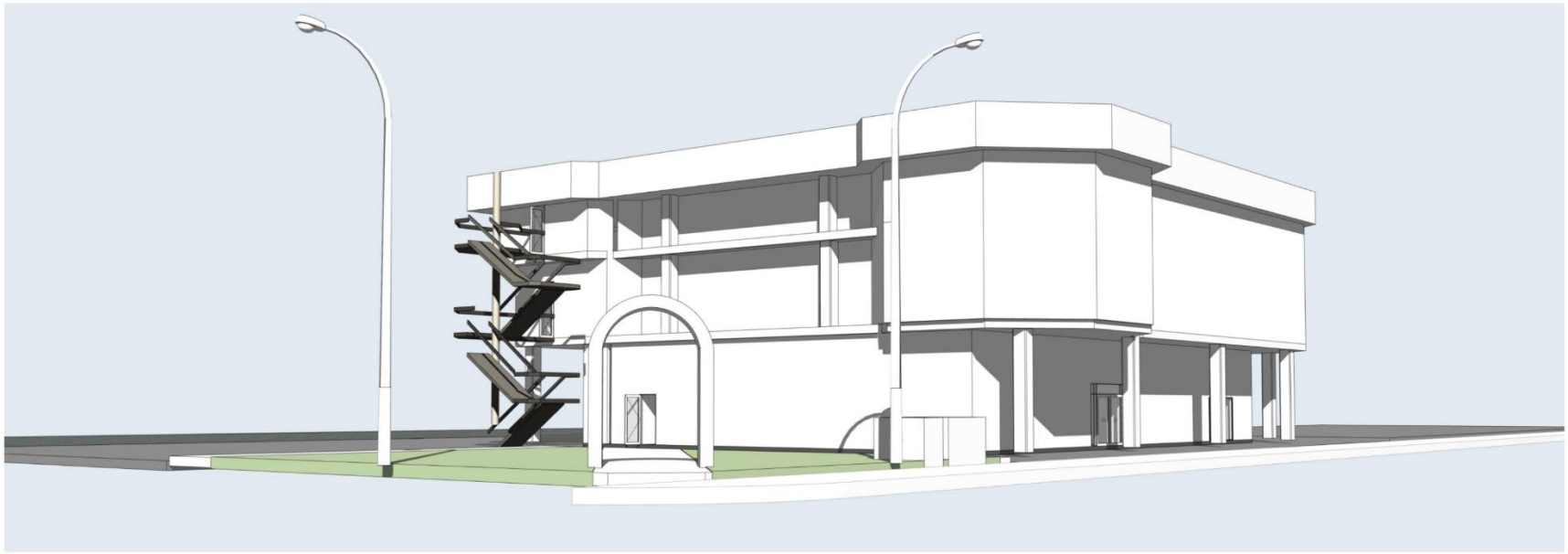
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GROUND FLOOR 3D | @ A3
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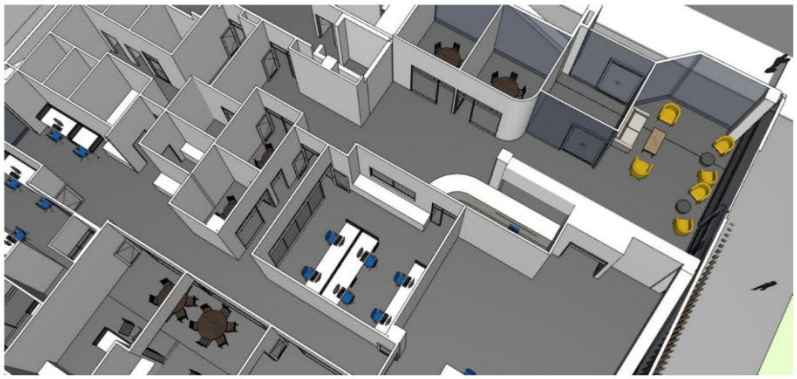




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Governance & Legal



Customer Delivery



Governance & Legal



Customer Delivery

Risk register: B2B project

Risk Rating: Extreme / High / Moderate / Low

Likelihood: 5 Almost Certain; 4 Likely; 3 Possible; 2 Unlikely; 1 Rare

Consequence: 5 Extreme; 4 High; 3 Moderate; 2 Low; 1 Negligible

Category	#	Risks	Description	Effect on SDC Reputation (High / Med / Low)	Risk Owner	Person Responsible (Staff member)	Inherent (before Controls) Likelihood	Inherent Consequence	Inherent Risk Rating	Key Controls in place	Residual (after Controls) Likelihood	Residual Consequence	Residual Risk Rating	Trend	Mitigation Actions	Commentary
Planning	1	**Repair and extension project cannot deliver all staff back into one site**	The repair and structural strengthening more significant than preliminary investigations identified.	High	Cameron McIntosh	Jewell Paterson	3	5	15	Structural assessments and feasibility studies conducted during early planning. Regular engagement with engineers and architects to validate capacity assumptions. Contingency planning for phased occupancy if needed	2	3	6	→	Re-evaluate space optimisation strategies to maximise available capacity. Review alternative strengthening or expansion solutions that could be cost-effective	
Financial	2	**Repair and extension project cannot be delivered within the budget.**	When the project goes to market, the prices exceed the budget to the extent that the total project will exceed the budget limit. Unknown problems arise during project delivery, which places the total project budget at risk of being exceeded.	High	Cameron McIntosh	Jewell Paterson	3	5	15	Early cost estimation and financial modelling. Procurement strategies to lock in pricing where possible. Value engineering to optimise design for cost efficiency.	3	3	9	→	Identify priority elements and establish a phased approach to project delivery. Explore additional funding sources or budget reallocations. Implement strict contract management to minimise cost overruns.	
Physical Delivery	3	**Contractor and supply chain availability**	There is a risk that due to the nature of this project there are no suitable available contractors. This could add significant delays to the project.	Medium	Jane Fortin	Jewell Paterson	4	5	15	Pre-market engagement to assess contractor interest and capacity. Preferred supplier agreements to secure labour and materials. Use of multiple procurement approaches (e.g., early contractor involvement).	4	3	9	→	Have contingency plans, such as subcontractor agreements, in case of contractor unavailability. Consider alternative ECI services to support key delivery options. Expand procurement reach to a broader range of suppliers	
Planning	4	**The planning and consent approvals and process delays affect the project timeframes**	During the planning approval process there could be delays which could affect the project timing.	High	Jane Fortin	Jewell Paterson	3	3	9	Early engagement with regulatory authorities to pre-emptively address concerns. Detailed project timelines incorporating buffer periods for approvals. Dedicated compliance management team to track application.	2	3	6	→	Maintain proactive communication with local authorities and stakeholders. Pre-lodge critical approvals where possible to expedite the process. Ensure planning documentation is comprehensive and aligned with regulatory requirements.	
Financial	5	**Cost control**	There is a risk that all of the project requirements cannot be delivered within the $15m total budget.	High	Cameron McIntosh	Jewell Paterson	3	4	12	Regular financial monitoring and reporting. Contingency budget set aside for unforeseen costs. Competitive procurement process to get the best value	2	2	4	→	Prioritisation of essential project elements over non-essential features. Consider alternative funding sources if costs exceed forecasts.	
Planning	6	**Infrastructure - the project assumes existing services to the site are adequate for the project scope**	The project assumes electrical, communications and 3 waters capacity is available and any additional requirement is currently unfunded. Any additional infrastructure spend would impact the total cost/scope of the project.	Medium	Jane Fortin	Jewell Paterson	3	4	12	Infrastructure capacity assessments completed before project commencement. Coordination with service providers (power, water, communications) to confirm capacity. Budget contingency for minor infrastructure adjustments	2	2	4	→	Include available infrastructure solutions to adjust to potential future needs.	
Stakeholder	7	**The reinstatement process is held up due to stakeholder involvement**	The project timeline/scope can be influenced by a number of stakeholders; staff, elected members, public, e.t.c.etera,	High	Jane Fortin	Jewell Paterson	3	4	12	Early stakeholder engagement to identify concerns and expectations. Clear project communication plan to manage expectations and reduce uncertainty. Governance structure in place to streamline decision-making and approvals.	2	2	4	→	Proactive communication with key stakeholders to address issues early. Internal staff and engagement working group throughout project	
Physical Delivery	8	**Health and Safety Risks from joint PCBU's**	Risk that someone working onsite suffers death or serious injury	High	Cameron McIntosh	Jewell Paterson	3	5	15	Clearly defined PCBU (Person Conducting a business or Undertaking) responsibilities. Regular health and safety audits and toolbox meetings. Strong contractor management framework in place, including induction and training history.	2	2	4	→	Implement strict site safety protocols and regular monitoring. Ensure all parties understand and comply with their health and safety obligations. Develop and test emergency response plans specific to the project site.	

Annual Plan 2026/2027 - Project timetable key dates

Record No: R/25/8/42577
Author: Anne Robson, Group manager finance and assurance
Approved by: Cameron McIntosh, Chief executive

☒ Decision ☐ Recommendation ☐ Information

Purpose

1 The purpose of this report is to seek the approval of the Finance and Assurance Committee (the committee) for the Annual Plan 2026/2027 project timetable.

Executive Summary

2 The purpose of an Annual Plan is to consider and approve any variations to year three of the Long Term Plan 2024/2034 (LTP34).

3 The project timetable outlines the key milestones to ensure that the Annual Plan is ready for approval by 30 June 2026.

4 The timetable has been prepared on possible dates. These and any committee structure will be agreed by Council post the local body elections. Some changes therefore may be needed to the timetable after this. But in approving these draft dates, staff can commence planning.

Recommendation

That the Finance and Assurance Committee:

a) Receives the report titled "Annual Plan 2026/2027 - Project timetable key dates".

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

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

d) Approves the key dates for the Annual Plan 2025/2026 as follows, noting that the meeting dates and committees for 2026 will be confirmed after the local body elections and some changes may be necessary at that time:

Community board meetings - recommend variances and rates to Council	2 to 16 Dec 2025	
Council workshop to discuss draft Annual Plan approach	10 Dec 2025	
Council workshop on key issues of the Annual Plan	28 Jan 2026	
Council meeting to consider the draft Annual Plan financials and supporting information (if no consultation)	11 Feb 2026	Either this meeting or the 25th meetings
Finance and Assurance meeting to receive the draft Annual Plan consultation document, financials and supporting information (if consultation)	25 Feb 2026	Either these meetings or the 11th
Council meeting to consider and adopt draft Annual Plan consultation document, financials and supporting information (if consultation)	25 Feb 2026	Either these meetings or the 11th
Public consultation	9 March to 10 April 2026	If required
Council to hear annual plan submissions	29 and 30 April	Two days if required
Council to hear annual plan deliberations	13 May 2026	If required
Council workshop – Draft plan for review	27 May 2026	
Finance and Assurance meeting to recommend adoption to Council of the Annual Plan	10 June 2026	
Council meeting - Adoption Annual Plan	24 June 2026	

Background

5 Every three years, Council develops and adopts a Long Term Plan. In the second and third year of the LTP, Annual Plans are developed to address any variations that occur.

6 The purpose of an Annual Plan is to:

- contain the proposed annual budget and funding impact statement
- identify any variation from the financial statements and funding impact statements included in the 10 Year Plan in respect of the year
- provide integrated decision making and co-ordination of the resources of the local authority
- contribute to the accountability of the local authority to the community.

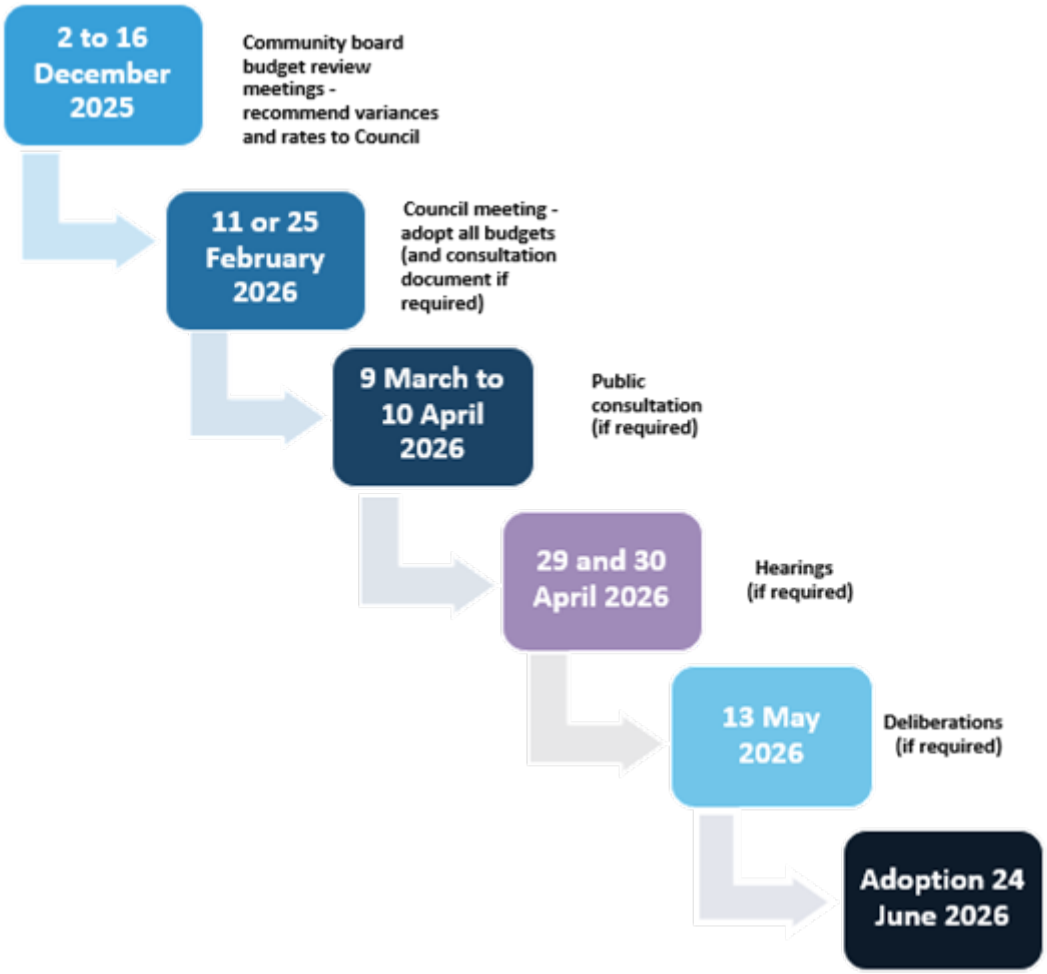
7 Each Annual Plan adopted must contain appropriate references to the Long Term Plan and set out the (financial) information required by Part 2 of Schedule 10 of the Local Government Act ("LGA") which includes:

- forecast financial statements
- financial statements for the previous financial year
- funding impact statement (rating)
- rating base information
- reserve funds.

8 There is no requirement to consult if the Annual Plan does not include significant or material differences from the content of the relevant year of the Long Term Plan.

9 Additionally, as part of preparing the Annual Plan, fees and charges are reviewed and these are adopted with the Long Term Plan. If there are any changes to resource consent or food act fees then we must do the special consultative procedure for these. If consultation is needed for the Annual Plan, then consultation over fees and charges would be incorporated into it. If not, the dates indicated for the Annual Plan consultation would be the basis for the fees and charges consultation.

10 Below is a pictorial overview of the planned 2026/27 Annual Plan process.



11 A detailed timeline is outlined below.

Community board meetings - recommend variances and rates to Council	2 to 16 Dec 2025	
Council workshop to discuss draft Annual Plan approach	10 Dec 2025	
Council workshop on key issues of Annual Plan	28 Jan 2026	
Council meeting to consider the draft Annual Plan financials and supporting information (if no consultation)	11 Feb 2026	Either this date or the 25th
Finance and Assurance meeting to receive the draft Annual Plan consultation document, financials and supporting information (if consultation)	25 Feb 2026	Either this date or the 11th
Council meeting to consider and adopt draft Annual Plan consultation document, financials and supporting information (if consultation)	25 Feb 2026	Either this date or the 11th
Public consultation	9 March to 10 April 2026	If required
Council to hear annual plan submissions	29 and 30 April	Two days if required

Council to hear annual plan deliberations	13 May 2026	If required
Council workshop – Draft plan for review	27 May 2026	
Finance and Assurance meeting to recommend adoption of Annual Plan	10 June 2026	
Council meeting - Adoption Annual Plan	24 June 2026	

Issues

Consultation

12 The Local Government Authority (LGA) requires the community to be formally consulted if there are significant or material differences from the content of the Long Term Plan. It has still not been determined whether this threshold will be met by the proposed variations and therefore time for formal consultation has been included in the attached project plan.

13 Should there be no significant or material differences from year two of LTP 34, following LGA guidance Council can provide information on the Annual Plan to the public rather than running a consultation process. Council has undertaken this approach last year and previous to this and it would be the recommendation to undertake this.

Factors to consider

Legal and statutory requirements

14 Pursuant to section 95 of the LGA, Council is required to prepare and adopt an Annual Plan for each financial year. Each Annual Plan must be adopted before the commencement of the financial year to which it relates.

Community views

15 Council is required in the course of its decision-making process to consider the views and preferences of persons likely to be affected by this matter. Council should therefore consider the views of their community boards areas around the proposed budgeting processes.

Costs and funding

16 There are no specific costs associated with the preparation of this timeline.

Policy Implications

17 At this stage it is not anticipated that any policies will be amended as part of the Annual Plan planning process.

Analysis

Options considered

18 There are two options to consider in relation to the report.

Analysis of options

Option 1 – Council approve the Annual Plan timetable as noted above

Advantages	*Disadvantages*
• staff can proceed with the work required as indicated and provide a degree of certainty as to the timing, subject to confirmation of the meeting dates and committee structure post the election. • provides a streamlined annual plan process • complies with statutory requirements for Council to complete an Annual Plan. • Allows for the decision around consultation to be made as the development occurs	• there are no disadvantages.

Option 2 – Council approve the Annual Plan timetable with amendments, to still achieve the statutory requirements

Advantages	*Disadvantages*
• councillors are able to recommend necessary changes to the key dates timetable to ensure delivery of the Annual Plan.	• Depending on the changes staff may need to review the timeline outside of this meeting. It is not necessarily a disadvantage but may delay clarity around timing, however staff will work through this.

Assessment of significance

19 The matter before the committee is not considered significant in regards to Councils Significance and Engagement Policy.

Recommended option

20 The recommended option is Option 1, Council approve the Annual Plan timetable as noted above.

Next steps

21 If the project timetable key dates are approved, staff will continue with the delivery of the Annual Plan 2025/2026 as per the timetable, reviewing when the committee structure and meeting dates for 2026 are confirmed.

Attachments

There are no attachments for this report.

Draft significant forecasting assumptions for the Annual Plan 2026-2027

Record No: R/25/8/42594
Author: Jo Hooper, Financial Accountant
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision ☒ Recommendation ☐ Information

Purpose

1 To review and recommend to Council the draft significant forecasting assumptions from the Long Term Plan 2024-34 to be used to support the Annual Plan 2026/2027, which will be adopted in June 2025.

Executive Summary

2 To develop the Annual Plan 2026/2027 a number of assumptions have been made regarding the future in order to develop the financial forecasts.

3 The assumptions used for the 2025/26 Annual Plan are used as the base where these have changed from the LTP 2024-34, otherwise the LTP will be used as the base for this annual plan.

4 The following key financial assumptions have been considered.

- the interest rates on borrowings in the LTP is 5.67%, this was changed for the 2025/2026 Annual Plan to 4.91%. For this Annual Plan, staff recommend decreasing the interest rate further to 4.82%. This reflects the current interest rates applying to debt already borrowed ($91.6 million) and the forecasted interest rates on the debt being drawn, based on current interest rates, recognising that actual rates will vary.

- the return on Council balanced funds, was set in the LTP and the 25/26 Annual Plan at 5.5% less 1.1% of fees. This is considered conservative and staff are not proposing any changes to this.

- the emissions trading scheme will be held at the quantity and value as at the 30 June 2025 being 113,231 units at a unit price of $58.70.

- funding of depreciation for water and waste water assets were set to rise 5% per year. This means that in 2026/27, the funding is set to be 75% and this is in line with what Council indicated in its Water Services Delivery Plan. Staff are not proposing any changes to this at this time, but expect it will be discussed further as part of compiling the 2026/27 Annual Plan with Council.

- 2026 BERL rates will be used to revalue water, wastewater, stormwater and roading assets.

- Local reserves will receive interest at 2% and restricted reserves 4.4% as set in the LTP.

5 The non-financial assumptions have been reviewed. Relevant changes will be made to the assumptions where legislative reference have since been updated or to make it relevant to this Annual Plan rather than the 10 years of the LTP.

6 The significant assumptions can still be amended and/or updated up until the Annual Plan is adopted in June 2026, however some changes will require substantial extra work the further along the process the Annual Plan is.

Recommendation

That the Finance and Assurance Committee:

a) Receives the report titled "Draft significant forecasting assumptions for the Annual Plan 2026-2027" dated 29 September 2025.

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) Endorse the following key financial assumptions for the development of the 2026/2027 Annual Plan:
- **Interest on borrowings (internal and external) at 4.82%**
- **The return on Councils balanced fund will be 5.5% less 1.1% for fees as set in the 2024/34 LTP**
- **The emissions trading scheme will be held at the quantity and value as at the 30 June 2025**
- **Funding of water and wastewater depreciation will be at 75% in line with the 2024/34 LTP and Councils Water Services Delivery Plan**
- **2026 BERL rates will be used to revalue water, wastewater, stormwater and roading assets**
- **Local reserves will continue to receive interest at 2% and restricted reserves 4.4% as set in the 2024/34 LTP.**

e) Notes other assumptions will be based around the 2024/34 LTP assumptions updated by the 2025/26 Annual Plan if changes were made

f) Notes that any new information arising between now and the adoption of the Annual Plan 2026-2027 that may impact the significant forecasting assumptions will be presented to the Committee and Council for consideration and endorsement.

Background

7 All councils are required by legislation to adopt an annual plan. The annual plan sets out Council's activities, projects and budgets for the year from 1 July 2026 to 30 June 2027 and updates the information in year three of the LTP 2024-34.

8 As such, it is appropriate that the significant forecasting assumptions for the Annual Plan are based on the assumptions adopted as part of the LTP, updated as necessary for any relevant changes deemed appropriate.

9 To assist the Council, staff prepare this report and outline for their consideration and review any recommendations for change and make comment on any areas they believe the Council needs to be aware of.

1 Issues

2 Significant forecasting assumptions

10 Significant forecasting assumptions are the building blocks of LTP strategies, policies and activity management plans and provide a baseline to develop plans for long term planning.

11 In preparing forecasts, both financial and non-financial, assumptions can address uncertainties of the future. This provides an understanding of the basis from which financial information has been prepared, a way to explain differences that will likely occur between actual results and what was forecasted, and ensuring that risks and challenges faced by Council in the future have been appropriately identified and assessed.

12 Using the wellbeing scan as the basis of the significant forecasting assumptions, staff used the same formatted headings of legislation, social, cultural, environment, emerging technologies, economic and financial headings with related sub headings.

13 Council adopted the significant forecasting assumptions for LTP 2024-34, 6 September 2023 meeting.

14 The key financial assumptions are noted below, along with any proposed change being recommended

- The current interest rate on borrowings in the LTP 2024-34 is 5.67%. The 2025/2026 Annual Plan has an effective interest rate of 4.91%. For this Annual Plan, staff recommend decreasing the interest rate further to 4.82%. This reflects the current interest rates applying to debt already borrowed ($91.6 million) and the forecasted interest rates on the debt being drawn, based on current interest rates, recognising that actual rates will vary.

- the return on Council balanced funds, was set in the LTP and the 25/26 Annual Plan at 5.5% less 1.1% of fees. This is considered conservative and staff are not proposing any changes to this.

- the emissions trading scheme will be held at the quantity and value as at the 30 June 2025 being 113,231 units at a unit price of $58.70.

- funding of depreciation for water and waste water assets were set to rise 5% per year. This means that in 2026/27, the funding is set to be 75% and this is in line with what Council indicated in its Water Services Delivery Plan. Staff are not proposing any changes to this at this time, but expect it will be discussed further as part of compiling the 2026/27 Annual Plan with Council.

- 2026 BERL rates will be used to revalue water, wastewater, stormwater and roading assets.

- Local reserves will continue to get 2% and restricted reserves 4.4% as set in the LTP.

15 The non-financial assumptions have been reviewed. Relevant working changes will be made to the Annual Plan 2025/2026 assumptions where legislative reference have since been updated or to make it relevant to this annual plan rather than the 10 years of the LTP.

3 Factors to consider

Legal and statutory requirements

16 Section 95 of the Local Government Act 2002 requires the Council to prepare and adopt an Annual Plan for each financial year. Each annual plan should also be prepared in accordance with the principles and procedures that apply to the preparation of the financial statements and funding impact statement included in the LTP.

17 Section 111 of the Local Government Act states that any information to be prepared must be in accordance with generally accounting practice where the information is of a form or nature for which generally accepted accounting practice has developed standards.

Community views

Costs and funding

18 There are no direct impacts on draft budgets.

Policy implications

19 The significant forecasting assumptions create the building blocks that are used in the financial and infrastructure strategies.

20 Significant forecasting assumptions are also incorporated into the development of the activity management plans so that consistency is applied across Council in consideration to the future delivery of Council activities and how they will be managed.

Analysis

Options considered

Analysis of options

Option 1 – Recommends to Council the adoption of the assumptions with any amendments from this meeting for use in preparation of the Annual Plan 2026/2027.

Advantages	*Disadvantages*
• Staff can proceed with certainty as to the assumptions on which to base the Annual Plan 2026/2027 • The Annual Plan 2026/2027 can continue to be prepared in line with the planned timetable	• risk of change in assumptions and flow on impact to financial forecasts and rates

Option 2 – Do not recommend the assumptions as presented

Advantages	*Disadvantages*
• changes can be made to the assumptions to incorporate the Council's views.	• more complex approach for potentially minimal benefit • the Annual Plan process may be delayed depending on the time needed to provide the necessary information

Assessment of significance

21 In terms of Council's Significance and Engagement Policy, the assumptions which form part of the Annual Plan are not considered significant.

Recommended option

22 Option 1 – Recommends the assumptions to Council with any amendments from this meeting for use in preparation of the Annual Plan 2026/2027.

Next steps

23 The assumptions (incorporating any changes agreed at this meeting) will be used in preparation of the Annual Plan 2026/2027.

Attachments

There are no attachments for this report.

Draft accounting policies for the Annual Plan 2026/2027

Record No: R/25/8/42589
Author: Jo Hooper, Financial Accountant
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision ☒ Recommendation ☐ Information

Purpose

1 To discuss and endorse the draft accounting policies to be used to compile the Annual Plan 2026/2027, which will be adopted in June 2026.

Executive Summary

2 The accounting policies (attachment A) set the basis on which the financial information for the Annual Plan 2026/2027 will be compiled.

3 Staff have based the accounting policies on those used to compile the 2025/2026 Annual Plan incorporating relevant changes from the 2024/2025 Annual Report. The key change relates to amendments to PBE IFRS 17 *Insurance contracts in the public sector*. The impact of the amendments is currently being worked through but expect it to be principally disclosure based. The identified changes will then be incorporated into the policies included in attachment.

4 The accounting policies will be adopted by Council as part of the Annual Plan 2026/2027.

Recommendation

That the Finance and Assurance Committee:

a) Receives the report titled "Draft accounting policies for the Annual Plan 2026/2027".

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

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

d) Endorses the accounting policies detailed in Attachment A for use in the Annual Plan 2026/2027.

Background

5 All councils are required by legislation to adopt an annual plan. The annual plan sets out Council's activities, plans, budgets and policies. It must be adopted before the beginning of the year to which it relates.

6 In determining the appropriate accounting policies for the Annual Plan 2026/2027, the policies adopted by Council for the Annual Plan 2025/2026 have been used as a starting point, given that these financial statements contain prospective financial information. In addition, staff reviewed the accounting policies from the Annual Report 2024/2025 to incorporate any subsequent changes including relevant changes to accounting standards expected.

7 The key change relates to amendments to PBE IFRS 17 *Insurance contracts in the public sector*. Staff are currently assessing the impact of this but believe it to be principally disclosure based. As such the accounting policies attached to this report will be updated to reflect this change when the assessment is complete.

4 Issues

8 The attached recommended policies are consistent with the most recent annual plan and annual report.

9 As noted above the only change is in relation to one accounting standard.

Factors to Consider

Legal and Statutory Requirements

10 Section 93 of the Local Government Act (LGA) 2002 requires the Council to prepare and adopt an annual plan for each financial year.

11 Section 111 of the LGA states that information must be prepared in accordance with generally accepted accounting practice where the information is of a form or nature for which generally accepted accounting practice has developed standards. These standards do not apply to the preparation of the funding impact statements.

12 The accounting polices form the basis on which the prospective financial information is prepared, and thus it is considered appropriate that these be included in the annual plan.

Community Views

13 No specific community views have been sought. The community would expect Council to comply with its legal and statutory regulations including accounting standards.

Costs and Funding

14 There are no direct cost implications of Council adopting the accounting policies for the Annual Plan 2026/2027.

Policy Implications

15 The committee has been delegated authority through its terms of reference to consider and make recommendations to Council regarding accounting treatments, changes in generally accepted accounting practice and new accounting/reporting requirements.

Analysis

Options Considered
Analysis of Options
Option 1 – Endorse the accounting policies with any amendments from this meeting for use in preparation of the Annual Plan 2026/2027.

Advantages	*Disadvantages*
• policies are consistent with the most recent annual plan and annual report • the annual plan can continue to be prepared in line with the planned timetable.	• none identified.

Option 2 – Do not recommend the accounting policies as presented

Advantages	*Disadvantages*
• changes can be made to the accounting policies post the meeting to incorporate the committee's views.	• there is a small risk that annual plan process may be delayed depending on the time needed to provide additional information.

Assessment of Significance

16 The matter is considered to be of low administrative significance, as it largely pertains to internal Council processes.

Recommended Option

17 Option one - endorse the accounting policies with any amendments from this meeting for use in preparation of the Annual Plan 2026/2027.

Next Steps

18 The accounting policies (incorporating any changes agreed at this meeting) will be used in preparation of the Annual Plan 2026/2027.

Attachments

A Draft Accounting Policies Annual Plan 2026/2027

Accounting policies

Reporting entity

Southland District Council (referred to as "SDC" or "Council") is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operated in New Zealand. The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002. The primary objective of Council is to provide goods or services for the community or social benefit, rather than making a financial profit. Accordingly, SDC has designated itself as a public benefit entity (PBE) for financial reporting purposes. Council provides local infrastructure, local public services and performs regulatory functions for the community. Council does not operate to make a financial return.

The prospective financial statements were authorised for issue by Council on XX.

Basis of preparation

The prospective financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently to all periods presented in these financial statements. The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LGFRP): Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). These prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with PBE standards.

Prospective financial information

Council has complied with PBE FRS 42 in the preparation of these prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

Description of the nature of the entity's current operation and its principle activities

The Council is a territorial local authority, as defined in the Local Government Act 2020. The 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 Long Term Plan.

Responsibility for the prospective financial statements

Council is responsible for the prospective financial statement presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Cautionary note

The financial information is prospective. Actual results are likely to vary from the information presented and the variations may be material.

Measurement base

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

Functional and presentation currency

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

Basis of consolidation

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

The prospective financial information reflects the operations of Council. It does not include the consolidated results of Council controlled organisations (being Milford Community Trust).

Changes in accounting policies

All accounting policies, except the following, have been applied consistently to all periods presented in these prospective financial statements.

SDC is applying, for the first time, the amendments to the following standard which is effective for annual periods beginning on 1 January 2026, as described below:

Amendments to PBE IFRS 17 Insurance contracts in the public sector

The amendments to PBE IFRS 17 *Insurance contracts in the public sector* include information on how to identify arrangements to which this standard should apply, specific exemptions relating to sub-grouping contracts; an amendment to the initial recognition requirements; guidance on coverage periods, a grandfathering transition requirement and a decision on the liability measurement when applying the premium allocation approach.

The impact of the amendment is yet to be determined.

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 designated and special reserves, separate account balances and rates appropriation balance)
- restricted 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.

Restricted and 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% - 25.00%	SL or DV
Buildings	10-100		1.00% - 10.00%	SL or DV
Light vehicles	4- 8		14.40% - 21.60%	SL or DV
Heavy vehicles	4-8		12.00% - 21.60%	DV
Other plant	2-25		4.00% - 60.00%	SL or DV
Furniture and fittings	3-13		8.50% - 30.00%	SL
Office equipment	7-8		13.50% - 14.00%	SL
Computer equipment	2-7		13.50% - 40.00%	SL
Other equipment	3-14		7.00% - 30.00%	SL or DV
Library books	10		10.00%	SL
Infrastructural Assets				
Electrical generation plant	1-100		4.00% - 60.00%	SL or DV
Sealed roads	5-80		1.25% - 20.00%	SL
Unsealed roads	4-5		20.00% - 25.00%	SL
Bridges	70-100		1.00% - 1.43%	SL
Footpaths	20-60		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		4.0%-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 purchased are recorded at cost since 30 June 1993.

Endowment lands are vested in Council for specific purposes for the benefit of various communities. These vestings have been made under various pieces of legislation which restrict both the use of any revenue and any possible dispositions.

Other infrastructural assets

All other infrastructural assets (electrical generation plant and marine assets) are valued at their deemed cost, based on a revaluation of assets undertaken by appropriately qualified personnel from Royds Garden Limited in 1993.

Library books

Books have been valued by SDC staff on a depreciated replacement cost basis, using New Zealand Library Association guidelines, as at 30 June 1993

representing deemed cost. Additions to library book stocks since 30 June 1993 are recorded at cost.

Heritage assets

The only assets to be included under this category are art works owned by the Council, which have been recorded at fair value in accordance with NZ IAS 16. Due to the nature of the item, art works are revalued on a three to five-yearly cycle and not depreciated.

Other assets, which would normally be classified under heritage assets, for example war memorials, have been included under "other assets".

Other assets

Other assets (ie plant and vehicles) are shown at historic cost or depreciated replacement cost, less a provision for depreciation. Additions and deletions to other assets since 30 June 1993 are recorded at cost.

Accounting for revaluations

SDC accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to forecast other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset.

Where this results in a debit balance in the asset revaluation reserve, this balance is not recognised in forecast other comprehensive revenue and expense but is recognised in the forecast surplus or deficit.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the forecast surplus or deficit will be recognised first in the forecast surplus or deficit up to the amount previously expensed, and then recognised in forecast other comprehensive revenue and expense.

m) Work in progress

Assets under construction are not depreciated. Work in progress is recognised at cost less impairment. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

n) Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs directly associated with the development of software for internal use by Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the forecast surplus or deficit when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the forecast surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Estimated economic life			**Depreciation**	
Asset category	**(Years)**		**Percent**	**Method**
Computer software	2-10		10.00% - 40.00%	SL

Emissions Trading Scheme

Council has approximately 1,384 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand Emissions Trading Scheme ('ETS"). The implication of this for the financial accounts is twofold:

Should the land be deforested (ie the land is changed from forestry to some other purpose), a deforestation penalty will arise.

Given the deforestation restriction, compensation units are being provided from the government.

The deforestation contingency is not recognised as a liability on the statement of financial position as there is no current intention of changing the land use subject to the ETS.

However, the estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

Compensation units received are recognised based on the market value at balance date (30 June). They are recognised as income in the prospective financial statements. They are not amortised, but are tested for impairment annually.

Emissions Trading Units are revalued annually at 30 June.

The difference between initial value or the previous revaluation, and disposal or revaluation value of the units, is recognised in forecast other comprehensive income.

o) Forestry assets

Forestry assets are revalued independently annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cashflows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the forecast surplus or deficit.

The costs to maintain the forestry assets are recognised in the forecast surplus or deficit when incurred.

p) Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount.

The total impairment loss is recognised in the forecast surplus or deficit.

The reversal of an impairment loss is recognised in the forecast surplus or deficit.

- value in use for non-cash generating assets.

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, or a service unit approach. The most appropriate approach used to measure the value in use depends on the nature and impairment and availability of information.

- value in use for cash generating assets.

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cashflows.

q) Employee benefits

Short term benefits

Employee benefits that SDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

Long term benefits

- long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated by Council staff. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- the present value of the estimated future cashflows
- superannuation schemes.

Defined contribution schemes - Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the forecast surplus or deficit when incurred.

Presentation of employee entitlements.

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

r) Payables and deferred revenue

Short term payables are recorded at the amount payable.

s) Provisions

SDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Financial guarantee contracts

A financial guarantee contract is a contract that requires SDC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received.

When no consideration is received a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however, if SDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill post-closure costs

SDC, as an operator, has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at their landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises and can be reliably measured.

The provision is measured based on the present value of future cashflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

t) Internal borrowings

Internal borrowings are eliminated on consolidation of activities in the Council's prospective financial statements.

u) External borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed.

Borrowings are classified as current and non-current liabilities.

v) Borrower notes

Borrower notes are subordinated convertible debt instruments that the Council subscribes for an amount equal to 5.0% of the total borrowing from LGFA.

LGFA will redeem borrower notes plus interest, when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cash flow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield.

w) Investments in joint arrangements

Under PBE IPSAS 37 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Council has both joint operations and joint ventures.

Council determined that the investment in the following entity meets the definition of "joint operation" and should be accounted for using the proportionate consolidation method (refer note 25):

- WasteNet (31% share).

Joint operations

Council recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the prospective financial statements under the appropriate headings. Details of the joint operation are set out in note 25.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (x) below), after initially being recognised at cost in the consolidated balance sheet.

x) Investments in associates and joint ventures

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

- Southland Regional Heritage Committee
- Emergency Management Southland
- Southland Regional Development Agency (trading as Great South).

An associate is an entity over which SDC has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

SDC's investment in its associates and joint ventures is accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, an investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise post-acquisition changes in Council's share of net assets of the associates or joint ventures since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

SDC's share of an associate's or joint venture's forecast surplus or deficit is recognised in the statement of financial performance. Any change in the

associate or joint venture's forecast other comprehensive revenue and expense is presented as part of Council's forecast other comprehensive revenue and expense. The cumulative movements are adjusted against the carrying amount of the investment. In addition, when there has been a change recognised directly in the net assets/equity of the associate or joint venture, Council recognises its share of any changes, when applicable, in the statement of changes in net assets/equity. Unrealised gains and losses resulting from transactions between Council and the associate or joint venture are eliminated to the extent of Council's interest in the associate or joint venture.

The aggregate of the SDC's share of forecast surplus or deficit of associates or joint ventures is shown on the face of the statement of financial performance. This is the surplus attributable to equity holders of the associate or joint venture and therefore is forecast surplus after tax and non-controlling interests in the controlled entities of the associates and joint ventures.

The prospective financial statements of the associate or joint venture are prepared for the same reporting period as Council. When necessary, adjustments are made to bring the accounting policies in line with those of Council. After application of the equity method, Council determines whether it is necessary to recognise an impairment loss on Council's investment in its associate or joint venture.

Council determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case Council calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of surplus of an associate and joint venture" in the statement of financial performance.

Goodwill included in the carrying amount of the investment in associate is not tested for impairment separately; rather the entire carrying amount of the investment is tested as a single asset. When Council's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture, Council measures and recognises any remaining investment at its fair value, and accounts for the remaining investments in accordance with PBE IPSAS 29. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in forecast surplus or deficit.

y) Critical accounting estimates and assumptions

In preparing these prospective financial statements SDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset. For example, Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground
- estimating any obsolescence or surplus capacity of an asset
- estimating the replacement cost of the asset. The replace cost is derived from recent construction contracts
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the

asset, then SDC could be over or under estimating the annual depreciation charge recognised as an expense in the forecast statement of comprehensive revenue and expense.

To minimise this risk SDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Asset inspections, deterioration and condition modelling are also carried out regularly as part of SDC's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

z) Critical judgements in applying SDC's accounting policies

Management has exercised the following critical judgements in applying SDC's accounting policies for the period ended 30 June 2027:

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.

Quarterly risk management update - September 2025

Record no: R/24/12/74712
Author: Jane Edwards, Risk analyst
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision ☐ Recommendation ☒ Information

Purpose

1 The purpose of this report is to submit the September 2025 quarterly risk management report for consideration by the Finance and Assurance Committee (the committee).

Executive summary

2 A risk management framework (RMF) was adopted by Council in December 2024. This framework supports risk thinking across Council so that risk can be understood, planned for, and mitigated across all levels and activities.

3 As part of the RMF process, Council's priority strategic risks were identified and endorsed in July 2025, and these form the basis of the committee's quarterly risk report including the risk register.

4 The Executive Leadership Team (ELT) has reviewed the status of the priority risks for the September 2025 quarter and this report presents the current risks, with their assessment, any current and proposed mitigations, and their residual risk assessment.

5 For the committee to note, the risk appetite for each strategic risk has been added to the risk dashboard. While a formal Risk Appetite Statement has not yet been formally adopted by Council, the draft appetites arise from the work undertaken with elected members in the June 2025 quarter and are provided as an assessment tool to guide decision making. The risk appetite discussion will be initiated again post-election with the new governance group.

6 This quarter, the geopolitical/economic risk has been highlighted for the committee's information and summarised within the emergent risks section of this report.

7 Overall, four risks are assessed as requiring an increasing focus. The risk status of three of these remain unchanged from last quarter (change, cyber security, and finance), and one risk status has changed from stable to increased (strategic relationships).

8 The risk register for the September 2025 quarter is included as attachment A.

9 The matrices used to assess the risks are included for information as attachment B.

Recommendation

That the Finance and Assurance Committee:

a) receives the report titled "Quarterly risk management update - September 2025".

b) notes those risks currently assessed as of significant issue for the September 2025 quarter

Background

10 The quarterly risk management report has been developed in line with Council's RMF. This framework supports risk management knowledge across the organisation so that risk management can be understood, planned for, and managed across all levels and activities.

11 As part of the risk management process outlined in the RMF, Council's priority strategic risks were identified and endorsed in July 2025, and these form the basis of the quarterly risk report including the risk register.

12 The ELT undertake a comprehensive review of the status of the risks, and any emerging risks, on a quarterly basis. This review includes evaluation of each risk, including any current or proposed mitigations, and assessment of the residual risk remaining. ELT's review is incorporated into the risk management update report that is presented to the committee for consideration each quarter.

13 All priority risks are considered of equal importance to Council and are outlined in a single tiered risk register. This allows for fluid prioritisation throughout the reporting year with resource allocated where appropriate across the top risks.

14 Governance will continue to have a clear indication of management's risk priorities by the utilisation of the 'status' for the quarter to indicate where focus and resource could be directed. A 'decreased' status highlights where levels of risk may have been positively influenced over the quarter (i.e. a significant action completed); 'stable' indicates that a risk is assessed as remaining static or managed; and 'increased' highlights where a negative influence may result in a greater focus being required to manage the risk.

15 The consequences, likelihoods and thresholds for each risk have been assessed after a review of the risk register and they reflect the highest assessed aspect of each risk for this current quarter.

Quarterly overview of Council's priority strategic risks

16 The risk register update for the September 2025 quarter is included as attachment A.

17 There have been no changes to the inherent or residual threshold assessments have any of the strategic risks over the quarter.

18 This quarter, four risks are assessed as requiring an increased focus. The risk status of three of these remain unchanged from last quarter (change, cyber security, and finance), and one risk status has changed from stable to increased (strategic relationships).

Issues

19 This section of the report is used to provide a summary of each risk for information purposes and to highlight any significant activity over the last quarter.

Adverse event

20 This risk continues to be assessed as stable.

<u>Avian Influenza</u>

21 Staff continue to monitor Ministry of Primary Industry (MPI) and Te Whatu Ora guidance. There has been no further update since the last situation report from MPI dated 28 April 2025 - reported to ELT in June 2025.

Drought

22 Staff are currently forwards planning for the summer season with the ability to check river levels and plan for restrictions and/or bans. A meeting with Earth Sciences New Zealand (formerly known as NIWA) is scheduled for October 2025 to identify potential weather patterns.

Legislation

23 Cabinet has agreed to a series of proposals following consultation on changes to emergency management legislation. While further analysis is required, it is anticipated that territorial authorities will have to accept further responsibilities on top of business as usual. This could give rise to risk around Council's ability to secure equitable and adequate resource to support these.

Change

24 This risk continues to be assessed as increased.

Local body elections

25 The potential for intellectual knowledge loss is perceived to have been lessened by two of the three outgoing councillors standing for election on local community boards, however three community boards are facing changes in composition.

26 If the skill set/values of the incoming elected members significantly differs from the current governance group, then Council's strategic direction or momentum could be significantly impacted. Swift visibility of the priorities of the new governance group will be required to ensure the organisation is best placed to meet their objectives.

27 A robust and tailored induction programme is currently being developed focusing on professional development, key challenges for the district, key strategies and the central government reform programme. It will also include training for committee and community board chairs, and clarity around delegations, roles, and responsibilities recognising that the uniqueness of the district means that a 'one size fits all' approach cannot be applied.

Local Waters Done Well (LWDW)

28 In August, Council adopted a Water Services Delivery Plan (WSDP) despite the challenges posed by central government requirements. There remain the following risks:

29 The WSDP is not accepted by the Department of Internal Affairs (DIA).

- At the time of writing, the WSDP had not yet been accepted by the DIA.
- Non-acceptance of the plan would have a severe impact but is considered a low probability.
- Ministerial direction could influence the decision – central government have been clear in their preference for council controlled organisations (CCO)
- The DIA may question the affordability of the WSDP. Although the plan meets all the thresholds.

- If the risk were to be realised, there is the potential that Council would be forced into a CCO or have a commissioner appointed. This could have an impact on Council and the community who have clearly indicated that they want decision making around local assets kept local.

- If a water commissioner were to be appointed, it would be at Council's cost which could have significant financial implications, along with the additional workload placed on staff who have already undertaken significant work in this space.

- To mitigate the likelihood of this risk being realised, staff have undertaken thorough prework with the DIA to ensure that the WSDP is closely aligned to requirements. The engagement, communication, and relationship with the agency is perceived as functional and effective.

30 Wastewater discharge standards (Standards) remain unchanged.

- At the time of writing, the final Standards had not yet been confirmed.

- Changes to the Standards are considered likely and therefore the risk of status quo is considered as having a severe impact but low probability.

- While the WSDP has been drafted for the worst case scenario (i.e. status quo), if the Standards remain unchanged, the rates increase proposed by the WSDP may not be affordable for all rate payers. There is the potential that central government might steer Council into a CCO or appoint a commissioner for oversight.

- To mitigate the likelihood of this risk being realised, Council has strenuously advocated about the inequity of standards that align large metropolitan with small rural schemes. Council staff have also participated in case studies for the new standards.

- The DIA are aware of the affordability challenges for smaller rural communities and have publicly acknowledged this.

- Central government too has shown their steer for regulatory change.

- A direct impact of the continued lack of certainty is the resultant delays to the work programme while Council awaits decisions.

31 A change in central government could significantly impact the direction taken.

- National elections in 2026 could result in a further pivot in direction and undo the work undertaken to date. This potential emergent risk will be monitored.

Climate response

32 This risk continues to be assessed as stable.

Regional Framework for Action (RFA)

33 Council's adoption of the RFA on 30 August 2025 marks a clear pathway and timeframe for regional climate action plans. While the high level actions will predominantly fall to Environment

Southland to undertake, the framework is considered reflective of the Southland district, and a meaningful first step.

Central government

34 There is risk that both current central government policies, and the potential for a change in government next year, could slow momentum towards effective climate response and adaptation. This potential emergent risk will be monitored and managed by staff.

Cyber security

35 This risk remains assessed as increased.

Artificial intelligence (AI)

36 Council is entering a particularly vulnerable time during the local body election period. The organisation has security measures in place however the organisation should remain alert to the potential that AI might influence candidates' campaigns with the resultant authenticity risk to Council's reputation and social licence.

37 There remains risk around access to ChatGPT and CoPilot without sufficient guidance or guardrails. AI brings both risk and opportunity but there is the potential that without prescriptive guidance, the organisation is increasingly vulnerable to deliberate or accidental information breaches, and/or missed opportunities.

38 Further detail regarding treatments and controls relating to this risk will be made available in a separate public excluded report to the committee from Information Services staff.

Decision-making

39 This risk remains assessed as stable.

40 There is continued risk around the length of time taken to make decisions at both governance and organisational levels. Factors driving this risk include seeking decision by consensus, involvement of multiple parties, complexity of process, and suboptimal information provided on which to base a decision. The impact of this is the slowing or halting of work programme delivery.

41 There is continued risk that decisions made are reactive to voices/issues that may not be representative of the community. The impact of this is decisions made that do not meet the needs of the community.

42 To mitigate this strategic risk, decision makers will need a comprehensive understanding of the trade-offs implicit in the decisions made i.e. time vs delivery vs reputation vs satisfaction.

43 Council continues to strengthen public participation by enabling opportunities for the community to contribute to decisions that impact them. It also continues to ensure transparency in decision-making through clear communication and accessible information, however, this also carries reputational risk allowing the public to have full view of consenting delays, unbudgeted expenditure decisions etc…

Finance

44 This risk continues to be assessed as increased.

Local Waters Done Well

45 Council's financial sustainability is heavily influenced by the adoption of wastewater disposal standards, a decision which Government has postponed till November.

46 If Standards are adopted that continue to allow appropriately treated disposal to water, then costs will decrease significantly and changes to the WSDP will be made via the Annual Planning process.

47 If the Standards remain unchanged, the rates increase proposed by the WSDP may not be affordable for all rate payers.

48 Staff are currently managing the timing of the delivery of works programmes to coincide with the release of the Standards.

Revenue

49 Council continues to lobby and advocate for a more equitable Funding Assistance Rate for road funding, and also seeking to rebalance the network, however this risk is already being realised in the roading network with sections of roads being returned to gravel. Each year the funding received does not match the funding required, the risk increases. Returning to gravel roads has the long term potential of a degraded roading network which cannot be remediated.

50 Over the quarter, Council received funds from the Regional Infrastructure Fund. There is potential that if the programme delivery meets requirements, then funds will become a grant meaning that future funding of SIESA will be both more affordable and sustainable.

51 Funds targeted at protection of refuse sites have been applied for.

Expenditure

52 Inflationary increases since Council's 2024 LTP was developed and adopted has resulted in Council experiencing at times, actual costs being significantly more that the budget for the work planned. Although the LTP is based on a number of assumptions, Council needs to constantly review how it forecasts its costs and revenues, continuing to look for improvements to the processes to ensure confidence in its budgeting process.

53 Increased contractor management and scrutiny of projects continues to minimise cost implications arising from delays, or substandard work requiring replacement. Remediation and reworks contracts are used to tie contractors to achieving the standard required at their own cost but there is still a reputational impact for Council and the contractors themselves.

54 There is risk that an insufficient understanding of the true market value of work undertaken could result in an expectation that things could be cheaper. This could result in delays to the work undertaken, or a reduction in the portion of a contract undertaken for the price set.

Fraud and corruption

55 In August 2025, the Counter Fraud Centre/Serious Fraud Office provided sector-specific training which was attended by representatives from southern councils from as far north as Waitaki.

56 The workshops provided guidance on key fraud and corruption risks within the local government sector to enable better awareness and understanding of these threats. Guidance was provided to strengthen defences and increase overall fraud and control maturity. Examples already being experienced in the sector included conflicts of interest, undeclared gifts, procurement panel fraud, theft of time, and instances of AI influencing recruitment.

57 Information and guidance will be shared with staff to observe the annual International Fraud Awareness Week next quarter.

Health, safety, and wellbeing (HSW)

58 The status of this risk has changed from increased to stable this quarter.

Influenza

59 While the organisation was impacted by illness over the quarter, the latest flu season was managed well by the agility of staff able to work differently. Post-pandemic, staff have a greater knowledge and self-awareness of what has been necessary to protect both individuals and the 'herd'.

Manapouri asbestos incident

60 The investigative process is completed and closed off. Asbestos training has been undertaken, and the asbestos management plan has transitioned to being a living document as a result of the incident with staff proactively assessing and managing building stock that may contain asbestos.

Te Anau fatality incident

61 This is subject to the regulator's timeline however staff continue to supply information as requested.

Local body elections

62 The election period is a time where members of the public are increasingly vocal, and elected members position themselves to take stance on issues. This can lead to increased pressure, scrutiny and workload, impacting staff wellbeing. This risk continues to be managed by team leads supported by People and Culture staff.

Social licence

63 The status of this risk has changed from increased to stable this quarter.

Local body elections

64 Social licence is difficult to measure however an expression of it will be evident in the participation levels in the upcoming elections. If the community does not feel it is important, they

are less likely to participate. The poorly attended Tāmaki Makaurau by-election had an exceptionally low 20% turnout. The national average for the local body elections in October is anticipated to be approximately 30-35%. While Council has traditionally seen a higher than average voter turnout, it will be an indicator of the level of engagement and trust in local government's ability to deliver.

65 The process to inform voters about elections began prior to the current election period and continues with a robust process to provide candidate information and messaging so that the community feels able to make informed choices.

Disruptors

66 As elsewhere in New Zealand, the district has seen a rise in disruptors who display a lack of trust in both central and local government. This trend began post Covid-19 and has been exacerbated by the relative ease to find platforms to air their views.

67 There continues to be an increase in mis/disinformation on social media however this had been anticipated in the run up to local body elections. It has been mainly evident on smaller community pages with low viewer/participant numbers and management of this has been based on not giving further bandwidth to the messaging. On larger sites, staff routinely correct misinformation where needed however usually find that there is effective self-moderation within the chat group.

Community boards

68 The recent community board health check has been presented to ELT and is proposed to be presented to the outgoing Council table prior to elections. Initial feedback has indicated a positive, constructive, and stable relationship with the community boards, and this is also evidenced in the large numbers of current board members choosing to stand again.

Consultation

69 Recent consultation has demonstrated healthy engagement from the community still submitting in good numbers on subjects that interest them.

Strategic relationships

70 The status of this risk has changed from stable to increasing this quarter.

Regional

71 Relationships with neighbouring councils may be influenced by both the confirmed change in leadership at both Invercargill City Council (ICC) and Environment Southland (ES), and the change in composition of any new governance groups. Both ICC and Gore District Council are likely to see moderate to major change in governance and potentially subsequent strategic direction.

72 Also influencing this risk are the recent ES and Department of Conservation restructures, and departure of the ES chief executive.

73 Over the next year there is likely to be further momentum on the proposal for the reorganisation of southern councils. This carries significant risk to the strategic relationships between Council and its neighbouring councils.

74 Council continues to actively engage and collaborate with its partner councils and other entities and will monitor and respond to as required.

Central government

75 Wider global and economic issues continue to place pressure on elected members and community, central government, and agencies.

76 Central government perception of the local government sector continues to erode the functional relationship between the two. The 'Back to Basics' rhetoric demonstrates a lack of understanding of the constraints that local government operates within and risks the ability for Council to effectively provide the infrastructure, both hard and soft, to keep communities viable.

77 Council has limited ability to influence the steer of central government however continues to advocate and lobby on behalf of the district and sector wherever possible.

78 Council's relationships with government agencies remain perceived as effective. Despite the recent change in transport minister, engagement has been functional and constructive. Relationships with the DIA are also considered positive.

Emergent risks

79 The following risk is not a new emergent risk however is provided as an update and remains under watching brief.

Geopolitical risk

80 The emerging geopolitical and geo-economic risks continue to evolve. United States deregulation is increasing uncertainty and risk taking. Continued heightened tensions could see a significant increase in oil prices resulting in another Global Financial Crisis event. The potential for conflict in the Asia/Pacific region could influence central government spending. Staff continue to monitor the implications for Council should this global risk have potential local impact on Council's strategic direction.

Operational risk

81 The roll out of the operational risk register has been deprioritised in recent years due to resourcing constraints and workloads of managers and key staff.

82 With the establishment of the risk analyst role, a work programme outlining the risk management priorities for the 2024-2027 period was presented to the committee in March 2024.

83 We are currently in Year 2 of the programme which, following the review of the risk management documents in Year 1, proposes to build risk awareness and capability within the organisation.

84 To support this, the development of an enterprise-wide operational risk register and subsequent reporting to ELT has been initiated.

85 Once completed, this will serve as a central, structured tool for identifying, assessing, tracking and managing potential risks to Council's day-to-day operations.

86 Its purpose will be a proactive approach to enhance decision making, ensure alignment across teams, improve communication, embed risk awareness, maintain accountability, and help meet regulatory compliance requirements.

87 It is also intended to be used as the basis for developing contingency plans, detailing alternative approaches or backup plans to minimise disruption from unexpected events.

88 A pilot study has already begun with the Information Services team, and it is anticipated that this will be completed in time for a 'soft launch' with ELT next quarter.

89 An advantage of this process is that the involvement of wider staff in the development of the register will result in it being well understood by people directly engaged with the risks - not just governance and management. This will also help to further embed the risk management framework to improve staff understanding and preparedness to manage the risks faced every day.

90 A disadvantage is that it is a process constrained by the workloads of managers and key staff. To manage this, a prioritised roll out will be developed across the organisation with the aim to have an enterprise-wide operational risk register able to be reported against to ELT by the end of 2026.

91 The reporting structure is aligned to the Risk Management Framework with any significant operational risks identified being escalated up to the committee as required.

Attachments

A Risk register - Finance and Assurance Committee - September 2025 quarter
B Risk Management Framework 2024 - risk matrices

SOUTHLAND DISTRICT COUNCIL

Quarterly risk register – September 2025 quarter

Finance and Assurance Committee

STRATEGIC RISK SUMMARY TABLE								
Adverse event	Change	Climate response	Cyber-security	Decision making	Finance	Health, safety, and wellbeing	Social licence	Strategic relationships
PRE TREATMENT (INHERENT) THRESHOLD								
Very high	Very High	Very high	Very high	High	Very high	Very high	Very high	Very high
POST TREATMENT (CURRENT) THRESHOLD								
High	Very high	Very high	Medium	High	Very high	High	High	High
***DRAFT* RISK APPETITE**								
2.9 Conservative	3.3 Measured	3.1 Measured	2.5 Conservative	3.5 Measured	3.4 Measured	2.6 Conservative	3.5 Measured	3.7 Measured
RISK STATUS FOR THE CURRENT QUARTER IS ASSESSED AS:								
Stable	Increased	Stable	Increased	Stable	Increased	Stable	Stable	Increased
RISK LEAD								
Executive Leadership Team								
ACTION OFFICER Climate change lead								
Communications manager Climate change lead Strategic manager transport Strategic manager water & waste Strategic planning & policy manager	Executive leadership team	Strategic planning & policy manager Climate change lead Strategic manager transport Strategic manager water & waste	Manager information services	Executive leadership team	Financial business partnering lead Financial development coordinator Strategic manager transport Strategic manager water & waste Community facilities manager Project delivery manager	Health & safety manager Group manager people and culture Senior people and culture advisor	Community leadership manager Communications manager Governance legal manager Project delivery manager Senior project manager Manager resource consent process	Communications manager Community leadership manager Governance legal manager

Risk register template
1/06/2019

Southland District Council
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Strategic risk: ADVERSE EVENT

DESCRIPTION	**The risk that Council is unable to appropriately respond to the consequences of a natural or human-induced event impacting the district leading to a loss of critical service continuity**		**STATUS**	**Stable**
Risk management framework CATEGORY	Social, cultural & environmental Financial	**Risk register LINKS**	Climate response Cyber security	Social licence Strategic relationships
RISK LEAD	Executive leadership team	**ACTION OFFICER**	Communications manager Climate change lead Strategic planning & policy manager	Strategic manager transport Strategic manager water & waste
POTENTIAL RISK TRIGGERS	External: • biosecurity outbreak • severe weather event • disaster caused by failure of man-made structure • natural disaster event without warning or build up • global financial crisis • pandemic Internal: • critical asset failure that impacts safety as a result of poor resource allocation/prioritisation e.g. water, energy, telecommunications, financial • insufficient organisational agility and resilience • ineffective clear advice to enable evidence-based quality decisions due to variability and uncertainty • inadequate or ineffective engagement, communication, governance • ineffective or lack of collaboration /partnership • relationship mismanagement • inadequate contingency planning			
PRE TREATMENT THRESHOLD	**Consequence:** Catastrophic		**Likelihood:** Possible	
	Very high			
CURRENT MITIGATIONS	○ emergency management ○ collaboration on emergency management response approach across agencies and the region ○ organisational emergency response plans including internal incident management team ○ community emergency response plans ○ business continuity planning			

	○ effective communication/roles/governance with documented processes ○ infrastructure resilience ○ criticality assessment and asset identification ratings and plans to return to BAU ○ appropriate capacity and competency in place to manage, monitor, operate and maintain critical infrastructure ○ infrastructure strategy/activity management plans completed and in place ○ financial resilience ○ adequate borrowing capacity in place through the financial strategy to assist with recovery costs ○ catastrophe insurance in place ○ external sources – central government/agencies ○ ability to reprioritise funding			
POST TREATMENT THRESHOLD	**Consequence:**	Catastrophic	**Likelihood:**	Unlikely
	High			

SOUTHLAND DISTRICT COUNCIL

Strategic risk: CHANGE

DESCRIPTION	**The risk that Council has inadequate adaptability to respond to a continuously changing environment impacting its ability to achieve the best outcomes for the district**		**STATUS** Increased	
Risk management framework **CATEGORY**	Strategic	**Risk register** **LINKS**	Climate response Decision making	Social licence Strategic relationships
RISK LEAD	Chief executive	**ACTION OFFICER**	Executive leadership team	
POTENTIAL RISK TRIGGERS	**External** • changes in the political environment • changes in the regulatory framework • unknown role of local government • changes in community/stakeholder service level expectations • wider economic downturn • relationships with neighbouring territorial authorities are ineffective or adversarial due to differences of opinion or priorities • international events, trends or decisions influencing NZ **Internal** • organisational lack of agility and resilience due to: · political personalities, trust, and relationships, and change of key personnel – both positive and negative · failure to manage iwi and stakeholder relationships, communication, and engagement tactics, including due to lack of resource or need to balance priorities · short term focus overshadows long term cost benefit outcomes · political sovereignty/patch protection leads to lack of alignment or willingness to compromise i.e. boundaryless approach vs localism · financial strategy misaligned with wider context · loss of key staff/elected members · inadequate capacity and capability · complexity and effectiveness of organisation systems and processes · siloed culture · inadequate contingency planning · not 'change ready' · lack of strategic direction and/or implementation			

PRE TREATMENT THRESHOLD	**Consequence:**	Major	**Likelihood:**	Highly likely
	Very high			

CURRENT MITIGATIONS	• monitoring of macro trends/broader environment
	  ○ taking an apolitical approach to continue working effectively with central government
	  ○ continued monitoring and participation where appropriate to influence the direction of new legislation
	  ○ visibility of central government's legislative/statutory changes provided through regular reporting and workshops with Council and/or committee
	• organisational resilience
	  ○ review of current internal structures and practices to ensure they are fit for purpose
	  ○ review and identify process to increase adaptiveness and agility of governance/management/staff
	  ○ detailed succession planning
	  ○ visibility of Council's strategic direction
	• financial resilience
	  ○ ensuring the ability to urgently reprioritise capital spending and/or community levels of service spending
	• effective communication and engagement
	  ○ open and transparent decision making via regular governance briefings
	  ○ regional and national collaboration and knowledge sharing
	  ○ representation review to ensure communities in the District are fairly and effectively represented			

POST TREATMENT THRESHOLD	**Consequence:**	Major	**Likelihood:**	Highly likely
	Very high			

SOUTHLAND DISTRICT COUNCIL

Strategic risk: CLIMATE RESPONSE

DESCRIPTION	**The risk that Council fails to appropriately adapt to, or mitigate the effects of, a changing climate leading to significant financial, economic, and social impacts**			**STATUS**	**Stable**
Risk management framework CATEGORY	Health, safety & wellbeing Regulatory & compliance	Strategic Social, cultural & environmental	**Risk register LINKS**	Adverse event Change	Social licence
RISK LEAD	Executive leadership team		**ACTION OFFICER**	Climate change lead Strategic manager transport	Strategic manager water & waste Strategic planning & policy manager
POTENTIAL RISK TRIGGERS	External • ineffective clear advice to enable evidence-based quality decisions due to: · variability and uncertainty in climate change modelling · changes in political direction · continued debate of validity climate change science • economic, social, and technological shocks resulting from the transition to a lower carbon economy Internal • inadequate consideration of climate impacts in: · strategic decision-making · fit for purpose activity management • uncertainty in the climate change modelling on the physical climate change and transition impacts making it hard to estimate impacts on particular Council activities • lack of necessary funding and financial resilience to manage the speed and scale of mitigation, transition, and adaptation effort • failure to understand the significance of effects of changing climate • failure to comply with legislative requirements • misalignment between Council's climate change strategies and its operational activities • misalignment between strategies and national and international recommendations				
PRE TREATMENT THRESHOLD	**Consequence:**	Catastrophic	**Likelihood:**	Likely	
	Very high				
CURRENT MITIGATIONS	• deliver asset management and capital projects to make core infrastructure assets resilient to a changing climate o infrastructure planning and asset management that takes into account climate change impacts and contributes to adaptation and mitigation pathways				

	○ ensuring continued compliance with appropriate national and regional plans ○ consideration of climate change impacts in business cases, activity management plans and Council reports • embed climate response thinking, planning and action into all Council activities ○ consideration of climate change in planning decisions, particularly in relation to spatial planning and the District Plan ○ regional climate change strategy in collaboration with regional partners ○ measuring and reducing Council's greenhouse gas emissions ○ increase staff knowledge of climate change issues and how these relate to their work ○ effective internal and external communication of climate change related issues ○ establishment of a staff climate change working group ○ business continuity planning ○ continued advocacy for the region • financial resilience ○ adequate borrowing capacity in place through the financial strategy to assist with recovery costs ○ catastrophe insurance in place ○ central government/agency funding			
POST TREATMENT THRESHOLD	**Consequence:**	Catastrophic	**Likelihood:**	Possible
	Very high			

SOUTHLAND DISTRICT COUNCIL

Strategic risk: CYBER SECURITY

DESCRIPTION	**The risk that Council's systems do not have the resilience to protect information assets from cyber-attack and/or error**			**STATUS** Increased
Risk management framework CATEGORY	Financial Operational	Regulatory & compliance	**Risk register LINKS**	Adverse event Decision making Social licence
RISK LEAD	Executive leadership team		**ACTION OFFICER**	Business solutions manager
POTENTIAL RISK TRIGGERS	<u>External</u> • external threat attempts – phishing/malware/ransomware • third party supplier breach • social engineering • complacency regarding international trends and attacks <u>Internal</u> • technical failure to protect IT systems · increasing digitisation without integration with processes · inadequate cyber strategy · underinvestment/lack of maintenance • breakdown of internal controls · inadequate IT security awareness/culture/behaviours /competency potentially resulting in malicious or innocent employee activities · remote/flexible working creating less secure connections			
PRE TREATMENT THRESHOLD	**Consequence:**	Catastrophic	**Likelihood:**	Possible
	Very high			
CURRENT MITIGATIONS	• increased digital protection • better life cycle management of IT infrastructure • effective governance, strategies, and plans o cyber security strategy, SAM for compliance, disaster recovery plan, cyber incident management, collaboration. • improved internal controls o regular reporting to management and governance o phone systems, systems back up, role based controls in place • regular staff and governance cyber security awareness training			

POST TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood:	Rare
	Medium			

Strategic risk: DECISION MAKING

DESCRIPTION	**The risk that suboptimal decision-making by Council results in misalignment with community needs and/or expectations, or with statutory obligations**			**STATUS**	**Stable**
Risk management framework CATEGORY	Financial Operational	Strategic	**Risk register LINKS**	Change Cyber security	Social licence Strategic relationships
RISK LEAD	Executive leadership team		**ACTION OFFICER**	–	
POTENTIAL RISK TRIGGERS	Internal • poorly managed maintenance, storage and availability of public and personal information generated and collected by Council • unclear and incomplete understanding of strategic objectives • near-sighted decision making • competing priorities • complex decision-making processes and requirements • ineffective clear advice to enable evidence-based quality decisions • lack of systemic controls and a poor understanding of privacy • reliance on staff to know, understand and act appropriately regarding collection, storage, usage and sharing of data and information				
PRE TREATMENT THRESHOLD	**Consequence:**	Major	**Likelihood:**	Possible	
	High				

CURRENT MITIGATIONS	• effective governance, strategies, and plans
	  ○ Significance and engagement policy
	  ○ Long term plan and Annual plan
	  ○ strategy development workplan to look beyond 10-year LTP cycle
	  ○ FMIS (Finance Management Information System) project
	• knowledge building
	  ○ functional conduit between governance, management, and organisation to ensure strategic vision delivered to the organisation effectively
	  ○ regular collaborative governance group meetings to progress alignment of strategic direction – Mayoral forum, CEO forum, neighbouring councils plus other external strategic discussions.
	  ○ regular Council briefings for sharing of information and alignment of thinking
	  ○ early and ongoing briefing of elected members regarding project timelines and key milestones				

	○ use of Taituarā guidance ○ increasing focus on improving project management and risk management ○ governance and staff inductions – clear understanding of respective roles in decision-making process ○ training and support for effective use of tools available • review and improve systems/procedures around data capture, management, and storage ○ data governance work programme focussing on data management, security and classifications including identifying all data sources and 'unmanaged' data. ○ review and improve systems/procedures around data capture, management, and storage to improve integrations between current and new systems ○ contract alignment ○ implementation of metadata standards and asset management tool (IPS) ○ established infrastructure design standards • effective communication and engagement ○ open and transparent decision making via regular governance briefings ○ part of BAU with operational reporting to community boards			
POST TREATMENT	**Consequence:**	Major	**Likelihood:**	Possible
THRESHOLD	High			

SOUTHLAND DISTRICT COUNCIL

Strategic risk: FINANCE

DESCRIPTION	**The risk that Council fails to manage its financial sustainability impacting its ability to fund essential services and projects now and in the future**			**STATUS**	**Increased**
Risk management framework CATEGORY	Financial	Social, cultural & environmental	**Risk register LINKS**	Adverse event Climate response Change	Decision making Social licence Strategic relationships
RISK LEAD	Executive leadership team		**ACTION OFFICERS**	Strategic manager transport Strategic manager water & waste Community facilities manager	Financial business partnering lead Financial development coordinator Project delivery manager
POTENTIAL RISK TRIGGERS	**External** • rapid increases in inflation, insurance premiums, finance sector credit contraction, interest rates, oil prices, debt costs, significant pressure on household rates affordability • critical infrastructure failure • major supplier failure • major government policy changes negatively impact Council's income streams or cost base • natural or manmade disaster (including deliberate attacks on critical infrastructure or pandemic) has an impact on the economy • recession (two successive quarters or negative GDP growth) **Internal** • inadequate asset management • inadequate balance sheet and cashflow management • inadequate control framework • lack of effective financial reporting and monitoring • staff and system knowledge and capability • financial information that is appropriate, accessible, reliable, accurate and timely • breakdown in internal controls resulting in internal or external attempts to perpetuate fraud				
PRE TREATMENT THRESHOLD	**Consequence:**	Catastrophic	**Likelihood:**	Possible	
	Very high				

CURRENT MITIGATIONS	• effective governance, strategies, and plans o Council's long term strategic planning e.g. Long Term Plan, Annual Plan, Annual report o Financial Strategy and associated policies o Fraud Policy including fraud and corruption awareness training o Procurement Policy and manual implementation o Code of Conduct o Conflict of Interest policy and register • effective internal processes o asset management plans o continued improvement in internal management practices including risk management, broader assurance practices and financial management o internal and external audit programme: • effective external processes o continued advocacy to secure central government/key agency funding for priority projects o monitor and respond to legislative and regulatory obligations o ongoing relationship management, communication, and monitoring to identify early on any significant changes to funding models that may have financial implications • financial resilience o adequate borrowing capacity if required to assist with recovery costs o insurance of Council's assets o externals sources e.g. central government/agencies o ability to reprioritise funding			
POST TREATMENT THRESHOLD	**Consequence:**	Catastrophic	**Likelihood:**	Possible
	Very high			

Strategic risk: HEALTH, SAFETY AND WELLBEING

DESCRIPTION	**The risk that Council is unable to manage the health, safety, and wellbeing of staff, contractors, and the community where reasonably practicable to do so**			**STATUS** Stable
Risk management framework **CATEGORY**	Health, safety & wellbeing Operational	**Risk register** **LINKS**	Adverse events Social licence Change	
RISK LEAD	Executive leadership team	**ACTION OFFICER**	Health & safety manager Group manager people & culture	
POTENTIAL RISK TRIGGERS	External • complacency leading to greater risks being taken by community • failure to properly engage with and listen to the community –failure to act on lessons learned from near misses and incidents (including lessons from other industry experiences) human error/inappropriate behaviours/criminal behaviours or damage at Council assets Internal • poor health and safety culture and/or behaviours across the organisation leading to: · stressed disengaged staff · increased staff workloads · limited capability and capacity · inadequate governance understanding of role/accountability · staff failure to understand duties and accountability relating to health and safety · critical health and safety risks not identified, assessed, and mitigated adequately · inadequate contractor management frameworks including procurement and assurance practices • competing priorities: · deferred maintenance / under resourcing leading to identified risks not being mitigated appropriately. · time pressures and/or complacency leading to acceptance of high levels of risk • poor understanding of the health and safety risks within the facilities and services provided and managed by Council · failures in safety-in-design planning for amenities and services provided to the community · failures in asset maintenance · failure in due diligence on assets purchased for use by the community or staff · failure in due diligence on maintenance · internal Business Continuity Plans and Pandemic Plans not adhered to.			
PRE TREATMENT	**Consequence:**	Catastrophic	**Likelihood:**	Highly likely

THRESHOLD	Very high			

CURRENT MITIGATIONS	• effective governance, strategies, and plans
	  ○ critical risk register and framework
	  ○ health, safety and wellbeing policy and framework.
	  ○ health and safety strategic road map
	  ○ condition assessments for assets
	  ○ pandemic business continuity plan in place and current
	  ○ best practice public reporting, safe structures, and signage/warnings
	  ○ collaborative approach with other southern councils
	  ○ ongoing training for governance and management on roles and responsibilities
	• organisational health, safety, and wellbeing culture
	  ○ ongoing education process with staff about controls in place and continued monitoring of effectiveness
	  ○ effective health and safety governance structure
	  ○ wellbeing programme established
	• ensuring continued compliance with appropriate national and regional plans
	• comprehensive audit framework
	• prequalification and safety standards for contractors
	• monitoring of macro trends/broader environment			

POST TREATMENT	**Consequence:**	Catastrophic	**Likelihood:**	Unlikely
THRESHOLD	High			

Strategic risk: SOCIAL LICENCE

DESCRIPTION	**The risk that Council fails to maintain acceptable levels of satisfaction and social licence within the community leading to a loss of mandate to act on its behalf**			**STATUS**	**Stable**
Risk management framework CATEGORY	Social & cultural Strategic		**Risk register LINKS**	Adverse event Change Cyber security Decision making Health, safety & wellbeing Social licence Strategic relationships	
RISK LEAD	Executive leadership team		**ACTION OFFICER**	Community leadership manager Communications manager Governance legal manager Project delivery manager Senior project manager Building coordinator team leader	
POTENTIAL RISK TRIGGERS	**External** • changes in the political environment • changes in the regulatory and statutory framework • local government delivering central government directives • societal pressures and/or polarization including misinformation and disinformation • community indifference/consultation fatigue with local and central government, and other agencies. **Internal** • inconsistent or ineffective approaches to engagement, communication, governance • lack of transparency and accountability • narrow, short term/misaligned strategic focus • ineffective or lack of collaboration/partnership with iwi/stakeholders/community • poor understanding of and responsiveness to community needs and expectations • lack of or insufficient resources				
PRE TREATMENT THRESHOLD	**Consequence:** Catastrophic		**Likelihood:** Possible		
	Very high				
CURRENT MITIGATIONS	• effective governance, strategies, and plans o effective strategic planning - long term plan and annual plan · development of a well-informed capital works programme based on known condition and performance of assets · allocation of appropriate funding and resources to deliver prioritised work plan · procurement optimisation				

	· internal and external audit · ability to reprioritise work programme o adherence to Code of Conduct, Conflict of Interest policy and Council Standing Orders by staff and elected members o staff development and training, documented process and procedures, contract management, and succession planning o significant and engagement policy o protected disclosures policy • enhanced customer experience o facilitate a high quality and quantity of community engagement o transparent and proactive disclosure of decision making o regular opportunities for the community to give views to Council o public consultation on significant issues o regular iwi and stakeholder engagement o provide accurate information and enables rapid response to misinformation o key strategic relationship management o Community Boards as conduit between Council and community • recruiting and retaining skilled resources o engaging contractors/consultants for specific and short-term work delivery o monitoring organisational climate o work closely with industry providers and training institutions			
POST TREATMENT THRESHOLD	**Consequence:**	Major	**Likelihood:**	Possible
	High			

Strategic risk: STRATEGIC RELATIONSHIPS

DESCRIPTION	**The risk that Council fails to appropriately maintain its local, regional and national relationships impacting its ability to achieve its objectives**			**STATUS**	**Increased**
Risk management framework CATEGORY	Social & cultural Strategic		**Risk register LINKS**	Adverse events Change Decision making	Finance Social licence
RISK LEAD	Chief executive		**ACTION OFFICER**	Executive leadership team	

POTENTIAL RISK TRIGGERS	**External**
	• political EQ
	• changes in political landscape nationally and locally
	
	Internal
	• inadequate or ineffective engagement, communication, governance
	• narrow, short term/misaligned strategic focus
	  · ineffective or lack of collaboration/partnership with iwi/stakeholders/community
	• lack of shared work programme or agreed objectives
	• dysfunctional internal relationship between governance and staff
	  · dysfunctional organisational culture – job uncertainty/restructures/staff burnout/remote working
	• lack of awareness regarding Treaty obligations and iwi protocol				

PRE TREATMENT THRESHOLD	**Consequence:**	Major	**Likelihood:**	Likely	
	Very high				

CURRENT MITIGATIONS	• establish strong networks with other agencies and external stakeholders to share knowledge, learnings, and culture
	  ○ regular engagement with stakeholders at political and executive level
	  ○ collaborative governance group meetings to progress alignment of strategic direction – mayoral forum, TAMI board sessions, Te Roopu Taiao meetings, CEG civil defence forums, neighbouring councils
	  ○ proactive steps taken at the start of each local government triennium to re-establish trust and relationships with community, iwi, and stakeholders
	  ○ relationship management between mayor/elected members, mayor/chief executive, executive leadership team/key staff
	  ○ monitor media and provide information to staff, iwi, stakeholders, and community including managing relationships with media outlets				

	○ monitoring of macro trends/broader environment • understanding Council's Treaty obligations ○ regular communications and partnering approach ○ Charter of Understanding ○ Partnership Agreement ○ identify and address gaps in organisational cultural and diversity awareness ○ grow staff understanding of tikanga, cultural capability and capacity • effective communication and engagement with community ○ support community boards including greater visibility and connection to Council and community ○ representation review to ensure communities in the District are fairly and effectively represented • effective organisational relationship management ○ comprehensive induction programme provided for new elected members which highlights the respective roles of management and governance. ○ regular Council briefings for sharing of information and alignment of thinking. ○ regular meetings held between governance, management, and staff to ensure continued constructive communication and internal relationship management.			
POST TREATMENT	**Consequence:**	Major	**Likelihood:**	Possible
THRESHOLD	High			

Impact, likelihood, and risk matrix tables

Risk Management Framework 2025

Impact assessment table

IMPACT	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
Strategic	No significant adverse public comment No impact on achievement of LTP objectives Key stakeholder relationships unaffected	Adverse comment in local or social media Letters to CEO, complaints to elected members May slow achievement of LTP objectives Minor impact on key stakeholder relationships	National media coverage Will impact achievement of one or more LTP objectives Negative impact on key stakeholder relationships	National media coverage 2-3 days Will significantly impact the achievement of multiple LTP objectives Significant impact on multiple key stakeholder relationships	Coverage in national media 3+ days Commission of Inquiry/ Parliamentary questions Stakeholder relations irreparably damaged Cannot deliver on most LTP objectives
Operational	No loss of operational capability Minimal change to service levels Minimal loss of internal capacity	Loss of operational capability in some areas Some disruption to service levels Internal capacity lost for up to 1 week	Serious loss of operational capability for over 6 weeks and/or Disruption to service levels for 4-6 weeks Loss of internal capacity 1-3 weeks	Serious loss of operational capability for over 8 weeks and major disruption to service levels and/or Loss of internal capacity 4-6 weeks	Serious loss of operational capability for 3-4 months and serious disruption to service levels and Loss of internal capacity for more than 6 weeks
Financial	No impact on financial targets	Up to 1% impact on financial targets	Up to 5% impact on financial targets	Up to 10% impact on financial targets	More than 10% impact on financial targets

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IMPACT	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
Health, Safety & Wellbeing	No medical treatment required Issue noted, no action required	Minimal personal injury and/or sickness AND Less than 2 weeks incapacitation H&S issue noted by Worksafe	Personal injury and/or sickness with up to 3mths incapacitation OR H&S issue to court	Significant public health impact OR Personal injury and/or sickness with 3+ months incapacitation or long term disability OR H&S issue to court and fine imposed	Permanent severe disability or loss of life OR H&S issue taken to court resulting in imprisonment OR Widespread community sickness
Social, Cultural, Environmental	No significant community impact Localised short-term reversible environmental, economic, or social impact	Single community affected Localised short-term reversible environmental, economic, or social damage	Multiple communities affected Localised medium term (1 month +) reversible damage or disruption (environmental, economic, social, or cultural)	Many communities affected Localised or widespread long term (3-6m) reversible damage or disruption (environmental, economic, social, or cultural)	Most or all communities affected OR Extensive or irreversible damage or disruption (environmental, economic, social, or cultural)
Regulatory & Compliance	Fine/ liability less than $10K	Fine/ liability $10-100K	Fine/ liability $100-250K	Fine/liability $250K - $1M	Fine/ liability $1M+

Likelihood assessment table

LIKELIHOOD	PROBABILITY (PER ANNUM)	TIME BASED DESCRIPTOR
Rare	<10%	Unlikely to occur within a 10 year period, or in exceptional circumstances
Unlikely	10% - 40%	May occur within a 10 year period
Possible	40% - 70%	Likely to occur within a 5 year period
Likely	70% - 90%	Likely to occur within a 1 year timeframe
Highly likely	>90%	Likely to occur immediately or within a short period of time.

Risk matrix

LIKELIHOOD	CONSEQUENCE				
	Insignificant	**Minor**	**Moderate**	**Major**	**Catastrophic**
Highly likely	Low	Medium	High	Very High	Very High
Likely	Low	Medium	High	Very High	Very High
Possible	Low	Low	Medium	High	Very High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	High

Health and safety update

Record no: R/25/9/47020
Author: David McCone, Organisational health and safety manager
Approved by: Fran Mikulicic, Group manager infrastructure and capital delivery

☐ Decision ☐ Recommendation ☒ Information

Purpose

1 To provide an update on health and safety related events and activity over the last quarter.

Content

Health, safety and wellbeing dashboard update

2 Please find attached the health, safety and wellbeing dashboard update for the period 1 June 2025 – 31 August 2025. This report is on operational (employee) health and safety within Council focused on critical risk and associated controls.

3 The event summary provides the measurement of incident reporting to our health and safety system.

4 Health and safety training is directed at progressing our staff and contractor capacity.

5 Our commitment to monitoring contractor health and safety performance is continuing to improve. Our programme of audits, safety observations and associated learnings demonstrates our expectations to others as well as building credible relationships across stakeholders.

6 Review of risks is focused according to the likelihood of exposure. Recognising the top three critical risks encountered for the period ensures effective mitigation.

7 There are many ways to keep current on health and safety matters, subscribing to the Worksafe updates is an easy way to remain up to date. The link is: https://worksafe.govt.nz/home/subscriptions

Recommendation

That the Finance and Assurance Committee:

a) Receives the report titled "Health and safety update" and attached appendices.

Attachments

A Health and safety activity report - September 2025

Health and Safety Dashboard – 1 June 2025 – 31 August 2025

D McCone 19/09/2025

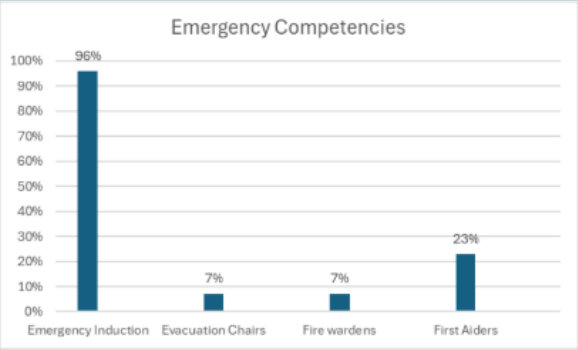
EVENT SUMMARY

	Current period	YTD	Currently active	Resolved this period
Notifiable events	0	2	1	1
Total injuries	0	4	0	4
Lost time injury	0	0	0	0
Medical treatment	0	1	0	1
First aid	2	5	2	3
No treatment	1	1	0	1
Property damage	2	3	1	1
Environmental	0	0	0	0
Near miss	0	10	0	3
Pain and discomfort	0	5	0	5

TOP THREE MECHANISM OF INJURY/DAMAGE

1	Slip/trip – Fall (x2)
2	MVA – Hit the rear tyre of cyclist
3	Reversing – Motor vehicle damage.

EMERGENCY PREPAREDNESS



Introduction to our emergency management procedures is delivered by our induction e-learning program. A slight drop over the quarter with a group of new staff still completing the training.

Evacuation chair, use of fire extinguisher and fire warden duties training are scheduled for delivery in October 2025, so there has been no change to these capabilities.

We have increased our numbers of staff trained in first aid with 23% currently holding a certificate. Support equipment including AEDs remain current.

Our approved evacuation schemes are current.

TOP THREE RISKS ENCOUNTERED THIS PERIOD

1 **Driving**

The two property damage incidents in the event summary relate to a cracked side view mirror and a broken tail light lens – both occurring on a column within one of our car parks.

A fleet vehicle also clipped the rear tyre of a cyclist at a roundabout in August. This was at 6.45am with the cyclist not having any lights on their bicycle and were wearing dark clothing. There was no injury with our staff member providing support to get the person to work and check on them later in the day. This is recorded as a no treatment event.

The quality and standard of our fleet is being maintained by the current renewal policies.

During this quarter our workers have travelled a recorded distance of 301,000 kilometres across the Southland network.

Driver performance has continued to average at four star within the performance monitoring system.

The two property damage incidents in the event summary relate to a cracked side view mirror and a broken tail light lens – both occurring on a column within one of our car parks.

We have queried with ERoads, the differing levels of technical support in different vehicles, and whether we can upgrade any lesser options. Operationally our executive leadership team will consider this in October.

In the discussion ERoads advised that our drivers were performing very well – with 11 or more drivers per month through 2025 achieving 5 stars. As the ERoads system compared drivers across the whole data base for New Zealand, this is a substantial result.

2 **Environmental/ biological risk - asbestos**

One of our notifiable incidents reported to this committee in the previous quarter related to the disturbance of asbestos during contractor work at a hall.

Over the current report period there has been a significant amount of work to complete surveys of any buildings with refurbishments planned.

As a result, our register is current and asbestos containing material is being actively managed within refurbishment projects – substantially reducing the risk posed by this as a location hazard.

3 **Working on or near the road**

Working on or near the road presents on our register as having a high residual risk despite the controls attributed. This is in the main due to several controls being set at an administrative level. (And therefore, reliant on people following instruction correctly all of the time).

This is now an area of focus for the planning and monitoring of works – particularly with our contractors.

As the New Zealand Guide to Temporary traffic management becomes embedded, we will still need to monitor performance but can expect the responsibility around this residual risk to shift back to the contractors.

VERIFICATION AND ASSURANCE

Type - Audit	Occurred this period	YTD
External	31	101
Internal	1	6
Playground and reserves	4	32
Water and waste	4	45

Verification and assurance activities continue.

Risks reviewed in these audits were:

- motion – work on the road corridor and driving
- fire, earthquake and other emergencies
- failure to wear PPE
- sharp objects
- housekeeping

Type – safety observation	Occurred this period	YTD
Safe practice	11	37
Unsafe conditions	8	47
Unsafe practices	10	22
Suggestions	4	16

Safety observations focus on specific, real time safety practices and potential hazards in the workplace. These are more immediate to work being done and there is also an ability to schedule these around higher risk work.

Both audits and safety observations now record the critical risk profiles viewed and if associated to a contractor – supporting quality reporting and allowing us to develop a profile in respect of health and safety performance for internal work groups and/or contractors.

ENGAGEMENT AND PARTICIPATION

New starters continue to complete both the online induction modules and in person sessions. These are offered over the first month in addition to onboarding support from people and culture.

Health and safety representative meetings continue to occur on a monthly basis through 2025.

Nine health and safety representatives will undertake Stage VI training in early October.

WORKER AND CONTRACTOR KNOWLEDGE

The introduction of the New Zealand Guide to Temporary Traffic Management continues.

Twenty-four staff completed asbestos awareness training during this reporting period.

Contractors received a safety alert regarding the use and the need to wear PPE (personal protective equipment) correctly – as this was also noted as an issue within this report period.

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

Recommendation

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

C8.1 Update – Te Anau transfer station notifiable incident 2025

C8.2 Follow up audit action points

C8.3 Cyber security update - July 2025 to September 2025

C8.4 People and culture update

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Update – Te Anau transfer station notifiable incident 2025	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health and safety of members of the public.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Follow up audit action points	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Cyber security update - July 2025 to September 2025	s7(2)(e) - the withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public. Disclosure of operational security information could lead to data breaches (financial, personal/public	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

	commercial information) or destruction of Council information technology systems and/or data.. s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage. Disclosure of operational security information could lead to data breaches (financial, personal/public commercial information) or destruction of Council information technology systems and/or data..	
General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
People and culture update	s7(2)(f)(ii) - the withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.